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If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Semiconductor Manufacturing International Corporation, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or other transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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SEMICONDUCTOR MANUFACTURING INTERNATIONAL CORPORATION
中芯國際集成電路製造有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Hong Kong Stock Exchange Stock Code: 00981)

(Shanghai Stock Exchange Stock Code: 688981)

**(1) DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION
REGARDING THE ACQUISITION OF THE 49% EQUITY INTERESTS IN
SMNC INVOLVING ISSUING RMB SHARES UNDER SPECIFIC MANDATE
AND**

(2) NOTICE OF THE EXTRAORDINARY GENERAL MEETING

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**

RAINBOW.

RAINBOW CAPITAL (HK) LIMITED

法 博 資 本 有 限 公 司

A letter from the Board is set out on pages 5 to 29 of this circular. A letter from the Independent Board Committee to the Independent Shareholders is set out on pages 30 to 31 of this circular. A letter from the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 32 to 46 of this circular.

The notice convening the EGM of the Company to be held at No. 5 Building, No. 39 Zhangjiang Road, Pu Dong New Area, Shanghai, People's Republic of China on 12 February 2026 at 2:00 p.m. is contained in this circular. Shareholders are advised to read the notice and to complete and return the enclosed form of proxy for use at the EGM in accordance with the instructions printed thereon. The notice of the EGM and the proxy form have also been published on the websites of the Company and the Hong Kong Stock Exchange respectively.

Whether you are able to attend the EGM or not, please complete and return the enclosed form of proxy to the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. The completion and delivery of a form of proxy will not preclude you from attending and voting at the EGM in person should you wish. All persons who are registered holders of the Hong Kong Shares whose names appear on the register of members of Hong Kong Shares on 12 February 2026 or, registered holders of the RMB Shares whose names appear on the register of members of RMB Shares on 6 February 2026, will be entitled to attend and vote at the EGM. Please refer to the announcement of the Company published on the website of SSE regarding the record date and arrangement for registered holders of the RMB Shares.

28 January 2026

* For identification purpose only

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	5
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	30
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER	32
APPENDIX I – SUMMARY OF THE VALUATION REPORT	I-1
APPENDIX II – GENERAL INFORMATION	II-1
NOTICE OF EGM	EGM-1

DEFINITIONS

In this circular, unless the context otherwise required, the following terms and expressions shall have the following meanings when used herein:

“Acquisition” or “Transaction”	the acquisition of the 49% equity interests in SMNC by way of issuing the Consideration Shares
“Acquisition Agreement”	the acquisition agreement entered between the Company and the Vendors on 8 September 2025 in relation to the Acquisition by issuance of the Consideration Shares by the Company
“Announcements”	the announcement of the Company dated 8 September 2025 and 29 December 2025 in relation to the Acquisition by way of issuance of Consideration Shares under the Acquisition Agreement (as supplemented by the Supplemental Agreement)
“associate(s)”	has the meaning as ascribed to it in the Hong Kong Listing Rules
“Beijing Industrial Investment”	Beijing Industrial Development Investment Management Co., Ltd.* (北京工業發展投資管理有限公司), a limited liability company established in the PRC
“Board”	the board of Directors
“China IC Fund”	China Integrated Circuit Industry Investment Fund Co., Ltd.* (國家集成電路產業投資基金股份有限公司), a joint stock limited liability company established in the PRC
“CICT”	China Information and Communication Technology Group Co., Ltd. (中國信息通信科技集團有限公司), a limited liability company established in the PRC
“Company”	Semiconductor Manufacturing International Corporation (中芯國際集成電路製造有限公司*), a limited liability company incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange and the STAR Market of the SSE
“Completion Date”	the date on which the Vendors have transferred the Target Asset to the Company and the register of such transfer has been completed with the relevant industrial and commercial authorities
“connected person(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“connected transaction(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules

* For identification purpose only

DEFINITIONS

“Consideration Shares”	the RMB Shares to be issued pursuant to the Specific Mandate as consideration for the Acquisition
“Director(s)”	the director(s) of the Company
“E-Town Capital”	Beijing E-town International Investment and Development Co., Ltd.* (北京亦莊國際投資發展有限公司), a limited liability company established in the PRC
“Group” or “SMIC Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Shares”	the existing common Shares which are listed on the Stock Exchange
“Independent Board Committee”	an independent board committee of the Company comprising the independent non-executive Directors, formed in accordance with Chapter 14A of the Hong Kong Listing Rules to advise the Independent Shareholders
“Independent Financial Adviser” or “Rainbow Capital”	means Rainbow Capital (HK) Limited, a licensed corporation to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders
“Independent Shareholders”	Shareholders who are not required under the Hong Kong Listing Rules to abstain from voting at the EGM to approve the Acquisition
“Latest Practicable Date”	22 January 2026, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Ordinary Share(s)”	the ordinary share(s) of US\$0.004 each in the share capital of the Company
“Orient Appraisal”	Orient Appraisal Co., Ltd., the asset appraisal institution that is jointly agreed by all parties and complies the requirements of Securities Law of the PRC

DEFINITIONS

“PRC”	the People’s Republic of China
“Preferred Shares”	preferred share(s) of US\$0.004 each in the share capital of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“RMB Shares” or “A Shares”	the ordinary Share(s) issued by the Company which are listed on the SSE and traded in RMB (stock code: 688981)
“Semi Investment Center”	Beijing Semiconductor Manufacturing and Equipment Equity Investment Center (Limited Partnership)* (北京集成電路製造和裝備股權投資中心(有限合夥)), a limited partnership established in the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	any share(s) in the capital of the Company with a nominal value of US\$0.004 each
“Shareholder(s)”	the holder(s) of the Shares
“SMNC”	Semiconductor Manufacturing North China (Beijing) Corporation* (中芯北方集成電路製造(北京)有限公司), a limited liability company established in the PRC
“Specific Mandate”	the specific mandate to be granted by the Shareholders to the Board in relation to the issue of the Consideration Shares
“SSE”	the Shanghai Stock Exchange
“STAR Market”	the Science and Technology Innovation Board of the SSE
“STAR Market Listing Rules”	the Rules Governing the Listing of Securities on the Science and Technology Innovation Board of SSE
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules

DEFINITIONS

“Supplemental Agreement”	the supplemental agreement date 29 December 2025 entered into between the Company and the Vendors to further confirm the final consideration, the number of the Consideration Shares and etc. for the Acquisition
“Target Asset”	the 49% equity interests in SMNC totally held by the Vendors to be acquired under the Acquisition
“Takeovers Code”	The Code on Takeovers and Mergers approved by the SFC
“US” or “United States”	the United States of America
“US\$”, “USD” or “US Dollars”	United States dollars, the lawful currency of the United States
“Vendors”	China IC Fund, Semi Investment Center, E-Town Capital, ZGC Development and Beijing Industrial Development, collectively
“ZGC Development”	Zhongguancun Development Group Co., Ltd.* (中关村发展集团股份有限公司), a joint stock limited company established in the PRC
“%”	per cent.

LETTER FROM THE BOARD



SEMICONDUCTOR MANUFACTURING INTERNATIONAL CORPORATION

中芯國際集成電路製造有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Hong Kong Stock Exchange Stock Code: 00981)

(Shanghai Stock Exchange Stock Code: 688981)

Executive Director:

LIU Xunfeng

Registered office:

Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman, KY 1-1111
Cayman Islands

Non-executive Directors:

LU Guoqing

CHEN Shanzhi

YANG Lumin

HUANG Dengshan

Principal place of business:

18 Zhangjiang Road
Pu Dong New Area
Shanghai 201203
People's Republic of China

Independent Non-executive Directors:

FAN Ren Da Anthony

LIU Ming

WU Hanming

CHEN Xinyuan

28 January 2026

To the Shareholders

Dear Sir or Madam,

**(1) DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION
REGARDING THE ACQUISITION OF THE 49% EQUITY INTERESTS IN
SMNC INVOLVING ISSUING RMB SHARES UNDER SPECIFIC MANDATE
AND
(2) NOTICE OF THE EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference are made to the Announcements of the Company dated 8 September 2025 and 29 December 2025 in relation to the Acquisition by way of the issuance of Consideration Shares under the Specific Mandate to be granted.

* For identification purpose only

LETTER FROM THE BOARD

The purpose of this circular is to provide you with among other things, (i) further information in relation to the Acquisition (including the issuance of Consideration Shares under the Specific Mandate); (ii) the recommendations of the Independent Board Committee and the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iii) the notice of the EGM; and (iv) other information as required under the Listing Rules.

THE ACQUISITION

On 8 September 2025, the Company entered into the Acquisition Agreement with the Vendors, pursuant to which, the Company conditionally agreed to purchase and the Vendors conditionally agreed to sell a total of 49% equity interests in SMNC held by the Vendors.

The Company proposed to pay the total consideration for the Acquisition by way of issuance of the Consideration Shares, i.e. the issuance of RMB Shares. The final consideration for the Acquisition shall be based on the valuation report to be issued by an asset appraisal institution that is jointly agreed by all parties and complies with requirements of Securities Law of the PRC and the appraised value of the Target Asset as determined by and filed with the competent state-owned assets supervision and administration authorities and subject to negotiations by the parties and will be confirmed by way of entering into the Supplemental Agreement.

On 29 December 2025, the Company entered into the Supplemental Agreement with the Vendors, pursuant to which, the final consideration for the Acquisition and the number of the Consideration Shares proposed to be issued have been determined by the parties.

The Acquisition Agreement (as supplemented by the Supplemental Agreement)

The principal terms of the Acquisition Agreement (as supplemented by the Supplemental Agreement) are set out below:

Date: 8 September 2025 (as supplemented by the Supplemental Agreement on 29 December 2025)

Parties:

- (i) The Company;
- (ii) China IC Fund;
- (iii) Semi Investment Center;
- (iv) E-Town Capital;
- (v) ZGC Development; and
- (vi) Beijing Industrial Investment.

LETTER FROM THE BOARD

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, other than China IC Fund and E-Town Capital as connected persons of the Company for the reasons disclosed in this circular, the other parties listed above and their ultimate beneficial owners are third parties independent of the Company and its connected persons.

Target Asset: The 49% equity interests in SMNC totally held by the Vendors

Consideration and payment method: Pursuant to the Asset Valuation Report issued by Orient Appraisal, as of the valuation benchmark date (being 31 August 2025), the appraised value of the owners' equity attribution to 100% equity interest of SMNC is RMB82,859.00 million. The final consideration of the Target Asset is RMB40,600.91 million after negotiations and reaching consensus among parties.

The Company shall pay the consideration of the Target Asset by way of issuance of the Consideration Shares to each Vendor.

Type, par value and place of listing of Consideration Shares to be issued: The Consideration Shares will be the ordinary Shares denominated in RMB (i.e. A Shares) with a par value of US\$0.004 per Share and listed on the STAR Market of the SSE. The Consideration Shares, when fully paid and issued, will rank pari passu in all respects with the ordinary Shares denominated in RMB in issue at the time of the issuance of such Consideration Shares.

Target subscribers and method of issuance of the Consideration Shares: The target subscribers are each of the Vendors, and the method of issuance is issuance to specific targets.

Pricing benchmark date, pricing basis and issue price of the Consideration Shares: The pricing benchmark date of the issuance of Consideration Shares shall be the date of the announcement on the resolutions at the first Board meeting to consider and approve the Acquisition, being 9 September 2025.

LETTER FROM THE BOARD

In accordance with the requirements under the Administrative Measures for the Major Asset Restructuring of Listed Companies (《上市公司重大资产重组管理办法》), the issue price of the new RMB Shares shall not be less than 80% of the average transaction prices of the Company's RMB Shares for the 20, 60 or 120 trading days preceding the pricing benchmark date (i.e. 9 September 2025). The average transaction price of the RMB Shares for the preceding N trading days is calculated by dividing the total trading amount of the RMB Shares in the preceding N trading days by the total trading volume of the RMB Shares in the same period. Details of the average trading prices and the 80% of such average trading prices are set out below:

Period for calculation of the average trading price	Average trading price (RMB/Share)	80% of the average trading price (RMB/Share)
Last 20 trading days	99.56	79.65
Last 60 trading days	95.00	76.00
Last 120 trading days	92.75	74.20

Note: The data for 80% of the average trading prices are rounded up to the nearest two decimal places.

Upon negotiations among the parties, the issue price of the Consideration Shares is RMB74.20 per Consideration Share, representing not less than 80% of the average trading price at RMB92.75 per RMB Share of the Company for 120 trading days prior to the pricing benchmark date. Such average trading price of the RMB Shares = the total trading amount of the RMB Shares in the 120 trading days prior to the pricing benchmark date/the total trading volume of the RMB Shares in the 120 trading days prior to the pricing benchmark date.

The issue price of the Consideration Shares of RMB74.20 per Consideration Share represents:

- (i) a discount of approximately 35.3% to the closing price of RMB114.76 per Share as quoted on the SSE on 8 September 2025, being the date of the Acquisition Agreement;

LETTER FROM THE BOARD

- (ii) a discount of approximately 39.4% to the closing price of RMB122.50 per Share as quoted on the SSE on 29 December 2025, being the date of the Supplemental Agreement;
- (iii) a discount of approximately 25.5% to the average trading price of RMB99.56 per Share being the average trading price of the last 20 trading days preceding the pricing benchmark date;
- (iv) a discount of approximately 21.9% to the average trading price of RMB95.00 per Share being the average trading price of the last 60 trading days preceding the pricing benchmark date;
- (v) a discount of approximately 20.0% to the average trading price of RMB92.75 per Share being the average trading price of the last 120 trading days preceding the pricing benchmark date; and
- (vi) a premium of approximately 293.0% to the net asset value per Share of the Company as at 30 June 2025.

During the period between the pricing benchmark date and the issuance date of the Consideration Shares, if the Company implements ex-rights and ex-dividend events such as dividend distribution, bonus share issuances, capital reserve conversion to share capital, etc., the issue price of the Consideration Shares will be adjusted accordingly based on the relevant regulations of the CSRC and the SSE. The adjustment formula for the issue price is as follows:

In the event of dividend distribution: $P1 = P0 - D$;

In the event of bonus share issuance or capital reserve conversion to share capital: $P1 = P0 / (1 + N)$;

In the event of allotment of shares: $P1 = (P0 + A \times K) / (1 + K)$;

In the event that the above three items are implemented simultaneously: $P1 = (P0 - D + A \times K) / (1 + K + N)$

LETTER FROM THE BOARD

Where, “P0” is the issue price before adjustment; “N” is the number of bonus shares or shares to be issued upon capital reserve conversion to share capital per share; “K” is the number of new shares to be allotted per share; “A” is the issue price per new share under the allotment of shares; “D” is the amount of dividend per share; and “P1” is the issue price after adjustment.

Except for the adjustment of the issuance price resulting from the aforesaid ex-rights and ex-dividend events, no issuance price adjustment mechanism is set for the Acquisition for the time being.

The number of Consideration Shares to be issued:

The specific number of the Consideration Shares issued to each of the Vendors under the Acquisition = the consideration paid to each of the Vendors by way of issuing Consideration Shares/the issue price.

The total number of the Consideration Shares to be issued in relation to the Acquisition = the aggregate number of the Consideration Shares to be issued to all Vendors.

The number of the Consideration Shares to be issued to each of the Vendors shall be a whole number and rounded up to the nearest single digit. If the number of the Consideration Shares obtained by each of the Vendors is not a whole number, each of the Vendors shall voluntarily bestow to the Company the fraction of the Target Asset equivalent to less than one share, and the number of Consideration Shares shall be rounded down to a whole number.

During the period between the pricing benchmark date and the issuance date of the Consideration Shares, if the Company implements ex-rights and ex-dividend events such as dividend distribution, bonus share issuances, capital reserve conversion to share capital, etc., which has caused the adjustment of the issue price of the Consideration Shares, the number of Consideration Shares to be issued will be adjusted accordingly.

In accordance with the calculation method for the number of the Consideration Shares to be issued as stipulated above, the total number of Consideration Shares to be issued amounts to 547,182,073 Consideration Shares. The number of Consideration Shares to be issued to each Vendor is set out below:

LETTER FROM THE BOARD

Vendor	Consideration (RMB)	The number of Consideration Shares (RMB Shares)
China IC Fund	26,514,880,000	357,343,396
Semi Investment		
Center	7,457,310,000	100,502,830
E-Town Capital	4,764,392,500	64,210,141
ZGC Development	932,163,750	12,562,853
Beijing Industrial		
Investment	932,163,750	12,562,853
Total	40,600,910,000	547,182,073

The number of the Consideration Shares to be issued definitively is subject to the approval of the general meeting of the Company, the approval of the SSE and the registration with the CSRC.

The Consideration Shares will be issued pursuant to the Specific Mandate. The validity period of the Specific Mandate is 12 months commencing from the date on which the Shareholders approve the relevant resolutions in respect of the Acquisition at the EGM. If 12 months have passed since the EGM and all of the conditions precedent have not been fulfilled, the Company shall hold a general meeting to re-obtain the relevant approval from the Shareholders to conduct the Acquisition. If the Company obtains the CSRC's approval registration document for the Acquisition within such validity period and that all other conditions precedent have been satisfied, the validity period for shall automatically extend to the date of completion of the Acquisition.

The parties agree that, if the valuation results filed with the competent state-owned assets supervision and administration authorities is inconsistent with the above-mentioned valuation results of the entire equity interests of the shareholders of SMNC, the parties shall, upon approval by their respective internal competent authorities, re-determine the consideration and the number of shares to be obtained under the Acquisition based on the filed valuation results, and enter into a separate supplemental agreement in respect thereof.

LETTER FROM THE BOARD

Lock-up period:

The lock-up period for each of the Vendors for the Consideration Shares acquired in the Acquisition is 12 months from the date of completion of the issuance of the Consideration Shares. After the expiration of the lock-up period, the transfer and dealing of such Consideration Shares shall follow the relevant effective laws and regulations and the provisions and rules of the CSRC and the SSE at the time. After completion of the issuance of the Consideration Shares, any additional shares obtained by each of the Vendors from the Consideration Shares due to such events as the Company's bonus share issuances or capital reserve conversion to share capital shall also be locked up in accordance with the afore-mentioned arrangements.

If the above-mentioned lock-up period arrangement is inconsistent to any extent with the latest regulatory opinions of the securities regulatory authorities, the parties agree to adjust in accordance with the latest regulatory opinions of the relevant securities regulatory authorities.

Transition period arrangement:

The transition period shall be from the valuation and audit benchmark date of the Acquisition confirmed by the parties (excluding the day of such benchmark date) to the Completion Date (including the day of the Completion Date).

During the transition period, the profits and losses generated or incurred by the Target Asset shall be shared or borne by the Company, pro-rata to its shareholding in SMNC after the Completion Date. The accumulated undistributed profits (if any) of SMNC before the Completion Date shall be shared by the shareholders of SMNC after the Completion Date, pro-rata to their respective shareholding in SMNC. Upon completion of the Acquisition, the accumulated undistributed profits of the Company before issuance of the Consideration Shares shall be shared by all the shareholders of the Company, pro-rata to their respective shareholding in the Company after the issuance.

Precedent conditions:

The Acquisition Agreement shall take effect after being executed by the legal representative or managing partner or authorised representative of each party to the Acquisition and sealed by each party to the Acquisition, as well as the satisfaction of the following conditions:

LETTER FROM THE BOARD

- (i) upon completion of the audit and valuation work in relation to the Acquisition, approval of the Board and approval at the general meeting being obtained;
- (ii) the asset valuation report being filed with the competent state-owned assets supervision and administrative authorities;
- (iii) approval from the competent state-owned assets supervision and administrative authorities of the final plan of the Acquisition;
- (iv) fulfillment by SMNC to approve each of the Vendors to transfer the Target Asset to the Company in accordance with its articles of association;
- (v) fulfillment by each of the Vendors to obtain the approval of internal decision-making procedures and external approval for transfer of Target Asset to the Company in accordance with its articles of association or partnership agreement (if required);
- (vi) the plan of the Acquisition being reviewed and approved by the SSE and being registered by CSRC;
- (vii) all necessary approval, permits and authorisations from, or filing with relevant authorities having been obtained or completed in accordance with PRC laws (if required);
- (viii) all necessary approvals or waivers having been obtained from the Hong Kong Stock Exchange.

None of the above conditions can be waived by any party to the Acquisition Agreement. If any of the conditions is not fulfilled, the Acquisition Agreement will not become effective and neither party to the Acquisition Agreement shall pursue legal liability against the other party. As at the Latest Practicable Date, in respect of the condition (iii) above, the Company has confirmed that the approval from the competent state-owned assets supervision and administrative authorities of the final plan of the Acquisition is not required. In addition, save for the conditions (i) (in respect of the approval at the EGM to be obtained), (iv), (vi) and (vii), all other conditions precedent had been fulfilled.

LETTER FROM THE BOARD

There is no long stop date under the Acquisition Agreement in respect of the fulfilment of the conditions precedent. The parties will however endeavor to take necessary steps to procure the fulfillment of the conditions precedent and proceed with completion of the Acquisition.

The Supplemental Agreement shall become effective after being executed by the legal representative or managing partner or authorised representative of each party and sealed by each party, and shall take effect simultaneously with the Acquisition Agreement.

Completion:

Completion will be conducted once the Vendors have transferred the Target Asset to the Company and have completed the register of such transfer with relevant industrial and commercial authorities.

Since the Completion Date, the Company shall become the lawful owner of the Target Asset and shall enjoy and assume all rights, interests, obligations and liabilities related to the Target Asset.

Under the Acquisition, there is no (a) guarantee of the profits or net tangible assets or other matters regarding the financial performance of the SMNC provided by the Vendors; and (b) option granted to the Company to sell the SMNC back to the Vendors and/or other rights given to the Company.

IMPACT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, the total number of issued Shares of the Company was 8,000,468,734 Ordinary Shares including 1,999,562,549 RMB Shares and 6,000,906,185 Hong Kong Shares. For illustration purpose, set out below is the shareholding structure of the Company:

- (i) as at the Latest Practicable Date; and

LETTER FROM THE BOARD

(ii) immediately after completion of the Acquisition, and assuming there will be no change in the total number of issued Shares of the Company since the Latest Practicable Date save for the issue of the Consideration Shares pursuant to the Acquisition Agreement (as supplemented by the Supplemental Agreement).

Shareholders	As at the Latest Practicable Date		Immediately after the completion of the Acquisition	
	Number of Shares	Approximate percentage of the Company's issued share capital ⁽¹⁾	Number of Shares	Approximate percentage of the Company's issued share capital ⁽¹⁾
China IC Fund	359,700,023	4.50%	717,043,419	8.39%
- <i>Hong Kong Shares</i>	359,700,023 ⁽²⁾	4.50%	359,700,023 ⁽²⁾	4.21%
- <i>RMB Shares</i>	-	-	357,343,396	4.18%
Semi Investment Center	-	-	100,502,830	1.18%
- <i>Hong Kong Shares</i>	-	-	-	-
- <i>RMB Shares</i>	-	-	100,502,830	1.18%
E-Town Capital	-	-	64,210,141	0.75%
- <i>Hong Kong Shares</i>	-	-	-	-
- <i>RMB Shares</i>	-	-	64,210,141	0.75%
ZGC Development	-	-	12,562,853	0.15%
- <i>Hong Kong Shares</i>	-	-	-	-
- <i>RMB Shares</i>	-	-	12,562,853	0.15%
Beijing Industrial Investment	-	-	12,562,853	0.15%
- <i>Hong Kong Shares</i>	-	-	-	-
- <i>RMB Shares</i>	-	-	12,562,853	0.15%
Core Connected Persons (other than China IC Fund and E-Town Capital), including:				
CICT	1,197,513,450	14.97%	1,197,513,450	14.01%
- <i>Hong Kong Shares</i>	1,125,042,595 ⁽³⁾	14.06%	1,125,042,595 ⁽³⁾	13.16%
- <i>RMB Shares</i>	72,470,855	0.91%	72,470,855	0.85%
Liu Xunfeng⁽⁴⁾	140,628	0.00%	140,628	0.00%
- <i>Hong Kong Shares</i>	140,628	0.00%	140,628	0.00%
- <i>RMB Shares</i>	-	-	-	-
Fan Ren Da Anthony⁽⁴⁾	405,754	0.01%	405,754	0.00%
- <i>Hong Kong Shares</i>	405,754	0.01%	405,754	0.00%
- <i>RMB Shares</i>	-	-	-	-
Liu Ming⁽⁴⁾	83,908	0.00%	83,908	0.00%
- <i>Hong Kong Shares</i>	83,908	0.00%	83,908	0.00%
- <i>RMB Shares</i>	-	-	-	-
Wu Hanming⁽⁴⁾	91,575	0.00%	91,575	0.00%
- <i>Hong Kong Shares</i>	91,575	0.00%	91,575	0.00%
- <i>RMB Shares</i>	-	-	-	-
Zhao Haijun⁽⁴⁾	472,775	0.01%	472,775	0.01%
- <i>Hong Kong Shares</i>	472,775	0.01%	472,775	0.01%
- <i>RMB Shares</i>	-	-	-	-

LETTER FROM THE BOARD

Shareholders	Number of Shares	As at the Latest Practicable Date		Immediately after the completion of the Acquisition	
		Approximate percentage of the Company's issued share capital ⁽¹⁾	Number of Shares	Approximate percentage of the Company's issued share capital ⁽¹⁾	
				Number of Shares	Approximate percentage of the Company's issued share capital ⁽¹⁾
Liang Mong Song⁽⁴⁾	499,182	0.01%	499,182	0.01%	0.01%
- <i>Hong Kong Shares</i>	499,182	0.01%	499,182	0.01%	0.01%
- <i>RMB Shares</i>	-	-	-	-	-
Core connected persons of the subsidiaries of the Company⁽⁵⁾	128,039,938	1.60%	128,039,938	1.50%	
- <i>Hong Kong Shares</i>	581,818	0.01%	581,818	0.01%	0.01%
- <i>RMB Shares</i>	127,458,120	1.59%	127,458,120	1.49%	
Other public Shareholders (other than Semi Investment Center, ZGC Development and Beijing Industrial Investment)	6,313,521,501	78.91%	6,313,521,501	73.86%	
- <i>Hong Kong Shares</i>	4,513,887,927	56.42%	4,513,887,927	52.81%	
- <i>RMB Shares</i>	1,799,633,574	22.49%	1,799,633,574	21.05%	
Total	8,000,468,734	100.00%	8,547,650,807	100.00%	

Notes:

- (1) The approximate percentage figures are rounded to the nearest two decimal places and therefore, may not add up to 100% due to rounding.
- (2) Based on the notice of the disclosure interests dated 7 January 2026 filed by China IC Fund, such Hong Kong Shares are directly held by Xinxin (Hongkong) Capital Co., Ltd. (a wholly-owned subsidiary of China IC Fund).
- (3) Based on the notice of the disclosure interests dated 7 April 2025 filed by CICT, such Hong Kong Shares are directly held by Datang Holdings (Hongkong) Investment Company Limited (a wholly-owned subsidiary of CICT).
- (4) Dr. Liu Xunfeng is the chairman and executive Director. Dr. Fan Ren Da Anthony, Professor Liu Ming, Academician Wu Hamming are the independent non-executive Directors. Dr. Zhao Haijun and Dr. Liang Mong Song are the co-chief executive officers of the Company.
- (5) As at the Latest Practicable Date, there are eight core connected persons at subsidiary level of the Company which hold shares of the Company. These mainly include directors of the subsidiaries of the Company.
- (6) Shareholders set out in the boxes are regarded as public Shareholders and upon completion of the Acquisition approximately 75.34% of the Shares will be held by public Shareholders.

LETTER FROM THE BOARD

The Consideration Shares will be allotted and issued pursuant to the Specific Mandate to be granted by the Independent Shareholders at the EGM. The Board expects that after completion of the Acquisition, the Company will continue to maintain sufficient public float to fulfil the requirements under the Hong Kong Listing Rules, respectively.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Acquisition is conducive to further improving the Company's asset quality, strengthening business synergies, and promoting the Company's long-term development.

Upon completion of the Acquisition, the financial information of the SMNC will remain consolidated into the consolidated financial statements of the Group. Furthermore, SMNC will become a wholly-owned subsidiary of the Company and the equity attributable to shareholders of the Company, the profit attributable to the Company and the earnings per share will increase. Additionally, achieving full ownership of SMNC's equity interests will enhance the decision-making efficiency of its corporate governance as the Company will have full control over decision making functions on both shareholder and board level of SMNC, continue to leverage synergies between the Company and SMNC in terms of financial, marketing, and operational management, and further expand domestic and international markets and customers. It will also aid in the development of differentiated specialty technology platforms, improve customer service, optimize production operations, and continuously strengthen its competitiveness to provide more high-quality, innovative, and reliable integrated circuit wafer foundry and related services to both domestic and international customers, thereby advancing the overall strategy of the Company.

The Directors (including the independent non-executive Directors) consider that the Acquisition Agreement, the Supplemental Agreement and the transactions contemplated thereunder are on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Save for Mr. Yang Lumin (the non-executive Director of the Company who was nominated by China IC Fund) and Mr. Huang Dengshan (the non-executive Director of the Company who was nominated by China IC Fund and is also the vice president of China IC Fund) as related Directors who had abstained from voting, none of the other Directors was considered to have a material interest in the Acquisition Agreement, the Supplemental Agreement and the transactions contemplated thereunder which would have required the Director to abstain from voting on relevant resolutions at the Board meeting.

LETTER FROM THE BOARD

GENERAL INFORMATION OF SMNC

SMNC was established in July 2013 and mainly provides 12-inch integrated circuit wafer foundry services and supporting services based on different process platforms for customers. As at the Latest Practicable Date, SMNC is a subsidiary of the Company, and the shareholding structure of SMNC is as follows:

Shareholders	Shareholding
SMIC Holdings Corporation* (中芯國際控股有限公司) <small>(Notes 1 & 2)</small>	25.5%
SMIC Investment (Shanghai) Corporation* (中芯集電投資(上海)有限公司) <small>(Notes 1 & 3)</small>	13.0%
Semiconductor Manufacturing International (Beijing) Corporation* (中芯國際集成電路製造(北京)有限公司) <small>(Notes 1 & 4)</small>	12.5%
China IC Fund	32.0%
Semi Investment Center	9.0%
E-Town Capital	5.75%
ZGC Development	1.125%
Beijing Industrial Investment	<u>1.125%</u>
Total	<u>100.0%</u>

Notes:

1. Each of SMIC Holdings Corporation, SMIC Investment (Shanghai) Corporation and Semiconductor Manufacturing International (Beijing) Corporation is a wholly-owned subsidiary of the Company.
2. SMIC Holdings Corporation is a limited liability company established in July 2015 in the PRC and is primarily engaged in investment.
3. SMIC Investment (Shanghai) Corporation is a limited liability company established in September 2003 in the PRC and is primarily engaged in investment.
4. Semiconductor Manufacturing International (Beijing) Corporation is a limited liability company established in July 2002 in the PRC and is primarily engaged in the manufacturing and trading of semiconductor products.

Pursuant to the audited accounts of SMNC prepared in accordance with the Chinese Accounting Standards for Business Enterprises, the audited net profit (before and after taxation) of SMNC for the financial years ended 31 December 2023 and 2024 is as follows:

	For the year ended 31 December	
	2023 (RMB'000)	2024 (RMB'000)
Net profit before and after taxation	<u>585,235</u>	<u>1,681,595</u>

LETTER FROM THE BOARD

The audited total assets and net assets of SMNC as at 31 August 2025 were approximately RMB45,283 million and RMB41,808 million, respectively.

GENERAL INFORMATION OF THE PARTIES

The Company

SMIC is one of the leading foundries in the world and is the front runner in manufacturing capability, manufacturing scale, and comprehensive service in the Chinese Mainland. SMIC Group provides semiconductor foundry and technology services to global customers on 8-inch and 12-inch wafers. Headquartered in Shanghai, China, SMIC Group has an international manufacturing and service base, with 8-inch and 12-inch wafer fabrication facilities in Shanghai, Beijing, Tianjin and Shenzhen. SMIC Group also has marketing and customer service offices in the U.S., Europe, Japan, and Taiwan, China.

China IC Fund

China IC Fund, incorporated in September 2014, mainly invests in the value chain of integrated circuit industry via equity investment, primarily in integrated circuit chip manufacturing as well as chip designing, packaging and testing and equipment and materials. As at the Latest Practicable Date, there are 16 fund investors in China IC Fund, including, among others, Ministry of Finance of the PRC (as the single largest shareholder holding 36.47% shareholding interest), China Development Bank Capital Co., Ltd. (holding 22.29% shareholding interest), China National Tobacco Corporation (holding 11.14% shareholding interest), E-Town Capital (holding 10.13% shareholding interest), Shanghai Guosheng (Group) Co., Ltd. (holding 5.06% shareholding interest), China Mobile Communications Group Co., Ltd. (holding 5.06% shareholding interest), Wuhan Financial Holdings (Group) Co., Ltd. (holding 5.06% shareholding interest) and a group of nine shareholders (holding less than 5% shareholding interest each) comprising companies, partnerships and Sino IC Capital Co., Ltd. (which also acts as the fund manager). The voting right of Sino IC Capital Co., Ltd. (as a shareholder but not as the fund manager) at shareholders' meetings of China IC Fund is proportional to its shareholding interest in China IC Fund. China IC Fund is not regarded as a subsidiary of its single largest shareholder.

Semi Investment Center

Semi Investment Center is the first integrated circuit industry investment fund initiated by a local government in the PRC. It was established in September 2014 and mainly invests in companies along the integrated circuit industry chain, including fields such as integrated circuit manufacturing and design. As at the Latest Practicable Date, Beijing Integrated Circuit Industry Development Equity Investment Fund Co., Ltd.* (北京集成電路產業發展股權投資基金有限公司) holds approximately 51% of the partnership interests in Semi Investment Center and the ultimate beneficial owner of Beijing Integrated Circuit Industry Development Equity Investment Fund Co., Ltd. is the Beijing Municipal People's Government State-owned Assets Supervision and Administration Commission* (北京市人民政府國有資產監督管理委員會). Beijing Shengshi Hongming Investment Fund Management Co., Ltd.* (北京盛世宏明投資基金管理有限公司) is the managing partner of Semi Investment Center and the ultimate beneficial owner of Beijing Shengshi Hongming Investment Fund Management Co., Ltd. is Jiang Mingming (姜明明) who is a third party independent of the Company.

LETTER FROM THE BOARD

E-Town Capital

E-Town Capital was established in February 2009 and is an entity solely founded by the Finance and State-owned Assets Supervision and Administration Bureau of Beijing Economic and Technological Development Zone* (北京經濟技術開發區財政國資局), dedicated to equity investment, capital operation and the development of industrial financial service platforms. As the entity for equity investment and capital operation in Beijing Economic and Technological Development Zone, as well as a professional management institution for government-held and managed projects, E-Town Capital undertakes the important mission of serving the industrial development and technological innovation of Beijing Economic and Technological Development Zone. As at the Latest Practicable Date, the ultimate beneficial owner of E-Town Capital is the Finance and State-owned Assets Supervision and Administration Bureau of Beijing Economic and Technological Development Zone.

ZGC Development

ZGC Development was established in March 2010 and is a state-owned enterprise under Beijing Municipality. Since its incorporation, ZGC Development has adhered to the corporate mission of being “centered around innovation and entrepreneurship entities and growing together with them”. It focuses on the entire lifecycle of the transformation of technological achievements, striving to improve its core businesses such as equity investment, debt financing, common technologies and park operations, and is committed to providing inclusive, precise and integrated services for technological innovation. Based in Zhongguancun, ZGC Development has built an innovation service network that integrates domestic collaboration and international cooperation, working with innovation and entrepreneurship entities to jointly create an open and win-win innovation ecosystem, promoting technological innovation to better benefit human society. As at the Latest Practicable Date, the ultimate beneficial owner of ZGC Development is the People’s Government of Beijing Municipality.

Beijing Industrial Investment

Beijing Industrial Investment was established in February 2002 with a registered capital of RMB1.00 billion. Over the past 20 years, it has always taken serving the construction of Beijing International Science and Technology Innovation Center as its mission, and actively promoted the optimized layout of high-end, precision and advanced industries in the capital. It has now grown into an investment and financing company focusing on fund management, industrial investment and government services, and has actively participated in the innovative development of high-end, precision and advanced industries such as the new generation of information technology, pharmaceutical and healthcare, integrated circuits, intelligent connected vehicles, intelligent manufacturing and equipment, green energy, energy conservation and environmental protection, and future frontier industries. As at the Latest Practicable Date, the ultimate beneficial owner of Beijing Industrial Investment is the People’s Government of Beijing Municipality.

FINANCIAL IMPACT OF THE ACQUISITION

Upon completion of the Acquisition, SMNC will become a wholly-owned subsidiary of the Company and the financial information of the SMNC will remain consolidated into the consolidated financial statements of the Group.

LETTER FROM THE BOARD

FUND-RAISING ACTIVITIES IN THE PAST 12 MONTHS

The Company has not conducted any equity fund raising activities during the 12 months immediately preceding the Latest Practicable Date.

LISTING RULES IMPLICATIONS

The Acquisition and Issuance of Consideration Shares

As one or more of the applicable percentage ratios in relation to the Acquisition exceeds 5% but are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Hong Kong Listing Rules.

As at the Latest Practicable Date, as (i) China IC Fund holds 32% equity interests in SMNC; and (ii) E-Town Capital holds 24.51% equity interests in Semiconductor Manufacturing Beijing Corporation* (中芯京城集成電路製造(北京)有限公司), a subsidiary of the Company, each of China IC Fund and E-Town Capital is a connected person of the Company at the subsidiary level. Accordingly, the transaction contemplated under the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules. As the Acquisition involves issue of new RMB Shares by the Company under the Specific Mandate, the Acquisition does not constitute an exempt connected transaction and hence the Company is subject to the reporting, announcement and Independent Shareholders' approval requirements pursuant to Chapter 14A of the Hong Kong Listing Rules.

As Mr. Huang Dengshan, a non-executive Director of the Company, serves as the vice president of China IC Fund, pursuant to the STAR Market Listing Rules, China IC Fund constitutes the related party of the Company, therefore the Acquisition constitutes the related transaction.

APPLICATION FOR WAIVER FROM STRICT COMPLIANCE WITH CERTAIN PROVISIONS OF THE HONG KONG LISTING RULES

The new RMB Shares to be issued pursuant to the Acquisition will be of the same class as the Hong Kong Shares but will not be listed on the Hong Kong Stock Exchange. The RMB Shares and the Hong Kong Shares are not fungible based on PRC securities laws. The compliance of Rules 8.20 and 13.26(1) of the Hong Kong Listing Rules by the Company with their unmodified form would be unduly burdensome and impractical to consummate the Acquisition. In addition, as at the Latest Practicable Date, the number of the Hong Kong Shares of the Company held by the public is 4,513,887,927 Hong Kong Shares, and the volume weighted price of the Company's Hong Kong Shares over the 125 trading days immediately prior to the Latest Practicable Date is approximately HK\$67.33. As such, the market capitalization of the Company's public float as at the Latest Practicable Date is approximately HK\$303.93 billion, which is significantly more than HK\$1.00 billion as requested under the Rule 19A.28B(2) of the Hong Kong Listing Rules, demonstrating that there is an open market for the trading of the Hong Kong Shares of the Company. Upon completion of the Acquisition, the Company will continue to be able to maintain an open market under Rule 8.08 and Rule 19A.28B of the Hong Kong Listing Rules.

LETTER FROM THE BOARD

The Company has applied for, and the Hong Kong Stock Exchange has granted, a one-off waiver so that there is no need to seek listing on the Hong Kong Stock Exchange of the RMB Shares to be issued under the RMB Share Issue as required under Rules 8.20 and 13.26(1) of the Hong Kong Listing Rules, subject to the following conditions:

- (1) Rule 6.11 of the Hong Kong Listing Rules is modified such that the requirements of obtaining the prior approval of shareholders and holders of any other class of listed securities (where applicable) for voluntary withdrawal of listing on the Hong Kong Stock Exchange shall apply to holders of the Hong Kong Shares only;
- (2) Rule 6.12 of the Hong Kong Listing Rules is modified such that the requirement of obtaining the prior approval of shareholders for voluntary withdrawal of listing on the Hong Kong Stock Exchange that (i) the approval must be given by at least 75% of the votes attaching to any class of listed securities held by holders voting either in person or by proxy at a general meeting; and (ii) the number of votes cast against the resolution is not more than 10% of the votes attaching to any class of listed securities held by holders permitted under Rule 6.12(1) of the Hong Kong Listing Rules to vote in person or by proxy at the meeting, shall apply to holders of the Hong Kong Shares only;
- (3) Rule 6.15 of the Hong Kong Listing Rules is modified such that the requirement of fulfilling shareholders' approval requirements under the Code on Takeovers and Mergers for voluntary withdrawal of listing on the Hong Kong Stock Exchange shall apply to holders of the Hong Kong Shares only; and
- (4) Rule 13.36(2)(b) of the Hong Kong Listing Rules is further modified such that all the Shareholders can, by ordinary resolution in a general meeting of holders of both the Hong Kong Shares and the RMB Shares voting as a single class, give a repurchase mandate to the Directors under which the maximum number of Hong Kong Shares repurchased by the Company since the granting of the general mandate will be 10% of the number of the issued Hong Kong Shares as at the date of the resolution granting the repurchase mandate and the 10% repurchase mandate will be used for purchasing the Hong Kong Shares only.

Given this is a one-off waiver for the RMB Share Issue only, the Company would need to apply for waiver from Rules 8.20 and 13.26(1) of the Hong Kong Listing Rules for any further issue of new RMB Shares.

RESOLUTIONS PROPOSED TO BE CONSIDERED AT THE EGM

The following resolutions in relation to the Acquisition will be proposed at the EGM:

1. Resolution on the Transaction complying with the relevant laws and regulations

In respect of the Transaction, having conducted prudent self-inspection and demonstration based on the Securities Law of the PRC, the Administrative Measures for the Major Asset Restructuring of Listed Companies(《上市公司重大资产重组管理办法》), the Regulatory Guidelines for Listed Companies No. 9 – Regulatory Requirements for the Planning and Implementation of Major Assets Restructurings by Listed

LETTER FROM THE BOARD

Companies (《上市公司監管指引第9號-上市公司籌劃和實施重大資產重組的監管要求》), the Administrative Measures for the Registration of Securities Offerings of Listed Companies (《上市公司證券發行註冊管理辦法》), and other applicable laws, regulations and normative documents, and taking into full account the actual circumstances of the Company and the relevant matters, the Board considers that the Transaction through the issuance of RMB Shares complies with the requirements and the conditions stipulated under the aforesaid laws, regulations and normative documents.

This resolution will be proposed to the Independent Shareholders at the EGM for consideration and approval by way of an ordinary resolution.

2. Resolution on the proposal in respect of the Transaction

Details of the proposal in respect of the Acquisition are set out in the section headed “Acquisition” in this circular.

This resolution will be proposed to the Independent Shareholders at the EGM for consideration and approval by way of an ordinary resolution.

3. Resolution on the “Draft Report on the Purchase of Assets through the Issuance of Shares and the Related Transaction” and its summary

Details are set out in the overseas regulatory announcement of the Company published on the website of Hong Kong Stock Exchange on 29 December 2025.

This resolution will be proposed to the Independent Shareholders at the EGM for consideration and approval by way of an ordinary resolution.

4. Resolution on the Transaction constituting related transaction

Details are set out in the section headed “Listing Rules Implications” in this circular.

This resolution will be proposed to the Independent Shareholders at the EGM for consideration and approval by way of an ordinary resolution.

5. Resolution on the Transaction not constituting major asset restructuring

Details are set out in the overseas regulatory announcement of the Company published on the website of Hong Kong Stock Exchange on 29 December 2025.

This resolution will be proposed to the Independent Shareholders at the EGM for consideration and approval by way of an ordinary resolution.

6. Resolution on entering into the Supplemental Agreement with counterparties with conditions to its effectiveness

Details are set out in the section headed “Acquisition” in this circular.

LETTER FROM THE BOARD

This resolution will be proposed to the Independent Shareholders at the EGM for consideration and approval by way of an ordinary resolution.

7. Resolution on the Transaction not constituting reorganization and listing as stipulated in Article 13 of the Administrative Measures for the Major Asset Restructuring of Listed Companies

Details are set out in the overseas regulatory announcement of the Company published on the website of Hong Kong Stock Exchange on 29 December 2025.

This resolution will be proposed to the Independent Shareholders at the EGM for consideration and approval by way of an ordinary resolution.

8. Resolution on the Transaction complying with Article 4 of the Regulatory Guidelines for Listed Companies No. 9 – Regulatory Requirements for the Planning and Implementation of Major Assets Restructurings by Listed Companies

Details are set out in the overseas regulatory announcement of the Company published on the website of Hong Kong Stock Exchange on 29 December 2025.

This resolution will be proposed to the Independent Shareholders at the EGM for consideration and approval by way of an ordinary resolution.

9. Resolution on the Transaction complying with Articles 11, 43 and 44 of the Administrative Measures for the Major Asset Restructuring of Listed Companies, Article 20 of the Measures for the Ongoing Supervision of Listed Companies on the Science and Technology Innovation Board (Trial Implementation), Rule 11.2 of the STAR Market Listing Rules, Rule 8 of Rules Governing the Review of Major Asset Restructurings of Listed Companies on SSE

Details are set out in the overseas regulatory announcement of the Company published on the website of Hong Kong Stock Exchange on 29 December 2025.

This resolution will be proposed to the Independent Shareholders at the EGM for consideration and approval by way of an ordinary resolution.

10. Resolution on non-existence of the relevant circumstances prohibiting the relevant parties under the Transaction from participating in any major asset restructuring of listed companies pursuant to Article 12 of the Regulatory Guidelines for Listed Companies No. 7 – Regulation of Abnormal Stock Transactions Related to Major Asset Restructurings of Listed Companies or Article 30 of the Self – Regulatory Guidelines No. 6 for Listed Companies of the SSE – Major Asset Restructuring

Details are set out in the overseas regulatory announcement of the Company published on the website of Hong Kong Stock Exchange on 29 December 2025.

This resolution will be proposed to the Independent Shareholders at the EGM for consideration and approval by way of an ordinary resolution.

LETTER FROM THE BOARD

11. Resolution on the explanation of the completeness and compliance of the statutory procedures performed for the Transaction and the validity of the legal documents submitted

Details are set out in the overseas regulatory announcement of the Company published on the website of Hong Kong Stock Exchange on 29 December 2025.

This resolution will be proposed to the Independent Shareholders at the EGM for consideration and approval by way of an ordinary resolution.

12. Resolution on the Company's purchase and sale of assets within 12 months prior to the Transaction

Details are set out in the overseas regulatory announcement of the Company published on the website of Hong Kong Stock Exchange on 29 December 2025.

This resolution will be proposed to the Independent Shareholders at the EGM for consideration and approval by way of an ordinary resolution.

13. Resolution on the explanation of the basis for the consideration under the Transaction and its fairness and reasonableness

Details are set out in the overseas regulatory announcement of the Company published on the website of Hong Kong Stock Exchange on 29 December 2025.

This resolution will be proposed to the Independent Shareholders at the EGM for consideration and approval by way of an ordinary resolution.

14. Resolution on the independence of the valuation institution, the reasonableness of the valuation assumptions, the relevance of the valuation methodologies to the valuation purposes, and the fairness of the valuation pricing

Details are set out in the overseas regulatory announcement of the Company published on the website of Hong Kong Stock Exchange on 29 December 2025.

This resolution will be proposed to the Independent Shareholders at the EGM for consideration and approval by way of an ordinary resolution.

15. Resolution on the audit reports, asset valuation report and pro forma review report relating to the Transaction

Details are set out in the overseas regulatory announcement of the Company published on the website of Hong Kong Stock Exchange on 29 December 2025.

This resolution will be proposed to the Independent Shareholders at the EGM for consideration and approval by way of an ordinary resolution.

LETTER FROM THE BOARD

16. Resolution on the circumstances regarding the dilution of immediate return arising from the Transaction and the remedial measures

Details are set out in the overseas regulatory announcement of the Company published on the website of Hong Kong Stock Exchange on 29 December 2025.

This resolution will be proposed to the Independent Shareholders at the EGM for consideration and approval by way of an ordinary resolution.

17. Resolution on the circumstances regarding the fluctuation of the Company's Shares prior to the announcement of the Transaction

Details are set out in the overseas regulatory announcement of the Company published on the website of Hong Kong Stock Exchange on 29 December 2025.

This resolution will be proposed to the Independent Shareholders at the EGM for consideration and approval by way of an ordinary resolution.

18. Resolution on non-existence of the direct or indirect paid engagement of other third-party institutions or individuals in the Transaction

Details are set out in the overseas regulatory announcement of the Company published on the website of Hong Kong Stock Exchange on 29 December 2025.

This resolution will be proposed to the Independent Shareholders at the EGM for consideration and approval by way of an ordinary resolution.

19. Resolution on the confidentiality measures and confidentiality procedures adopted in connection with the Transaction

Details are set out in the overseas regulatory announcement of the Company published on the website of Hong Kong Stock Exchange on 29 December 2025.

This resolution will be proposed to the Independent Shareholders at the EGM for consideration and approval by way of an ordinary resolution.

20. Resolution on proposing to the general meeting of the Company to authorize the Board to handle all matters relating to the Transaction

To ensure the smooth implementation of the Transaction, it is proposed that the EGM grant authorization to the Board to have full discretion, to handle all matters relating to the Transaction, including but not limited to:

- (1) formulating and implementing specific plans for the Transaction in accordance with the provisions of applicable laws, administrative regulations, departmental rules and normative documents, as well as the resolutions of the EGM, including but not limited to negotiating with

LETTER FROM THE BOARD

the independent financial adviser to determine or adjust, based on actual circumstances, such specific matters as the timing, volume, offering period, price and subscribers of the relevant issuance;

- (2) handling and deciding on specific matters relating to the Transaction in accordance with the approval status of CSRC and market conditions, based on the proposal approved at the EGM;
- (3) approving and signing audit reports, valuation report and other documents relating to the Transaction, and revising, supplementing, signing, submitting, filing and performing all agreements and contracts in relation to the Transaction;
- (4) adjusting the plan for the Transaction as required by the regulatory authorities or in accordance with any new relevant laws and regulations issued by such authorities, and revising the application materials for the Transaction in light of the opinions of the regulatory authorities;
- (5) within the validity period of the resolutions of the EGM, if any changes in the regulatory policies or market conditions, making corresponding adjustments to the specific plan for the Transaction within the scope resolved by the EGM, or terminating the Transaction in accordance with the new policies and regulations of the securities regulatory authorities and the actual conditions of the securities market;
- (6) being fully authorized to handle all filing matters in respect of the Transaction;
- (7) upon the completion of the Transaction, handling other filing or registration of changes in connection with Transaction;
- (8) upon the completion of the Transaction, handling the procedures for the registration and lock-up of the shares issued under the Transaction with the securities registration and settlement institution, as well as the listing of such shares on the SSE;
- (9) engaging relevant intermediary institutions to provide professional services for the Transaction, and determining and paying the corresponding service fees to such intermediaries;
- (10) handling any other matters related to the Transaction within the scope permitted by laws, administrative regulations, normative documents and the Articles of Association.

It is proposed that upon the Board obtains the aforementioned authorization from the EGM, and within the scope of such authorization, the Board may, unless otherwise provided by relevant laws and regulations, sub-delegate such authorizations to the chairman or his authorized persons to decide, handle and dispose of all matters in connection with the Transaction as set forth above.

This authorization shall remain valid for 12 months commencing from the date of approval of this resolution at the EGM. If the Company obtains the CSRC's approval registration document for the Transaction within such validity period, the validity period for such authorization shall automatically extend to the date of completion of the Transaction.

LETTER FROM THE BOARD

This resolution will be proposed to the Independent Shareholders at the EGM for consideration and approval by way of an ordinary resolution.

RECOMMENDATIONS

A letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders as to the fairness and reasonableness of the Acquisition and whether it is in the interests of the Company and the Shareholders as a whole is set out on pages 32 to 46 of this circular. After considering the advice and recommendation of the Independent Financial Adviser, the Independent Board Committee is of the view (i) the Acquisition is on normal commercial terms or better; and (ii) the Acquisition is fair and reasonable so far as the Shareholders are concerned and in the interests of the Company and the Independent Shareholders as a whole, and accordingly the Independent Board Committee recommends the Independent Shareholders to vote in favour of the relevant resolution(s) in relation to the Acquisition to be proposed at the EGM. The Board (including the independent non-executive Directors) is of the view that the Acquisition is on normal commercial terms or better, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board (including the independent non-executive Directors) recommends the Shareholders to vote in favour of all the resolutions to be proposed at the EGM as set out in the notice of the EGM.

EGM

The voting at the EGM will be taken by a poll. The Company will make an announcement of the poll results in accordance with the relevant requirements under the Hong Kong Listing Rules as soon as possible.

As at the Latest Practicable Date, China IC Fund and its associates (holding 359,700,023 Ordinary Shares, representing 4.50% of the total issued share capital of the Company) are required to abstain from voting on the resolutions in relation to the Acquisition to be proposed at the EGM.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, there is (i) no other Shareholder is required to abstain from voting on the resolutions in relation to the Acquisition to be proposed at the EGM; (ii) no voting trust or other agreement or arrangement or understanding entered into by or binding upon any Shareholders; and (iii) no obligation or entitlement of any Shareholder as at the Latest Practicable Date, whereby it/he/she has or may have temporarily or permanently passed control over the exercise of the voting right in respect of its/his Shares to a third party, either generally or on a case-by-case basis.

Abstentions will be counted for the purpose of determining the presence or absence of a quorum, but will not be counted for the purpose of determining the number of votes cast on a given proposal.

A form of proxy for the EGM is enclosed with this circular. Whether or not you intend to be present at the EGM, you are requested to complete the form of proxy and return it to the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for the EGM. The completion of a form of proxy will not preclude you from attending and voting at the EGM in person.

LETTER FROM THE BOARD

For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from 9 February 2026 to 12 February 2026 (both days inclusive), during which period no transfer of shares in the Company will be registered. In order to qualify for attending and voting at the EGM, all transfers of Hong Kong Shares, accompanied by the relevant certificates, must be lodged with the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on Friday, 6 February 2026. All persons who are registered holders of the Hong Kong Shares whose names appear on the register of members of Hong Kong Shares on 12 February 2026 or, registered holders of the RMB Shares whose names appear on the register members of RMB Shares on 6 February 2026, will be entitled to attend and vote at the EGM. Further announcement will be made by the Company on the website of the SSE regarding the record date and arrangements for holders of Shares listed on the STAR Market of the SSE in accordance with the requirements of the SSE.

OTHER INFORMATION

Your attention is drawn to the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders, the letter from the Independent Board Committee containing its recommendation to the Independent Shareholders and the other information set out in the Appendices to this circular.

By order of the Board
Semiconductor Manufacturing International Corporation
Guo Guangli
Company Secretary/Board Secretary

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is a full text of the letter from the Independent Board Committee to the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



SEMICONDUCTOR MANUFACTURING INTERNATIONAL CORPORATION
中芯國際集成電路製造有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Hong Kong Stock Exchange Stock Code: 00981)

(Shanghai Stock Exchange Stock Code: 688981)

28 January 2026

To the Independent Shareholders,

Dear Sirs or Madam,

**DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION
REGARDING THE ACQUISITION OF THE 49% EQUITY INTERESTS IN
SMNC INVOLVING ISSUING RMB SHARES UNDER SPECIFIC MANDATE**

We refer to the circular dated 28 January 2026 (the “Circular”) of Semiconductor Manufacturing International Corporation (the “Company”) of which this letter forms a part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as defined in the Circular.

We have been appointed as members of the Independent Board Committee to advise you in relation to advise the Independent Shareholders in respect of the Acquisition, details of which are set out in the letter from the Board in the Circular. Upon the approval of the Independent Board Committee, Rainbow Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Acquisition.

Having considered, among other things, the principal factors and reasons considered by the Independent Financial Adviser and its advice as set out in the “Letter from the Independent Financial Adviser” in the Circular, we concur with the view of the Independent Financial Adviser and consider that although the Acquisition is not in the ordinary and usual course of business of the Group, (i) the Acquisition is on normal commercial terms or better; and (ii) the Acquisition is fair and reasonable so far as the Shareholders are concerned and in the interests of the Company and the Independent Shareholders as a whole.

* For identification purpose only

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM in relation to the Acquisition.

Yours faithfully,

Independent Board Committee

FAN Ren Da Anthony

LIU Ming

WU Hanming

CHEN Xinyuan

Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter of advice from Rainbow Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of incorporation in this circular.

Rainbow Capital (HK) Limited

28 January 2026

To the Independent Board Committee and the Independent Shareholders

Semiconductor Manufacturing International Corporation
18 Zhangjiang Road
Pudong New Area
Shanghai, PRC

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION
REGARDING THE ACQUISITION OF THE 49% EQUITY INTERESTS
IN SMNC INVOLVING ISSUING RMB SHARES UNDER SPECIFIC MANDATE**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Proposed Acquisition, details of which are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular issued by the Company to the Shareholders dated 28 January 2026 (the “**Circular**”), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

On 8 September 2025, the Company entered into the Acquisition Agreement with the Vendors, pursuant to which, the Company conditionally agreed to purchase and the Vendors conditionally agreed to sell a total of 49% equity interests in SMNC held by the Vendors (the “**Proposed Acquisition**”). On 29 December 2025, the Company entered into the Supplemental Agreement with the Vendors, pursuant to which, the final consideration for the Proposed Acquisition and the number of the Consideration Shares proposed to be issued have been determined by the parties.

As one or more of the applicable percentage ratios in relation to the Proposed Acquisition exceeds 5% but are less than 25%, the Proposed Acquisition constitute a discloseable transaction of the Company under the Chapter 14 of the Hong Kong Listing Rules and is subject to the reporting and announcement.

As at the Latest Practicable Date, as (i) China IC Fund holds 32% equity interests in SMNC; and (ii) E-Town Capital holds 24.51% equity interests in Semiconductor Manufacturing Beijing Corporation* (中芯京城集成電路製造(北京)有限公司), a subsidiary of the Company, each of China IC Fund and E-Town Capital is a connected person of the Company at the subsidiary level. Accordingly, the transaction contemplated under the Proposed Acquisition constitutes a connected transaction of the Company under

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Chapter 14A of the Hong Kong Listing Rules. As the Proposed Acquisition involves issue of RMB Shares by the Company under the Specific Mandate, the Proposed Acquisition does not constitute an exempt connected transaction and hence the Company is subject to the reporting, announcement and Independent Shareholders' approval requirements.

The Independent Board Committee, comprising all the independent non-executive Directors, has been formed to advise the Independent Shareholders on the Proposed Acquisition. We, Rainbow Capital, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

As at the Latest Practicable Date, we did not have any relationships or interests with the Group and the Vendors that could reasonably be regarded as relevant to our independence. There was no engagement between the Group or the Vendors and us in the last two years. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no other arrangements exist whereby we had received any fees or benefits from the Group or the Vendors. The relevant fees paid or payable to us for acting as the independent financial adviser in relation to this appointment are normal professional fees and shall not affect our independence. Accordingly, we are independent from the Company pursuant to the requirement under Rule 13.84 of the Listing Rules and therefore we are qualified to give independent advice in respect of the Proposed Acquisition.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the Directors and the management of the Group and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the management of the Group. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and the management of the Group are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of the Circular.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Group or its respective substantial shareholders, subsidiaries or associates.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In considering the fairness and reasonableness of the Proposed Acquisition, we have taken into account the principal factors and reasons set out below:

1. Background information of the Company and SMNC

The Company

SMIC is one of the leading foundries in the world and is the front runner in manufacturing capability, manufacturing scale, and comprehensive service in the Chinese Mainland. SMIC provides semiconductor foundry and technology services to global customers on 8-inch and 12-inch wafers. Headquartered in Shanghai, China, SMIC has an international manufacturing and service base, with 8-inch and 12-inch wafer fabrication facilities in Shanghai, Beijing, Tianjin and Shenzhen. SMIC also has marketing and customer service offices in the U.S., Europe, Japan, and Taiwan, China.

SMNC

SMNC was established in July 2013 and mainly provides 12-inch integrated circuit wafer foundry services and supporting services based on different process platforms for customers. Pursuant to the Chinese Accounting Standards, the audited net profit (before and after taxation) of SMNC for the financial years ended 31 December 2023 and 2024 and the eight months ended 31 August 2025 amounted to RMB585.2 million, RMB1,681.6 million and RMB1,544.1 million respectively. The total assets and net assets of SMNC as at 31 August 2025 were approximately RMB45,283.4 million and RMB41,808.0 million, respectively.

2. Reasons for and benefits of the Proposed Acquisition

In May 2025, in order to deepen the reform of the merger and acquisition restructuring market for listed companies, the China Securities Regulatory Commission amended the Administration Measures for Major Asset Restructuring of Listed Companies (<https://www.csrc.gov.cn/csrc/c100028/c7558588/content.shtml>). With the core objectives of ‘standardizing market operations and stimulating capital vitality’, more than 20 adjustments were made across dimensions such as principal responsibility, transaction mechanisms, information disclosure, and regulatory effectiveness. The amendments mainly include: (i) establishing an installment payment mechanism for consideration paid in shares under restructuring transactions; (ii) enhancing tolerance in the regulation of changes in financial conditions, industry competition, and related-party transactions; (iii) introducing a simplified review procedure for restructurings; (iv) clarifying lock-up period requirements for mergers by absorption between listed companies; (v) encouraging private equity funds to participate in M&A and restructuring of listed companies; and (vi) adjustments to align with the newly revised Company Law. This Proposed Acquisition was advanced under the policy background of support for mergers and acquisitions in Chinese Mainland.

SMIC provides semiconductor foundry and technology services to global customers on 8-inch and 12-inch wafers. SMNC mainly provides 12-inch integrated circuit wafer foundry services and supporting services based on different process platforms for customers. The Company and SMNC have synergies in

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

terms of process technology, customer network, supply chain, core technology and production capacity layout. The Proposed Acquisition is conducive to further improving the Company's asset quality, strengthening business synergies, and promoting the Company's long-term development.

As at the Latest Practicable Date, the Company held 51% equity interests in SMNC. By acquiring the remaining 49% equity interests, it helps enhance the decision-making efficiency of SMNC's corporate governance, as the Company will have full control over decision-making functions on both shareholder and board level of SMNC. In addition, the consideration for the Proposed Acquisition will be settled by issuing the Consideration Shares, hence no cash outflow will arise.

Taking into account the factors above, we consider that although the Proposed Acquisition is not conducted in the ordinary and usual course of the business of the Group, it is in the interest of the Company and the Shareholders as a whole.

3. Principal terms of the Acquisition Agreement

Set out below is a summary of the principal terms of the Acquisition Agreement (as supplemented by the Supplemental Agreement). Independent Shareholders are advised to read further details of the Acquisition Agreement as set out in the Letter from the Board.

Parties	:	(i) The Company; (ii) China IC Fund; (iii) Semi Investment Center; (iv) E-Town Capital; (v) ZGC Development; and (vi) Beijing Industrial Investment
Target Asset	:	The 49% equity interests in SMNC totally held by the Vendors
Consideration and payment method	:	Pursuant to the Asset Valuation Report issued by Orient Appraisal, as of the valuation benchmark date (being 31 August 2025), the appraised value of the owners' equity attribution to 100% equity interest of SMNC is RMB82,859.00 million. The final consideration of the Target Asset is RMB40,600.91 million after negotiations and reaching consensus among parties.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Company shall pay the consideration of the Target Asset by way of issuance of the Consideration Shares to each Vendor. In accordance with the calculation method for the number of the Consideration Shares to be issued as stipulated in the Acquisition Agreement, the total number of Consideration Shares to be issued amounts to 547,182,073 Consideration Shares.

Type, par value and place of listing of Consideration Shares to be issued : The Consideration Shares will be the ordinary Shares denominated in RMB (i.e. A Shares) with a par value of US\$0.004 per Share and listed on the STAR Market of the SSE. The Consideration Shares, when fully paid and issued, will rank *pari passu* in all respects with the ordinary Shares denominated in RMB in issue at the time of the issuance of such Consideration Shares.

Pricing benchmark date, pricing basis and issue price of the Consideration Shares : The pricing benchmark date of the issuance of Consideration Shares shall be the date of the announcement on the resolutions at the first Board meeting to consider and approve the Proposed Acquisition, being 9 September 2025.

In accordance with the requirements under the Administrative Measures for the Major Asset Restructuring of Listed Companies, the issue price of the new RMB Shares shall not be less than 80% of the average transaction prices of the Company's RMB Shares for the 20, 60 or 120 trading days preceding the pricing benchmark date.

Upon negotiations among the parties, the issue price of the Consideration Shares is RMB74.20 per Consideration Share, representing not less than 80% of the average trading price at RMB92.75 per RMB Share of the Company for 120 trading days prior to the pricing benchmark date. Such average trading price of the RMB Shares = the total trading amount of the RMB Shares in the 120 trading days prior to the pricing benchmark date/the total trading volume of the RMB Shares in the 120 trading days prior to the pricing benchmark date.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

During the period between the pricing benchmark date and the issuance date of the Consideration Shares, if the Company implements ex-rights and ex-dividend events such as dividend distribution, bonus share issuances, capital reserve conversion to share capital, etc., the issue price of the Consideration Shares will be adjusted accordingly based on the relevant regulations of the CSRC and the SSE.

(i) Consideration for the Proposed Acquisition

The final consideration of the Target Asset is determined with reference to the valuation of 100% equity interest in SMIC of RMB82,859.00 million as at 31 August 2025 (the “**Valuation Benchmark Date**”) as appraised by Orient Appraisal by way of market approach (the “**Valuation**”). The summary of the Asset Valuation Report is set out in the Letter from the Board, and the Independent Shareholders are recommended to read in full.

In assessing the fairness and reasonableness of the Valuation, we have taken into the following factors:

(a) The qualification and scope of work of Orient Appraisal

We have discussed with Orient Appraisal to enquire to their qualification and experience in valuation in the PRC and their independence. In our review of the background information provided by Orient Appraisal, we noted that Orient Appraisal is a qualified asset appraisal firm to perform valuation works in the PRC, and the responsible persons of Orient Appraisal have years of experience in conducting valuation and possess sufficient qualifications and experience in valuation in the PRC.

We have also enquired with Orient Appraisal as to their independence, and were given to understand that Orient Appraisal is independent of the Group and the Vendors. Orient Appraisal confirmed that they were not aware of any relationship or interest between themselves and the Group and the Vendors or any other parties that would reasonably be considered to affect their independence to act as the independent valuer for the Company. Orient Appraisal also confirmed that apart from normal professional fees paid or payable to them in connection with their appointment as the independent valuer, no other arrangements exist whereby they will receive any fees or benefits from the Group and the Vendors.

We have also reviewed the terms of engagement letter between the Company and Orient Appraisal, in particular in relation to their scope of work. We noted that their scope of work is appropriate to form the opinion required to be given and there are no limitations on the scope of work which might adversely impact on the degree of assurance given by Orient Appraisal in the Asset Valuation Report. We have also performed work as required under note (1)(d) to Rule 13.80 of the Listing Rule in relation to Orient Appraisal and its work as regards the Valuation. Based on the above, we are satisfied with the terms of engagement of Orient

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Appraisal as well as their qualification and experience for performing the Valuation, and we are of the view that the scope of work of Orient Appraisal is appropriate. We therefore consider it appropriate to rely on their work and opinion.

(b) *Valuation methodologies*

We have reviewed the Asset Valuation Report and discussed with Orient Appraisal the methodologies, bases and assumptions adopted in arriving at the Valuation. We understood that Orient Appraisal has considered three generally accepted approaches, namely, market approach, income approach and asset-based approach and adopted the market approach in the Valuation due to the following considerations:

- (1). SMNC primarily engages in integrated circuit manufacturing through the wafer foundry model. It is a typical capital-intensive industry, characterized by a high proportion of fixed assets and intensive capital investment. In the market, there are listed companies in the same industry with similar business models, and their information disclosures are comparatively sufficient. The wafer foundry industry is relatively sensitive to changes in geopolitics and the macroeconomic environment. At present, reliance on imported equipment and the progress of domestic substitution also have a certain impact on future capital expenditures. Therefore, the asset-based approach and the market approach are more aligned with SMNC's business characteristics and industry environment;
- (2). given that SMNC mainly provides 12-inch integrated circuit wafer foundry services and supporting services, its main value, in addition to tangible resources such as fixed assets and working capital, should also include the contribution of important intangible resources such as process routes, corporate management level, and talent and technical teams. Due to the characteristics of the asset-based approach, its valuation results only assess the value of tangible assets and identifiable intangible assets. The value of certain important intangible resources is generally difficult to reflect in the asset-based approach. Therefore, the asset-based approach has certain limitations compared to the market approach; and
- (3). the market approach is to assess the market value of the target company by comparing and adjusting with comparable companies. Given that there are sufficient comparable listed companies which provide similar services as SMNC, and their financial information are available, the market approach is adopted for the Valuation.

Considering that (1) the income approach is only applicable where future earnings and the associated risks can be reasonably and reliably forecast, whereas the wafer foundry industry is inherently cyclical and closely tied to macroeconomic fluctuations, resulting in certain uncertainties in projecting future cash flows, the income approach is therefore not suitable for this valuation; (2) the asset-based approach does not capture the future economic benefits arising from the operations of SMNC, nor does it reflect the contribution of certain key intangible resources, rendering it less appropriate compared with the market approach; and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(3) based on our independent search on Bloomberg and our assessment that there is a sufficient number of comparable companies, we concur with Orient Appraisal that the market approach using comparable companies is the most appropriate approach in arriving at the market value of SMNC. Regarding the market approach based on comparable transactions, we independently reviewed acquisition precedents in China's semiconductor industry in 2025 and we noted that the only comparable precedent was the acquisition of 97.4988% of the share capital of Shanghai Huali Microelectronics Corporation, a company principally engaged in the business of 12-inch integrated circuit wafer foundry services in the PRC, by Hua Hong Semiconductor Limited (688347.SH/1347.HK) (the "**Hua Hong Acquisition**"). Other identified precedents involved target companies in different sub-sectors, such as chip design companies. Given that the Hua Hong Acquisition had not been completed as at the Latest Practicable Date, there were insufficient comparable transactions in the wafer foundry industry. Accordingly, we did not adopt other valuation approaches to cross-check the valuation results.

Under market approach, Orient Appraisal has adopted the ratio of enterprise value (EV) to earnings before interest, taxes, depreciation, and amortization (EBITDA) ("EV/EBITDA") to determine the value of SMNC. For the purpose of independent assessment of the fairness and reasonableness of the Valuation, we have considered the three most commonly used benchmarks in valuing a company, namely price-to-earnings ("P/E"), price-to-book ("P/B") and price-to-sale ("P/S") multiples. P/E is usually adopted for judging valuations for companies which are profit-making. P/B is typically applied for valuing companies which are asset intensive such as real estate companies and banks whereas P/S is approximate for valuing companies which have volatile earnings or loss but with relatively stable revenue such as retailers offering general merchandise.

SMNC primarily engages in the integrated circuit manufacturing business through a wafer foundry model. The wafer foundry industry is a typical capital-intensive sector. The construction of fabs and the purchase of equipment require substantial capital investment. As a result, companies in the industry often face high interest-bearing debt during the capacity ramp-up phase, while depreciation and amortization lead to low or even negative net profits, with total assets and net assets also declining year by year. For mature foundry enterprises where depreciation and amortization have already been completed, however, net profit levels tend to be higher, and total assets and net assets gradually recover over time. These industry characteristics cause valuation multiples related to revenue, net profit, and net assets of wafer foundry companies to fluctuate depending on the stage of corporate development. SMNC focuses on 12-inch wafer manufacturing, with process technologies ranging from 65nm to 28nm. SMNC is in a leading position in both process technology and market share, with capacity utilization close to full. As compared with other valuation multiples, EV/EBITDA, which adds back depreciation and amortization, eliminates the impact of high capital expenditures on profit margins and provides a fairer measure of SMNC's sustainable profitability. Therefore, the Valuation has adopted EV/EBITDA as the valuation multiple.

Taking into account that (1) P/E may be distorted by heavy depreciation and amortization and become meaningless or highly volatile as wafer foundry companies incur extremely high capital expenditures during the ramp-up stage; (2) P/B does not capture profitability and the value of unidentifiable intangible assets and may be distorted by

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

accounting treatments of depreciation, failing to reflect true value; and (3) P/S reflects only the revenue of SMNC without capturing its earning capacity, we concur with Orient Appraisal that EV/EBITDA is the most appropriate multiple to value SMNC as compared with other valuation multiples.

(c) *Analysis of the comparable companies*

SMNC mainly provides 12-inch integrated circuit wafer foundry services and supporting services. As set out in the Asset Valuation Report, Orient Appraisal has identified three comparable companies (the “**Comparable Companies**”). In selecting the appropriate comparable companies, Orient Appraisal has adopted the following selection criteria:

- (1). as at the Valuation Benchmark Date, the comparable companies should have at least two years of listing history, in order to avoid the impact of insufficient market information, IPO effects, and other factors on stock price volatility;
- (2). the comparable companies should belong to the semiconductor manufacturing or wafer foundry industry, with a primary business model of large-scale investment, high capital expenditure, and continuous technological process input under the IDM or Foundry model, and with similar product application fields;
- (3). as at the Valuation Benchmark Date, the comparable companies’ stocks should be in normal trading status, not suspended or otherwise abnormal, and should not have experienced abnormal price fluctuations due to recent mergers or restructuring transactions; and
- (4). given that ST-designated stocks are more likely to deviate significantly from their intrinsic value due to speculation and market manipulation, such stocks are excluded from the pool of comparable companies.

Given that SMNC is a wafer foundry company, if a comparable company’s business scale is smaller than that of SMNC and the gap is significant, its comparability will accordingly be weakened. In the process of selecting comparable companies, Orient Appraisal, taking into account the characteristics of the wafer foundry industry in which SMNC operates, chose the book value of equipment-type fixed assets as the scale comparison indicator.

We have searched on the website of SSE and reviewed more than five valuation reports published by other SSE-listed companies regarding acquisitions that used the market approach on a non-exhaustive basis, including, but not limited to, Shanghai Bright Power Semiconductor Co., Ltd. (688368.SH) acquiring Sichuan ConvenientPower Co., Ltd., Primarius Technologies Co., Ltd. (688206.SH) acquiring Chengdu Ruichengxin Microelectronics Technology Co., Ltd. and Naneng Microelectronics (Chengdu) Co., Ltd.. Based on our review, we noted the selection criteria adopted by Orient Appraisal are consistent with commonly adopted valuation practices. The use of the book value of equipment-type fixed assets as the scale indicator is a relevant and appropriate metric given the capital-intensive nature of the wafer foundry industry. We consider the above selection criteria to be appropriate and sufficient for the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Valuation, as they enable Orient Appraisal to identify a sufficient number of Comparable Companies with comparable business models to SMNC. Based on the above criteria, we have independently conducted a search on Bloomberg and identified the same Comparable Companies as Orient Appraisal. We consider the Comparable Companies to be exhaustive and representative.

The following table sets out the details of the Comparable Companies:

Company name (stock code)	Principal business	EV/EBITDA (times)
Nexchip Semiconductor Corporation (688249.SH) (“ Nexchip Semiconductor ”)	12-inch wafer fabrication services	10.86
China Resources Microelectronics Limited (688396.SH) (“ CR Microelectronics ”)	Chip design, wafer manufacturing, and packaging and testing	11.76
Silan Microelectronics Co., Ltd. (600460.SH) (“ Silan Microelectronics ”)	Research, development, production, and sales of electronic components	16.86

(d) Analysis of the valuation adjustments

The EV/EBITDA ratios of the Comparable Companies have been adjusted by Orient Appraisal based on the differences between SMNC and the Comparable Companies from two dimensions: financial indicators and non-financial indicators. Financial indicators primarily cover operating scale, debt-servicing capacity, operating efficiency, and profitability. Non-financial indicators include development stage, R&D investment, equipment condition, and main business model. We have searched on the website of SSE and noted that similar parameter adjustments are commonly applied in valuation. We have further reviewed Orient Appraisal’s adjustment process and its assessment of the indicators for SMNC and the Comparable Companies, and we concur with its analysis of the indicators for the Comparable companies and SMNC. We consider the adjustments to be reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following table sets out the adjusted EV/EBITDA ratio of the Comparable Companies:

	Silan Microelectronics	CR Microelectronics	Nexchip Semiconductor
EV/EBITDA	16.86	11.76	10.86
Adjustments for:			
Development stage	100/110	100/110	100/110
Operating scale	100/100	100/99	100/99
Debt-servicing capacity	100/97	100/100	100/96
Operating efficiency	100/98.5	100/98	100/98
Profitability	100/100	100/100	100/100
R&D investment	100/108	100/110	100/110
Equipment condition	100/101	100/99	100/102
Other factors including business model and organization	100/111	100/111	100/106
Adjusted EV/EBITDA	13.25	9.07	8.74
Average		10.35	

(e) *Analysis of the valuation computation*

Below is the calculation of the Valuation extracted from the Asset Valuation Report:

RMB'000

Average adjusted EV/EBITDA of the Comparable Companies (times)		A	10.35
EBITDA of SMNC		B	6,035,799
EV of SMNC		C = A x B	62,470,520
Non-operating assets and liabilities		D	20,154,050
Cash		E	234,765
Valuation		F = C+D+E	82,859,000
Consideration for the Proposed Acquisition		G = F*49%	40,600,910

Based on our review of the Asset Valuation Report, our discussions with Orient Appraisal and the independent work and analysis as discussed above regarding the key assumptions and parameters adopted in the Valuation, including (1) the selection of valuation methodology and multiple; (2) the criteria for selecting the Comparable Companies; (3) the valuation adjustments; and (4) the detailed computation of the Valuation, we conclude that the methodology, bases, assumptions, parameters, and computations adopted are appropriate and reasonable, and therefore the consideration for the Proposed Acquisition is fair and reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(ii) Issue price of the Consideration Shares

The pricing benchmark date of the issuance of Consideration Shares shall be the date of the announcement on the resolutions at the first Board meeting to consider and approve the Proposed Acquisition, being 9 September 2025 (the “**Pricing Benchmark Date**”). The issue price of the Consideration Shares shall be RMB74.20 per Consideration Share (the “**Issue Price**”), representing not less than 80% of the average trading price at RMB92.75 per RMB Share of the Company for 120 trading days prior to the Pricing Benchmark Date.

(a) Issue Price comparison

The Issue Price of RMB74.20 per Consideration Share represents:

- (1). a discount of approximately 41.5% to the closing price of RMB126.80 per RMB Share as quoted on the SSE as at the Latest Practicable Date;
- (2). a discount of 28.0% to the closing price of RMB102.99 per RMB Share on the Pricing Benchmark Date;
- (3). a discount of 31.2% to the average closing price of RMB107.88 per RMB Share for the 5 trading days immediately prior to and including the Pricing Benchmark Date;
- (4). a discount of 21.1% to the average closing price of RMB94.04 per RMB Share for the 30 trading days immediately prior to and including the Pricing Benchmark Date; and
- (5). a premium of 293.0% to the net asset value per Share of approximately RMB18.88 as at 30 June 2025, calculated based on the Group’s unaudited net assets attributable to the Shareholders of RMB150,814.4 million as at 30 June 2025 and 7,986,062,443 Share in issue as at 30 June 2025.

(b) Comparison transactions

To assess the fairness and reasonableness of the Issue Price, we have reviewed precedents based on the following selection criteria: (a) issuance of RMB shares to specific targets for acquisition; (b) issuances by companies listed on the SSE; (c) the pricing benchmark date is the date of announcement on the board resolution approving the relevant issuance; and (d) the transactions were completed during the six months prior to the Pricing Benchmark Date. Based on the aforesaid criteria, we identified an exhaustive list of 5 precedents (the “**Comparable Transactions**”) and no outliers were identified or excluded. Since a sufficient sample size has been identified based on the aforementioned selection criteria, we have not extended the scope to include companies listed on the Shenzhen Stock Exchange. Through the above selection criteria, the sample is limited to precedents that share a similar issuance purpose, regulatory framework and pricing mechanism as the Company, while

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

also ensuring that the transactions reflect prevailing market conditions and valuation sentiment. Accordingly, we consider the selection criteria for the Comparable Transactions to be fair and representative.

It should be noted that under the Administration Measures for Major Asset Restructuring of Listed Companies, the issue price for a listed company's issuance of shares as consideration for asset acquisitions must not be lower than 80% of the market reference price, defined as the average trading price of the issuer's shares over the 20, 60 or 120 trading days prior to the pricing benchmark date. As shown in the table below, despite differences in the issuers and the nature of the transactions, the discounts applied in the Comparable Transactions do not exhibit any significant divergence. Moreover, the discount in each transaction is determined through negotiations among the parties, making it difficult to quantify any adjustments to the discounts of the Comparable Transactions based on these differences. Taking the above into account, we consider that the Comparable Transactions provide a meaningful reference for analysing market practice and pricing trends for acquisition transactions involving the issuance of RMB shares.

Company name (stock code)	Principal business	Market capitalisation as at the pricing benchmark	date (RMB million)	Issuance size (RMB million)	Completion date	Discount of the issue price over/lo the average trading shares for the 120 trading days prior to the pricing benchmark date	Discount of the issue price over/lo the closing price per RMB share on the closing date	Discount of the issue price over/lo the share for the 5 trading days immediately prior to and including the pricing benchmark date	Discount of the issue price over/lo the average closing price per RMB share for the 30 trading days immediately prior to and including the pricing benchmark date	
						(%)	(%)	(%)	(%)	
Anhui Anfu Battery Technology Co., Ltd. (603031.SH)	Production and sales of small batteries and consumer products	7,568.3	962.0	1 September 2025	(23.04)	(33.03)	(26.39)	(18.64)		
Guangdong Songfa Ceramics Co., Ltd. (603268.SH)	Production and sales of ceramic products	1,960.6	7,493.3	28 May 2025	(23.78)	(35.66)	(27.75)	(20.96)		
Ningbo Jingda Forming Equipment Co., Ltd. (603088.SH)	Production and sales of heat-exchange equipment and high-speed precision presses	3,525.1	180.0	23 May 2025	(20.44)	(23.48)	(17.91)	(19.78)		
Seres Group Co., Ltd. (601127.SH)	Production and sales of new energy vehicles	137,616.6	8,164.0	3 April 2025	(19.99)	(27.16)	(28.14)	(28.09)		
Huada Automotive Technology Co., Ltd. (603358.SH)	Production of automotive parts, assemblies and molds	4,965.5	297.0	25 March 2025	(20.00)	(28.07)	(32.77)	(28.35)		
						Maximum	(19.99)	(23.48)	(17.91)	(18.64)
						Minimum	(23.78)	(35.66)	(32.77)	(28.35)
						Average	(21.45)	(29.48)	(26.59)	(23.16)
						Median	(20.44)	(28.07)	(27.75)	(20.96)
The Company	Provision of semiconductor foundry and technology services	519,272.9	40,600.9		(20.00)	(27.95)	(31.22)	(21.10)		

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As shown in the table above:

- (1). the Benchmark Discount of the Comparable Transactions ranged from 19.99% to 23.78%, with an average of 21.45% and a median of 20.44%;
- (2). the LTD Discount of the Comparable Transactions ranged from 23.48% to 35.66%, with an average of 29.48% and a median of 28.07%;
- (3). the 5 Days Discount of the Comparable Transactions ranged from 17.91% to 32.77%, with an average of 26.59% and a median of 27.75%; and
- (4). the 30 Days Discount of the Comparable Transactions ranged from 18.64% to 28.35%, with an average of 23.16% and a median of 20.96%.

Given that (1) each of the Benchmark Discount and the LTD Discount represented by the Issue Price is within the range of the Comparable Transaction and lower than the average and the median; (2) the 5 Days Discount represented by the Issue Price is within the range of the Comparable Transactions; (3) the 5 Days Discount implied by the Issue Price is higher than both the average and the median of the Comparable Transactions, primarily due to the significant fluctuations in the closing price of the RMB Shares during the five trading days preceding the Pricing Benchmark Date; and (4) the 30 Days Discount is within the range of the Comparable Transactions, lower than the average and close to the median, we consider the Issue Price to be fair and reasonable.

(c) *Overall comments*

Taking into account (1) the reasons and benefits of the Proposed Acquisition as discussed in the section headed “2. Reasons for and benefits of the Proposed Acquisition”; (2) that the valuation methodology and multiple adopted by Orient Appraisal and selection of the Comparable Companies are fair and reasonable; and (3) that the Issue Price is fair and reasonable compared with the Comparable Transactions, we therefore consider that the terms of the Proposed Acquisition are on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that the terms of the Proposed Acquisition are on normal commercial terms which are fair and reasonable so far as the Independent Shareholders are concerned. We also consider that the entering into of the Acquisition Agreement and the Supplemental Agreement, while not in the ordinary and usual course of business of the Group, is nevertheless in the interests of the Company and the Shareholders as a whole. We therefore advise

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Proposed Acquisition.

Yours faithfully,
For and on behalf of
Rainbow Capital (HK) Limited
Danny Leung
Managing Director

Mr. Danny Leung is a licensed person and a responsible officer of Rainbow Capital (HK) Limited registered with the Securities and Futures Commission to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activity under the SFO. He has over ten years of experience in the corporate finance industry.

**SUMMARY OF THE ASSET VALUATION REPORT ON THE ENTIRE VALUE OF
SHAREHOLDERS' EQUITY OF SEMICONDUCTOR MANUFACTURING NORTH
CHINA (BEIJING) CORPORATION IN RELATION TO THE PROPOSED
ACQUISITION OF ASSETS BY WAY OF ISSUE OF SHARES BY
SEMICONDUCTOR MANUFACTURING INTERNATIONAL CORPORATION
(HEREINAFTER REFERRED TO AS THE "VALUATION REPORT")**

– Extract in accordance with the Guidance Letter of the Hong Kong Stock Exchange

I. VALUATION APPROACHES ADOPTED BY THE VALUER AND ITS REASONS

(I) Valuation Approaches

The asset-based approach and the market approach are adopted, and the conclusion of the valuation report is based on the valuation results under the market approach.

(II) Reasons for Selection of Valuation Approaches:

As required by the Practicing Standards for Asset Valuation – Enterprise Value, "when performing the appraisal of enterprise value, the valuers shall analyse the applicability of the three basic approaches, namely the income approach, the market approach and the asset-based approach, and select the valuation approach based on valuation purposes, appraisal targets, value types, data collection and other condition." "For enterprise value appraisal projects that are suitable for adopting different valuation approaches, the professional asset valuers shall conduct valuation by using two or more valuation approaches."

Semiconductor Manufacturing North China (Beijing) Corporation (hereinafter referred to as the "SMNC" or "Appraised Entity") operates as a wafer foundry specialising in IC manufacturing, which is a typical heavy-asset industry characterised by a high proportion of fixed assets and intensive capital investment. Upon inquiry, there are listed companies in the capital market that are in the same industry as the Appraised Entity and have relatively similar business models, with relatively comprehensive disclosure of information. However, the foundries was relatively more sensitive to the change of geopolitical factors and macro environment. At the current stage, the reliance on equipment imports and progress of domestic substitution also have an impact on future capital expenditure to a certain extent. The asset-based approach and the market approach are better align with business characteristics and industry environment of SMNC.

In summary, it is determined that the asset-based approach and the market approach will be adopted for the valuation.

II. SCOPE OF VALUATION

The scope of valuation covers total assets and liabilities of the Appraised Entity, specifically including current assets, non-current assets and liabilities. The total carrying amount of all assets, liabilities and owners' equity amounted to RMB45,283,351,103.58, RMB3,475,348,228.00 and RMB41,808,002,875.58, respectively. The scope of the valuation commissioned is consistent with the scope of the valuation involved in the proposed economic activity.

III. BASIS OF VALUATION

The basis of valuation followed in this asset valuation is as follows:

(I) Basis of Economic Activities

1. The Resolutions at the Board Meeting of Semiconductor Manufacturing International Corporation;

(II) Basis of Laws and Regulations

1. The Assets Valuation Law of the People's Republic of China (Adopted at the 21st Meeting of the Standing Committee of the 12th National People's Congress on 2 July 2016);
2. The Company Law of the People's Republic of China (Revised at the 7th Meeting of the Standing Committee of the 14th National People's Congress on 29 December 2023);
3. The Securities Law of the People's Republic of China (Revised at the 15th Meeting of the Standing Committee of the 13th National People's Congress on 28 December 2019);
4. Measures for the Financial Supervision and Administration of the Asset Valuation Industry (Promulgated by Order No. 86 of the Ministry of Finance, and revised by Order No. 97 of Ministry of Finance);
5. Land Administration Law of the People's Republic of China (Revised at the 12th Meeting of the Standing Committee of the 13th National People's Congress on 26 August 2019);
6. The Urban Real Estate Administration Law of the People's Republic of China (Revised at the 12th Meeting of the Standing Committee of the 13th National People's Congress on 26 August 2019);
7. The Law of the People's Republic of China on the State-owned Assets of Enterprises (Adopted at the 5th Meeting of the Standing Committee of the 11th National People's Congress on 28 October 2008);

8. Provisional Regulations on the Supervision and Administration of State-owned Assets of Enterprises (Decree No. 378 of the State Council, revised by Decree No. 709 of the State Council);
9. Measures for the Administration of State-owned Assets Valuation (Decree No. 91 of the State Council, revised by Decree No. 732 of the State Council in 2020);
10. Notice on Issuing Detailed Rules for the Implementation of the Administrative Measures for State-owned Assets Valuation (Guo Zi Ban Fa [1992] No. 36);
11. Interim Measures for the Administration of State-owned Assets Valuation of Enterprises (Decree No. 12 of the State-owned Assets Supervision and Administration Commission of the State Council);
12. Notice on Strengthening the Administration of State-owned Assets Valuation of Enterprises (Guo Zi Wei Chan Quan [2006] No. 274);
13. Measures for the Supervision and Administration of State-owned Equity Interests of Listed Companies (Order No. 36 of SASAC, CSRC, Ministry of Finance);
14. Notice on Relevant Matters Concerning the Examination of Valuation Report on State-owned Assets of Enterprises (Guo Zi Chan Quan [2009] No. 941);
15. Guidelines on the Filing of State-owned Assets Valuation Projects for Enterprises (Guo Zi Fa Chan Quan [2013] No. 64);
16. Enterprise Income Tax Law of the People's Republic of China (Revised for the second time at the 7th Meeting of the Standing Committee of the 13th National People's Congress on 29 December 2018);
17. Decision of the State Council on Abolishing the Provisional Regulations of the People's Republic of China on Business Tax and Amending the Provisional Regulations of the People's Republic of China on Value-Added Tax (Decree No. 691 of the State Council);
18. Detailed Rules for the Implementation of the Provisional Regulations of the People's Republic of China on Value-added Tax (Order No. 50 of the Ministry of Finance and the State Administration of Taxation, revised by Order No. 65 of the Ministry of Finance and the State Administration of Taxation in 2011);
19. Notice on Comprehensively Launching the Pilot Program of Levying Value-Added Tax in lieu of Business Tax (Cai Shui [2016] No. 36);
20. Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-added Tax Rates (Cai Shui [2018] No. 32);

21. Announcement on Relevant Policies on Deepening Value-Added Tax Reform (Announcement No. 39 of the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs in 2019);
22. Patent Law of the People's Republic of China (Amended for the fourth time at the 22nd Meeting of the Standing Committee of the 13th National People's Congress on 17 October 2020);
23. The Civil Code of the People's Republic of China (Adopted at the 3rd Meeting of the 13th National People's Congress on 28 May 2020);
24. Vehicle Purchase Tax Law of the People's Republic of China (Adopted at the 7th Meeting of the Standing Committee of the 13th National People's Congress on 29 December 2018);
25. Other relevant laws and regulations regarding the valuation.

(III) Basis of Valuation Standards

1. Basic Standards for Asset Valuation (Cai Zi [2017] No. 43);
2. Code of Ethics for Asset Valuation (Zhong Ping Xie [2017] No. 30);
3. Practicing Standards for Asset Valuation – Asset Valuation Engagement Contracts (Zhong Ping Xie [2017] No. 33);
4. Practicing Standards for Asset Valuation – Engagement of Experts and Relevant Reports (Zhong Ping Xie [2017] No. 35);
5. Practicing Standards for Asset Valuation – Intangible Assets (Zhong Ping Xie [2017] No. 37);
6. Practicing Standards for Asset Valuation – Real Estate (Zhong Ping Xie [2017] No. 38);
7. Practicing Standards for Asset Valuation – Machinery Equipment (Zhong Ping Xie [2017] No. 39);
8. Practicing Standards for Asset Valuation – Asset Valuation Report (Zhong Ping Xie [2018] No. 35);
9. Practicing Standards for Asset Valuation – Asset Valuation Procedures (Zhong Ping Xie [2018] No. 36);
10. Practicing Standards for Asset Valuation – Asset Valuation Files (Zhong Ping Xie [2018] No. 37);

11. Practicing Standards for Asset Valuation – Enterprise Value (Zhong Ping Xie [2018] No. 38);
12. Practicing Standards for Asset Valuation – Asset Valuation Methods (Zhong Ping Xie [2019] No. 35);
13. Practicing Standards for Asset Valuation – Intellectual Property (Zhong Ping Xie [2023] No. 14);
14. Guidelines for Valuation Reports on State-owned Assets of Enterprises (Zhong Ping Xie [2017] No. 42);
15. Guidelines for Business Quality Control of Asset Valuation Agencies (Zhong Ping Xie [2017] No. 46);
16. Guiding Opinions on Types of Value under Asset Valuation (Zhong Ping Xie [2017] No. 47);
17. Guiding Opinions on Legal Ownership of Asset Valuation Subject (Zhong Ping Xie [2017] No. 48);
18. Guiding Opinions on Valuation of Patent Assets (Zhong Ping Xie [2017] No. 49);

(IV) Basis of Asset Ownership

1. Real estate ownership certificate;
2. Patent certificate;
3. Vehicle registration certificate;
4. Vouchers and invoices for acquisition of material asset;
5. Ledgers for fixed assets, book and paper, etc.;
6. Other asset ownership certificates.

(V) Pricing Basis of Valuation

1. The latest loan prime rate (LPR) announced by the National Interbank Funding Centre;
2. Prevailing deposit and lending benchmark interest rates schedules of the People's Bank of China effective on the benchmark date;
3. Middle rates of exchange published by the Administration of Foreign Exchange under the People's Bank of China effective on the benchmark date;

4. Machinery and Electrical Instrument Quotation Handbook published by China Machine Press;
5. Online vehicle price information from www.chinacar.com.cn;
6. Available online price information of equipment;
7. Budget Norm of Beijing Municipality for Construction Engineering in 2023;
8. Settlement Report for the Main Construction Contract of the B3 Production Plant Project for the Integrated Circuit Production Plant Construction Project issued by the Beijing Dongfang Huatai Engineering Consulting Co., Ltd. (北京東方華太工程諮詢有限公司);
9. Rating Standard for the Condition of Houses issued by the Ministry of Construction;
10. Information of recent land transactions issued on the website of Bureau of Land and Resources;
11. Website of China Urban Land Price Dynamic Monitor;
12. Land transaction information on professional network platforms for the real estate industry;
13. Results of the update of the benchmark land prices for the grant of state-owned construction land use rights in Beijing (Jing Zheng Fa [2022] No. 12);
14. Historical annual financial statements and review reports of the Appraised Entity;
15. Information on financial data and capital market from the RoyalFlush iFinD Information System (同花順資訊系統);
16. On-site survey records and other relevant valuation information collected by the asset valuer.

(VI) Other References

1. Accounting statements, books and vouchers and asset valuation returns provided by the Appraised Entity and its management as of the valuation benchmark date;
2. Handbook of Common Technical Indicators and Parameters for Asset Valuation (Published by Economic Management Press in 2019);
3. Provisions on Compulsory Scrapping Standards for Motor Vehicles (Ministry of Commerce, NDRC, Ministry of Public Security, Ministry of Environmental Protection Order No. 12 in 2012);

4. Statistics and analysis on the PRC macroeconomy, industries, regional markets and enterprises;
5. Technical statistics of Shanghai Orient Appraisal Co., Ltd.;
6. Other relevant references.

IV. VALUATION ASSUMPTIONS AND KEY INPUT PARAMETERS, AND HOW TO DETERMINE AND CONVERT THEM INTO APPRAISED VALUE

(I) Valuation Assumptions

Asset valuer followed the following assumptions and restrictions in this valuation:

1. Basic assumptions

1) Transaction assumption

The transaction assumption assumes that all assets to be evaluated are in the process of transaction, and the asset valuer will make estimation in a simulated market according to the transaction conditions of assets to be evaluated. The transaction assumption is one of the most fundamental assumptions for the implementation of the asset valuation.

2) Open market assumption

The open market assumption presumes the market conditions into which the assets will be introduced and how such conditions will influence the assets. The open market refers to a fully developed and mature market where there is competition among willing buyers and sellers. In such a market, both parties operate on equal footing, have sufficient access to relevant market information and adequate time for decision-making. Transactions occur voluntarily, rationally, and without coercion or restriction. This assumption is based on the premise that the assets can be freely traded in the open market.

3) Going concern assumption

The going concern assumption presumes that the Appraised Entity will continue to operate legally and sustainably under current asset conditions within the foreseeable future. It assumes that the entity's operations will not undergo any material adverse changes.

4) *Assumption about the use of an asset for its existing purpose*

The assumption about the use of an asset for its existing purpose assumes that the assets will continue to be used for their current purpose. Firstly, it is assumed that the assets within the scope of valuation are in use. Then it is assumed that the assets will continue to be used for the current purpose and mode of use without considering asset use conversion or optimal utilisation conditions.

2. *General Assumptions*

- 1) This valuation assumes that there will be no unforeseeable significant adverse changes in the external economic environment, including the relevant laws, macroeconomic, financial and industrial policies prevailing in China after the valuation benchmark date, and that there will be no significant impact caused by other human force majeure and unforeseeable factors.
- 2) This valuation does not consider the impact on the Appraised Entity's valuation conclusion of any collateral or guarantee that the Appraised Entity and its assets may assume in the future, or any additional price that may be paid as a result of special transactions.
- 3) It is assumed that there will be no significant changes in the socio-economic environment in which the Appraised Entity is located or the fiscal and taxation policies in place, such as taxes and tax rates, and that the credit policy, interest rate, exchange rate and other financial policies will be generally stable.
- 4) The current and future business operations of the Appraised Entity are and will be legal and in compliance with the relevant provisions of its business license and articles of association.

3. *Special Assumptions for the Market Approach*

- 1) It is assumed that the Appraised Entity strictly follows the China Accounting Standards for Business Enterprises and relevant rules, and the financial data as at the valuation benchmark date and for the years/periods are true and reliable;
- 2) It is assumed that the financial and operating data of comparable listed companies are true and reliable;
- 3) It is assumed that, unless otherwise specified, all transactions in the capital market are open, equal, voluntary and fair;
- 4) Neither the impact of natural forces and other force majeure factors nor the possible impact of a special transaction method on the valuation conclusion are taken into consideration;

5) Mortgages and guarantees that may arise in the future are not taken into consideration.

(II) Key Input Parameters, and How to Determine and Convert Them into the Appraised Value

1. *Identification of comparable reference companies*

As the Appraised Entity is a non-listed company without an opening trading market, its market value could not be directly determined. We selected and analysed similar and comparable companies among PRC listed companies. Criterion for selecting comparable companies is as follows:

- 1) perform an initial screening by referencing the industry sector, core business model, and product categories of the Appraised Entity, adhering to the following screening criteria:
 - ① comparable companies must have been listed for a minimum of two years as of the valuation benchmark date, to mitigate the impact of stock price fluctuations stemming from inadequate market information, IPO effects, market expectations, and other pertinent factors.
 - ② comparable companies must operate within the semiconductor manufacturing or wafer foundry industry, adopting either the Integrated Device Manufacturer (IDM) or Foundry business model, which entails substantial investment, high capital expenditure, and continuous technology process investment, and share similar product application fields with the Appraised Entity⁽¹⁾.
 - ③ the shares of comparable companies must have traded normally in the recent period prior to the valuation benchmark date and must not be suspended or otherwise in an abnormal trading status, or there were no abnormal fluctuations in the share price due to any merger, acquisition or restructuring transactions in the recent period prior to the benchmark date⁽²⁾.
 - ④ given that ST-listed stocks are more likely to experience significant price deviations from their intrinsic value due to speculative or manipulative market factors, such ST-listed stocks are excluded from the universe of comparable companies.

The valuers screened listed companies that fall under the same Shenyin Wanguo Industry Classification as the Appraised Entity, namely the Electronics – Semiconductors – Discrete Devices and IC Manufacturing sectors. A total of 25 listed companies were identified and screened based on the aforementioned screening criteria, the details of which are as follows:

Stock Code	Stock Name	Listing Date	Screening Process
688249.SH	Nexchip	5 May 2023	Primarily operating under the Foundry model with similar product application fields, subject to further screening
688347.SH	Hua Hong	7 August 2023	Excluded due to abnormal trading status such as trading suspension in the recent period prior to the benchmark date
688396.SH	CR MICRO	27 February 2020	Primarily operating under the IDM model with similar product application fields, subject to further screening
688469.SH	United Nova	10 May 2023	Excluded due to mergers and acquisitions (M&A) and restructuring activities in the recent period prior to the benchmark date
688691.SH	Brite	11 April 2024	Excluded due to primarily operating under the Fabless model, with significant differences in business models
688981.SH	SMIC	16 July 2020	Excluded due to the listing on both A-shares and H-shares, with differences in markets
300456.SZ	SMEI	14 May 2015	Excluded due to primarily operating under the Foundry model, with differences in product application fields
600360.SH	*Sino-Microelectronics	16 March 2001	Excluded as a ST stock, whose price significantly deviates from its intrinsic value
600460.SH	Silan	11 March 2003	Primarily operating under the IDM model with similar product application fields, subject to further screening
600745.SH	Wingtech	28 August 1996	Excluded due to primarily operating under the IDM model, with differences in product application fields
603290.SH	Starpower Semiconductor	4 February 2020	Excluded due to primarily operating under the Fabless model, with significant differences in business models
605111.SH	Nce Power	28 September 2020	Excluded due to primarily operating under the Fabless model, with significant differences in business models
688048.SH	Everbright Photonics	1 April 2022	Excluded due to primarily operating under the IDM model, with differences in product application fields
688167.SH	Focuslight Technologies	24 December 2021	Excluded due to primarily operating under the IDM model, with differences in product application fields
688172.SH	YDME	16 December 2022	Primarily operating under the IDM model with similar product application fields, subject to further screening
688230.SH	Prisemi	1 December 2021	Excluded due to primarily operating under the Fabless model, with significant differences in business models
688261.SH	Oriental Semi	10 February 2022	Excluded due to primarily operating under the Fabless model, with significant differences in business models
688498.SH	Origin of Excellence	21 December 2022	Excluded due to primarily operating under the IDM model, with differences in product application fields
688689.SH	Galaxy Microelectronics	27 January 2021	Excluded due to primarily engaging in semiconductor packaging and testing, with significant differences in business models
688693.SH	Convert	18 August 2023	Excluded due to primarily operating under the Fabless model, with significant differences in business models
688711.SH	MACMIC	1 September 2021	Excluded due to primarily operating under the Fabless model, with significant differences in business models

Stock Code	Stock Name	Listing Date	Screening Process
300046.SZ	Techsem	20 January 2010	Excluded due to primarily operating under the Fabless model, with significant differences in business models
300373.SZ	Yangjie Tech	23 January 2014	Primarily operating under the IDM model with similar product application fields, subject to further screening
300623.SZ	Jiejie Microelectronics	14 March 2017	Primarily operating under the IDM model with similar product application fields, subject to further screening
300831.SZ	Peri	7 May 2020	Excluded due to primarily operating under the Fabless model, with significant differences in business models

Notes:

(1) SMEI (300456.SZ) primarily focuses on the MEMS segment, with products used in silicon photonics, LiDAR, lithography equipment, high-frequency communications, AI computing, ICT, and advanced medical devices. Wingtech (600745.SH) develops products mainly applied in new energy vehicle electric drives and controls, as well as AI data center infrastructure. Everbright Photonics (688048.SH) produces components primarily used in fiber lasers, laser intelligent manufacturing equipment, LiDAR, and medical aesthetics. Focuslight Technologies (688167.SH) focuses on products used in laser processing, precision material processing, and medical equipment. Origin of Excellence (688498.SH) specializes in products used for fiber access networks, data centers, and automotive LiDAR systems. In contrast, SMNC manufactures products primarily for smartphones, computers and tablets, consumer electronics, IoT and wearables, as well as industrial and automotive applications. Given there are clear differences in product applications between these companies and SMNC, all of the above companies are excluded.

Galaxy Microelectronics (688689.SH) primarily engages in semiconductor packaging and testing services, whereas SMNC is a wafer foundry company. There are significant differences in their business models, making them incomparable, thus Galaxy Microelectronics is excluded.

(2) The specific period of the latest trading suspension of Hua Hong (688347. SH) is from the market opening on Monday, 18 August 2025, to the pre-opening of the market on Monday, 1 September 2025. The actual trading suspension time is 10 trading days. The company resumed trading officially at the opening of the market on 1 September 2025. Therefore, Hua Hong is excluded from the universe of comparable companies.

Following the preliminary screening, the profiles of the companies meeting the aforementioned reference criteria are presented below:

Stock Code	Stock Name	Company Profile	Main Business
688249.SH	Nexchip	Nexchip Semiconductor Corporation primarily engages in 12-inch wafer foundry business and related support services. Its main products include DDIC, CIS, PMIC, MCU, and Logic.	IC foundry business: 98.5703%; Other business: 1.4020%; Others: 0.0277%

Stock Code	Stock Name	Company Profile	Main Business
688396.SH	CR MICRO	China Resources Microelectronics Limited primarily engages in power semiconductors, smart sensors, and smart control, providing customers with a wide range of semiconductor products and system solutions. Its main products include MOSFET, IGBT, power diodes, IoT-specific ICs, power ICs, optocouplers and sensors, SiC, and GaN.	Products and solutions: 50.9277%; Manufacturing and services: 46.3278%; Other business: 2.7445%
600460.SH	Silan	Hangzhou Silan Microelectronics Co., Ltd. primarily engages in the R&D, production, and sales of electronic components. Its main products include silicon-based ICs, discrete devices, and compound semiconductor devices (LED chips and finished products, SiC, GaN power devices).	Discrete devices: 48.4601%; ICs: 36.5858%; LEDs: 6.8476%; Other business: 4.4177%; Others: 3.6887%
688172.SH	YDME	Beijing Yandong Microelectronic Co., Ltd. primarily engages in products and solutions, as well as manufacturing and services. Its main products include products and solutions, as well as manufacturing and services.	Products and solutions: 47.1756%; Manufacturing and services: 43.9067%; Others: 5.7855%; Other business: 3.1323%
300373.SZ	Yangjie Tech	Yangzhou Yangjie Electronic Technology Co., Ltd. primarily engages in the design, manufacturing, packaging, testing, R&D, production, and sales of power semiconductor wafers, chips, and devices. Its main products include semiconductor devices, semiconductor chips, and semiconductor wafers.	Semiconductor devices: 86.2474%; Semiconductor chips: 8.3270%; Semiconductor wafers: 3.0766%; Other business revenue: 2.3490%
300623.SZ	Jiejie Microelectronics	Jiangsu Jiejie Microelectronics Co., Ltd. primarily engages in the R&D, design, production, and sales of power semiconductor chips and devices. Its main products include thyristor series, protection device series, diode series, MOSFET series, IGBT series, thick film modules, silicon carbide devices, and others.	Power semiconductor devices: 66.9693%; Power semiconductor chips: 31.0471%; Other business revenue: 1.3637%; Power device packaging and testing: 0.6199%

2) Given that the Appraised Entity operates as a wafer foundry, the comparability of any comparable listed company is reduced if its business scale is substantially smaller. During the screening process, in light of industry-specific characteristics of the Appraised Entity, the “original book value of equipment-related fixed assets” was selected as the primary metric for scale comparison⁽³⁾.

Note:

(3) For wafer foundry companies, production equipment is their core production factor, determining the number and specifications of its production lines, capacity scale, and process node coverage capability, etc. Therefore, companies with similar equipment original values typically have comparable production capacity scales and production line configurations, making them comparable. Hence, the scale of original equipment value is adopted as a screening criterion for comparable companies.

The original book values of equipment-related fixed assets for each company, as calculated, are detailed as follows⁽⁴⁾:

Currency Unit: RMB100 million

Stock Code	Stock Name	Original Book Value of Equipment-Related Fixed Assets
688249.SH	Nexchip	373.37
688396.SH	CR MICRO	208.96
600460.SH	Silan	114.24
688172.SH	YDME	67.74
300373.SZ	Yangjie Tech	47.07
300623.SZ	Jiejie Microelectronics	54.72
Appraised Entity	SMNC	419.96

Note:

(4) The data for the publicly listed companies listed above are extracted from the 2025 interim financial report of each company. The original values of YDME, Yangjie Tech and Jiejie Microelectronics are far lower than that of SMNC, indicating that there are substantial differences in their capacity scale and production line configuration relative to SMNC, and they are therefore excluded.

The final set of comparable listed companies is detailed as follows⁽⁵⁾:

Stock Code	Stock Name	Listing Date	Company Profile	Main Business
688249.SH	Nexchip	5 May 2023	Nexchip Semiconductor Corporation primarily engages in 12-inch wafer foundry business and related support services. Its main products include DDIC, CIS, PMIC, MCU, and Logic.	12-inch wafer foundry business.
688396.SH	CR MICRO	27 February 2020	China Resources Microelectronics Limited primarily engages in power semiconductors, smart sensors, and smart control, providing customers with a wide range of semiconductor products and system solutions. Its main products include MOSFET, IGBT, power diodes, IoT-specific ICs, power ICs, optocouplers and sensors, SiC, and GaN.	Integrated operations across the entire industry chain, including chip design, wafer manufacturing, and packaging & testing.
600460.SH	Silan	11 March 2003	Hangzhou Silan Microelectronics Co., Ltd. primarily engages in the R&D, production, and sales of electronic components. Its main products include silicon-based ICs, discrete devices, and compound semiconductor devices (LED chips and finished products, SiC, GaN power devices).	R&D, production, and sales of electronic components.

Note:

(5) Market capitalisation and financial profiles of comparable listed companies

Comparable Company 1: Silan (600460.SH)

Full Company Name: Silan Microelectronics Co., Ltd.

Company Profile: Hangzhou Silan Microelectronics Co., Ltd. primarily engages in the R&D, production, and sales of electronic components. Its main products include silicon-based ICs, discrete devices, and compound semiconductor devices (LED chips and finished products, SiC, GaN power devices).

Market Capitalisation: RMB44,700.1315 million (total share capital as at the benchmark date × average trading price for the 120 trading days preceding the benchmark date)

Financial Position in Recent Years:

(1) Balance Sheet (Consolidated Statement)

Currency Unit: RMB0,000

Item/Year	31 December 2023	31 December 2024	30 June 2025
Total assets	2,390,758.57	2,479,697.11	2,550,888.18
Total liabilities	1,048,757.47	1,097,338.90	1,184,386.59
Total owners' equity attributable to parent company	1,202,160.63	1,221,478.52	1,230,102.77
Non-controlling interests	139,840.48	160,879.69	136,398.81
Total owners' equity	1,342,001.10	1,382,358.20	1,366,501.59

(2) Income Statement (Consolidated Statement)

Currency Unit: RMB0,000

Item/Year	31 December 2023	31 December 2024	30 June 2025
I. Total Operating Revenue	933,953.80	1,122,086.90	633,576.61
II. Total Operating Costs	898,089.78	1,100,739.99	597,538.91
III. Operating Profit	-4,877.60	-10,073.42	16,362.31
IV. Total Profit	-5,687.81	-10,724.63	16,419.83
Less: income tax expense	767.95	-8,338.44	3,136.22
V. Net Profit	-6,455.76	-2,386.19	13,283.62
Less: non-controlling interests	-2,877.19	-24,372.98	-13,196.15
Net profit attributable to owners of the parent company	-3,578.58	21,986.78	26,479.77

The above data is extracted from Silan's historical annual reports.

Comparable Company 2: Nexchip (688249.SH)

Full Company Name: Nexchip Semiconductor Corporation

Company Profile: Nexchip Semiconductor Corporation primarily engages in 12-inch wafer foundry business and related support services. Its main products include DDIC, CIS, PMIC, MCU, and Logic.

Market Capitalisation: RMB44,067.9685 million (total share capital as at the benchmark date × average trading price for the 120 trading days preceding the benchmark date)

Financial Position in Recent Years:

(1) Balance Sheet (Consolidated Statement)

Currency Unit: RMB0,000

Item/Year	31 December 2023	31 December 2024	30 June 2025
Total assets	4,815,627.96	5,039,857.94	5,120,648.52
Total liabilities	2,601,811.44	2,430,961.20	2,506,317.76
Total owners' equity attributable to parent company	2,140,980.47	2,087,031.10	2,102,478.03
Non-controlling interests	72,836.05	521,865.65	511,852.73
Total owners' equity	2,213,816.52	2,608,896.75	2,614,330.76

(2) Income Statement (Consolidated Statement)

Currency Unit: RMB0,000

Item/Year	31 December 2023	31 December 2024	30 June 2025
I. Total Operating Revenue	724,354.14	924,925.23	519,845.47
II. Total Operating Costs	724,299.13	889,949.83	497,180.83
III. Operating Profit	11,557.58	48,196.47	23,044.63
IV. Total Profit	11,934.04	48,245.94	23,204.70
V. Net Profit	11,916.48	48,219.63	23,199.96
Less: non-controlling interests	-9,246.44	-5,064.43	-10,012.92
Net profit attributable to owners of the parent company	21,162.91	53,284.06	33,212.88

The above data is extracted from Nexchip's historical annual reports.

Comparable Company 3: CR MICRO (688396.SH)

Full Company Name: China Resources Microelectronics Limited

Company Profile: China Resources Microelectronics Limited primarily engages in power semiconductors, smart sensors, and smart control, providing customers with a wide range of semiconductor products and system solutions. Its main products include MOSFET, IGBT, power diodes, IoT-specific ICs, power ICs, optocouplers and sensors, SiC, and GaN.

Market Capitalisation: RMB63,376.9172 million (total share capital as at the benchmark date × average trading price for the 120 trading days preceding the benchmark date)

Financial Position in Recent Years:

(1) Balance Sheet (Consolidated Statement)

Currency Unit: RMB0,000

Item/Year	31 December 2023	31 December 2024	30 June 2025
Total assets	2,921,525.98	2,910,682.95	2,953,993.99
Total liabilities	558,481.06	481,087.65	489,894.17
Total owners' equity attributable to parent company	2,155,805.67	2,230,621.31	2,270,626.79
Non-controlling interests	207,239.24	198,974.00	193,473.03
Total owners' equity	2,363,044.92	2,429,595.31	2,464,099.82

(2) Income Statement (Consolidated Statement)

Currency Unit: RMB0,000

Item/Year	31 December 2023	31 December 2024	30 June 2025
I. Total Operating Revenue	990,060.39	1,011,852.58	521,817.88
II. Total Operating Costs	852,588.28	917,504.73	471,978.20
III. Operating Profit	166,687.33	78,660.07	35,458.78
IV. Total Profit	168,676.08	79,463.50	35,691.43
Less: income tax expense	24,861.52	13,293.21	7,791.06
V. Net Profit	143,814.56	66,170.29	27,900.37
Less: non-controlling interests	-4,112.01	-10,075.70	-5,979.16
Net profit attributable to owners of the parent company	147,926.57	76,245.99	33,879.53

The above data is extracted from CR MICRO's historical annual reports.

Financial data of comparable companies are mainly used for the following two aspects to make relevant adjustment as to the valuation of SMNC:

1. The calculation of EV and EBITDA of the comparable companies to establish the EV/EBITDA ratios of the comparable companies

Being: total enterprise value excluding funds (EV) = all equity attributable to shareholders based on trading price + liabilities bearing interests + non-controlling interests – monetary funds

EBITDA = adjusted operating EBIT + depreciation and amortization

2. Compare SMNC's financial data with comparable companies' financial data to adjust the EV/EBITDA ratios of comparable companies relative to SMNC, including:

- ① Operation scale adjustment (using total operating assets and revenue as the measurable indicator);
- ② Adjustment for debt repayment capacity (measured using the current ratio and the debt-to-asset ratio);
- ③ Adjustment for operating efficiency (measured using total asset turnover and current asset turnover);
- ④ Adjustment for R&D investment (measured using the R&D expense ratio);

⑤ Adjustment for net equipment value ratio (adjusted after revising the financial depreciation period based on the average useful life of the equipment).

The enterprise value of the Appraised Entity is arrived at after adjusting and calculating the value ratios of comparable companies using the aforementioned financial data, and considering the relevant financial data or indicators of the Appraised Entity. By adjusting the non-operating assets, liabilities, and surplus assets value of the Appraised Entity, the total equity value of the shareholders of the Appraised Entity is finally obtained.

2. *Necessary adjustment for the differences between the Appraised Entity and comparable reference companies*

Information of the comparable reference companies obtained from public and legal channels, including their operation and financial information, are compared and analysed against the actual situation of the Appraised Entity. Necessary adjustments are made for the differences.

3. *Selection and determination of value ratio⁽⁶⁾*

Value ratios normally include asset value ratio, earnings value ratio, income value ratio and other special value ratios. Applicable value ratio is selected therefrom based on factors such as the industry characteristics and operational stage of the Appraised Entity, and the value ratios of each comparable listed company are calculated. In the course of selection, the following factors are fully considered: the selected value ratio is beneficial to the reasonable determination of the value of the appraisal subject; the range of information and method used for calculating the value ratio are consistent; reasonable adjustments are made on the differences between the comparable reference companies and the Appraised Entity whenever possible while using the value ratio. The value ratio is selected as follows:

SMNC operates as a wafer foundry specialising in IC manufacturing. This industry is inherently capital-intensive, with significant investments required for wafer foundry construction and photolithography equipment. During the capacity ramp-up phase, companies typically carry high levels of interest-bearing debt. Depreciation and amortization charges during this period often result in low or even negative reported net profits, while total and net book assets decline annually. In contrast, mature foundries that have largely completed their depreciation and amortization cycles tend to show stronger net profitability and a rebound in their total and net book assets over time. The dynamics of the industry result in fluctuations in valuation multiples, such as those based on revenue, net profit, and net assets, across different phases of a wafer foundry's lifecycle. Turning to the Appraised Entity, SMNC specialises in manufacturing 12-inch wafers, with process technologies spanning from 65nm to 28nm. It holds a leading position in technological prowess and market share, and currently operates at near-full capacity utilisation. Given these industry traits and SMNC's specific circumstances, the Enterprise Value to Earnings Before Interest, Taxes, Depreciation, and

Amortization (EV/EBITDA) ratio provides a fairer valuation of its sustained profitability. By accounting for depreciation and amortization, EV/EBITDA mitigates the impact of high capital expenditures on profit margins. Thus, the EV/EBITDA ratio was employed for this valuation.

Note:

(6) This evaluation selected three listed companies as comparable companies: Silan, CR MICRO, and Nexchip. Considering industry characteristics and company conditions, multiple indicators, including P/E, P/S, P/B, and EV/EBITDA (with relevant parameters reasonably adjusted according to valuation model guidelines), were analyzed for correlation. The linear regression analysis for the value ratios of various common indicators for comparable companies is as follows:

Linear Regression Analysis

Dependent variable	P	E	EV
Independent variable	B	S	EBITDA
Correlation index	0.6019	-0.0393	0.8016
Goodness of fit-R-squared value	0.3623	0.0015	0.6425
			0.9261

For the linear regression analysis, the goodness of fit-R-squared value for P/E, P/S, and P/B is less than 0.7. Generally, an R-squared value between 0.7 and 0.9 indicates a high degree of fit, suggesting a strong correlation between the valuation ratios and equity and enterprise value; a lower R-squared value implies weaker correlation. Thus, P/E, P/S, and P/B indicators were not adopted in this valuation.

As the goodness-of-fit R-squared value for EV/EBITDA is between 0.7 and 0.9, EV/EBITDA is chosen as the value ratio for this market approach valuation to show a stronger correlation compared to other value ratios, making it a more robust valuation model.

4. *Determination of the valuation conclusion*

After adjustments and calculations, the value ratios of the comparable companies were combined with the corresponding financial data or indicators of the Appraised Entity to arrive at the enterprise value of the Appraised Entity. This value is then adjusted for the non-operating assets, liabilities and surplus assets of the Appraised Entity, ultimately yielding the entire value of shareholders' equity of the Appraised Entity.

5. *Considerations for liquidity and control rights*

This market approach valuation has been carried out by adopting the comparative approach for listed companies. Given that the selected comparable companies are listed companies while the Appraised Entity is an unlisted company, the impact of liquidity on the value of the valuation subject was considered in the valuation⁽⁷⁾.

As there are currently no reliable and authoritative statistics on control premiums or discounts for lack of control specific to the Chinese market that are generally recognised by market participants, the impact of control on the value of the valuation subject was not considered in this valuation under the market approach⁽⁸⁾.

Notes:

(7) Valuers make the calculation by reference to the pricing estimation for new share issuance, which involves studying the lack of liquidity by analyzing the difference between the new issuance price of domestic listed companies under their initial public offering (IPO) and the trading price of the shares upon their official listing.

The lack-of-liquidity discount rate adopted in this valuation was determined as 39.26%, the median of the liquidity discount rates observed on the 90th, 120th, and 250th trading days following the listing.

(8) As there are currently no reliable and authoritative statistics on control premiums or discounts for lack of control specific to the Chinese market that are generally recognised by market participants, the impact of control on the value of the valuation subject was not considered in the valuation under the market approach.

6. The calculation formula for market approach

Entire value of shareholders' equity = value of operating assets + value of surplus assets + value of non-operating assets (liabilities)

Value of operating assets = relevant indicators of the appraised enterprise \times value ratio of comparable companies \times adjustment coefficient

The available parameters for the value ratios are as follows:

EV/EBITDA ratio

Value of operating assets of the Target Company = EV/EBITDA of the Target Company \times EBITDA attributable to the parent company of the Target Company – net liabilities attributable to the parent company of the Target Company

Where: EV/EBIT of the Target Company = weighted average of the adjusted EV/EBITDA of comparable companies = EV/EBITDA of comparable companies \times adjustment coefficient for EV/EBITDA of comparable companies \times weight

Adjustment coefficient for EV/EBITDA of comparable companies = II adjustment coefficient of influence factor A_i

Adjustment coefficient of influence factor A_i = coefficient of the Target Company/coefficient of comparable companies

V. APPRAISED VALUE AND REASONS FOR SELECTING THE VALUATION APPROACH

Upholding the principles of independence, objectiveness and fairness, we have carried out the necessary valuation procedures in accordance with the asset valuation requirements of the country. Subject to the valuation purpose, valuation assumptions and limiting conditions stated herein, we have reached the valuation conclusion regarding the market value of the entire equity interests of the Appraised Entity as at the valuation benchmark date.

(I) Relevant Valuation Results**1. *Appraised value under the asset-based approach***

The valuation of the entire value of the corporate shareholders' equity using the asset-based approach resulted in the following valuation of the Appraised Entity on the valuation benchmark date:

On the valuation benchmark date, the carrying amount of owners' equity of the Appraised Entity was RMB41,808.0029 million, while the appraised value was RMB65,294.3442 million, representing an appraised increase of RMB23,486.3413 million or 56.18%. Of which: the carrying amount of total assets was RMB45,283.3511 million, while the appraised value was RMB68,166.6668 million, representing an appraised increase of RMB22,883.3157 million or 50.53%. The carrying amount of total liabilities was RMB3,475.3482 million, while the appraised value was RMB2,872.3226 million, representing an appraised decrease of RMB603.0256 million or 17.35%.

2. *Appraised value under the market approach*

The valuation of the entire value of the corporate shareholders' equity using the market approach resulted in the following valuation on the valuation benchmark date:

The carrying amount of owners' equity of the Appraised Entity was RMB41,808.0029 million and the appraised value was RMB82,859.00 million, representing an appraised increase of RMB41,050.9971 million or 98.19%.

(II) Analysis of Differences in Valuation Results and Final Valuation Conclusion**1. *Analysis of different valuation results under different approaches***

In this valuation, the appraised value of the entire equity interests of the shareholders arrived at by using the market approach was RMB82,859.00 million, which was RMB17,564.6558 million higher than that of RMB65,294.3442 million calculated by using the asset-based approach.

The differences in the valuation results under the different valuation approaches are mainly due to the different perspectives on asset values considered by the various valuation approaches. The asset-based approach estimates the value from the perspective of the current reconstruction of the various assets of the enterprise, while the market approach evaluates the value from the perspective of the current market comparable prices, resulting in the difference in the valuation results of each valuation approach.

2. *Selection of valuation conclusion*

According to Practicing Standards for Asset Valuation – Enterprise Value, when multiple valuation approaches are used for the same valuation subject, the valuation conclusion should be formed by combining the valuation purpose, the quality and quantity of data used in different valuation approaches, and by using either a qualitative or quantitative approach.

Given that SMNC operates within the wafer foundry sector, its primary value extends beyond tangible assets such as fixed assets and working capital to encompass vital intangible resources⁽⁹⁾, including process routes, corporate management capabilities, and technical talent. Due to the inherent characteristics of the asset-based approach, its valuation results only measure the value of individual tangible and identifiable intangible assets, failing to adequately account for the potential enterprise value arising from mutual compatibility and harmonious integration of these assets. Additionally, the value of the Appraised Entity's vital intangible resources, such as process routes, corporate management capabilities, and technical talent, is often overlooked in the asset-based approach. As a result, the asset-based approach has certain limitations when compared with the market approach. Furthermore, the market approach draws on publicly available data of comparable listed companies. With the increasing maturity of China's stock market in recent years, a more developed capital market condition has also laid a solid groundwork for pricing under the market approach.

In view of the above, we have adopted the valuation results under the market approach as the valuation conclusion for the entire value of shareholders' equity of the Appraised Entity. After the valuation, the entire value of shareholders' equity of the Appraised Entity was RMB82,859,000,000.00, being RENMINBI EIGHTY-TWO BILLION AND EIGHT HUNDRED FIFTY-NINE MILLION ONLY.

The valuation conclusion is based on the above valuation work.

Note:

(9) The intangible resources of SMNC not reflected on the balance sheets under the asset-based approach can specifically include the following aspects:

- 1) Technology-related intangible resources, including process technology platforms, technology roadmaps and R&D capabilities, etc;
- 2) Talent and organizational intangible resources, including core talent teams such as process engineering and R&D teams, as well as organizational structure and quality management systems backed by SMIC;
- 3) Customer and market-related intangible resources, including high-quality customer relationships and ecosystem, as well as brand effect and market position backed by SMIC;
- 4) Operational and supply chain-related intangible resources, including supply chain management capabilities, capacity planning and operational efficiency, etc;
- 5) Policy-related intangible resources, including policy support resources and certification qualifications.

VI. EFFECTIVE DATE OF THE VALUATION

In accordance with the current valuation standards, the valuation conclusion revealed in this valuation report is based on the fact that there are no significant changes in the valuation assumptions set out in this report, and this valuation report conclusion may normally only be used if the period between the implementation date of the economic activities and the valuation benchmark date is not more than one year, i.e. the valuation conclusion is valid from 31 August 2025 (the valuation benchmark date) to 30 August 2026.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

Directors' Interests in Securities of the Company

As at the Latest Practicable Date, the interests or short positions of the Directors and the chief executive officer in the Shares, underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO), which were notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), and as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

Unit: Share

Name	Long/Short Position	Name of Interests	Number of Shares held	Restricted Options (Hong Kong Shares)		Share Units (Hong Kong Shares)	Total Interests (Shares)	Percentage of aggregate interests to total issued capital of the Company ⁽¹⁾
				Ordinary Shares held	(Hong Kong Shares)			
Executive Director								
Liu Xunfeng	Long Position	Beneficial Owner	140,628	-	-	230,685	371,313	0.005%
Non-executive Directors								
Lu Guoqing	-	-	-	-	-	-	-	-
Chen Shanzhi	-	-	-	-	-	-	-	-
Yang Lumin	-	-	-	-	-	-	-	-
Huang Dengshan	-	-	-	-	-	-	-	-
Independent Non-executive Directors								
Fan Ren Da Anthony	Long Position	Beneficial Owner	405,754	-	-	405,754	405,754	0.005%
Liu Ming	Long Position	Beneficial Owner	83,908	-	-	83,908	83,908	0.001%
Wu Hanming	Long Position	Beneficial Owner	91,575	-	94,350	94,350	185,925	0.002%
Chen Xinyuan	-	-	-	-	-	-	-	-
Co-Chief Executive Officers								
Zhao Huijun	Long Position	Beneficial Owner	472,775	2,184,355	183,071	183,071	2,840,201	0.036%
Liang Mong Song	Long Position	Beneficial Owner	499,182	659,117	183,071	183,071	1,341,370	0.017%

Substantial Shareholders' Interests in Securities of the Company

Save as disclosed below, the Directors are not aware that there was any party who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company and its subsidiaries:

Name of Shareholder	Long/Short Position	Name of Interests	Number of Ordinary Shares interested		Derivatives	Total Interests (Shares)	Percentage of aggregate interests to total issued capital of the Company ⁽¹⁾
			directly	indirectly			
CICT	Long Position	Beneficial Owner/ Interest of corporation controlled	72,470,855 ⁽²⁾	1,125,042,595 ⁽²⁾	-	1,197,513,450	14.968%
China IC Fund	Long Position	Beneficial Owner/ Interest of corporation controlled	357,343,396 ⁽³⁾	359,700,023 ⁽³⁾	-	717,043,419	8.963%

Notes:

1. Based on 8,000,468,734 Shares in issue as at the Latest Practicable Date.
2. Based on the notice of the disclosure interests dated 7 April 2025 filed by CICT, 1,125,042,595 Shares are held by Datang Holdings (Hongkong) Investment Company Limited which is a wholly-owned subsidiary of Datang Telecom Technology & Industry Holdings Co., Ltd., which in turn is wholly-owned by CICT. In addition, CICT directly holds 72,470,855 Ordinary Shares denominated in RMB, for a total of 1,197,513,450 Shares.
3. Based on the notice of the disclosure interests dated 7 January 2026 filed by China IC Fund, 357,343,396 Shares are interested by China IC Fund and the 359,700,023 Shares are held by Xinxin (Hongkong) Capital Co., Ltd., a wholly-owned subsidiary of Xunxin (Shanghai) Investment Co., Ltd., which in turn is wholly-owned by China IC Fund.

3. MATERIAL CHANGES

The Directors confirm that there was no material adverse change in the financial or trading position of the Group since 31 December 2024, being the date to which the latest published audited accounts of the Group were made up, up to and including the Latest Practicable Date.

4. DIRECTORS' INTEREST IN SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into or proposed to enter into a service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

5. OTHER INTERESTS OF THE DIRECTORS

As at the Latest Practicable Date:

- (i) none of the Directors had any direct or indirect interest in any assets which have been, since the date of the latest published audited accounts of the Company, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;
- (ii) save for the fact that Dr. Chen Shanzhi is the vice president, the chief engineer and the head of science and technology committee of CICT, and Mr. Huang Dengshan is the vice president of China IC Fund, none of the other Directors was a director or employee of a company which had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under provisions of Divisions 2 and 3 of Part XV of the SFO;
- (iii) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which is subsisting and which is significant in relation to the business of the Group; and
- (iv) none of the Directors and their associates had any competing interest, in a business which competes or is likely to compete either directly or indirectly, with the business of the Group.

6. EXPERTS AND CONSENT

The qualification of the experts who have given an opinion or advice in this circular is as follow:

Name	Qualification
Rainbow Capital	Independent Financial Adviser, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Orient Appraisal	Qualified independent valuer in the PRC

As at the Latest Practicable Date, each of the above experts: (i) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter or report and the references to its names and advice included herein in the form and context in which it is respectively included; (ii) has no direct or indirect shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and (iii) has

no direct or indirect interests in any assets which have been, since 31 December 2024 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group.

7. DOCUMENTS ON DISPLAY

A copy of the following documents will be published on the websites of the Hong Kong Stock Exchange (<https://www.hkexnews.hk>) and the Company (<https://www.smics.com>) from the date of this circular up to and including the date of the EGM:

- (a) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out in this circular;
- (b) the Acquisition Agreement;
- (c) the Supplemental Agreement;
- (d) the Asset Valuation Report; and
- (e) the written consents referred to in the section entitled “Experts and Consent” in this Appendix.

NOTICE OF THE EXTRAORDINARY GENERAL MEETING



SEMICONDUCTOR MANUFACTURING INTERNATIONAL CORPORATION

中芯國際集成電路製造有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Hong Kong Stock Exchange Stock Code: 00981)

(Shanghai Stock Exchange Stock Code: 688981)

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the extraordinary general meeting (“EGM”) of Semiconductor Manufacturing International Corporation (the “Company”) will be held at No. 5 Building, No. 39 Zhangjiang Road, Pu Dong New Area, Shanghai, People’s Republic of China (the “PRC”) on 12 February 2026 at 2:00 p.m. for the purpose of transacting the following businesses:

ORDINARY RESOLUTIONS

1. To consider and approve the resolution on the Transaction complying with the relevant laws and regulations
2. To consider and approve the resolution on the proposal in respect of the Transaction
 - 2.1 the overall proposal of the Transaction
 - 2.2 the Transaction – type, par value and place of listing of the shares to be issued
 - 2.3 the Transaction – target subscribers and subscription method
 - 2.4 the Transaction – pricing benchmark date, pricing basis and issue price of the shares to be issued
 - 2.5 the Transaction – number of shares to be issued
 - 2.6 the Transaction – lock-up period arrangements
 - 2.7 the Transaction – attribution of profits and losses of the Target Asset for the transition period and arrangements for accumulated undistributed profits
 - 2.8 the Transaction – payment arrangements for the cash consideration
 - 2.9 the Transaction – transfer of ownership of the Target Asset and liability for breach of agreement
 - 2.10 the Transaction – validity period of the resolutions

* *For identification purpose only*

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

3. To consider and approve the resolution on the “Draft Report on the Purchase of Assets through the Issuance of Shares and the Related Transaction” and its summary
4. To consider and approve the resolution on the Transaction constituting related transaction
5. To consider and approve the resolution on the Transaction not constituting major asset restructuring
6. To consider and approve the resolution on entering into the Supplemental Agreement with counterparties with conditions to its effectiveness
7. To consider and approve the resolution on the Transaction not constituting reorganization and listing as stipulated in Article 13 of the Administrative Measures for the Major Asset Restructuring of Listed Companies
8. To consider and approve the resolution on the Transaction complying with Article 4 of the Regulatory Guidelines for Listed Companies No. 9 – Regulatory Requirements for the Planning and Implementation of Major Assets Restructurings by Listed Companies
9. To consider and approve the resolution on the Transaction complying with Articles 11, 43 and 44 of the Administrative Measures for the Major Asset Restructuring of Listed Companies, Article 20 of the Measures for the Ongoing Supervision of Listed Companies on the Science and Technology Innovation Board (Trial Implementation), Rule 11.2 of the STAR Market Listing Rules, Rule 8 of Rules Governing the Review of Major Asset Restructurings of Listed Companies on SSE
10. To consider and approve the resolution on non-existence of the relevant circumstances prohibiting the relevant parties under the Transaction from participating in any major asset restructuring of listed companies pursuant to Article 12 of the Regulatory Guidelines for Listed Companies No. 7 – Regulation of Abnormal Stock Transactions Related to Major Asset Restructurings of Listed Companies or Article 30 of the Self – Regulatory Guidelines No. 6 for Listed Companies of the SSE – Major Asset Restructuring
11. To consider and approve the resolution on the explanation of the completeness and compliance of the statutory procedures performed for the Transaction and the validity of the legal documents submitted
12. To consider and approve the resolution on the Company’s purchase and sale of assets within 12 months prior to the Transaction
13. To consider and approve the resolution on the explanation of the basis for the consideration under the Transaction and its fairness and reasonableness
14. To consider and approve the resolution on the independence of the valuation institution, the reasonableness of the valuation assumptions, the relevance of the valuation methodologies to the valuation purposes, and the fairness of the valuation pricing

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

15. To consider and approve the resolution on the audit reports, asset valuation report and pro forma review report relating to the Transaction
16. To consider and approve the resolution on the circumstances regarding the dilution of immediate return arising from the Transaction and the remedial measures
17. To consider and approve the resolution on the circumstances regarding the fluctuation of the Company's Shares prior to the announcement of the Transaction
18. To consider and approve the resolution on non-existence of the direct or indirect paid engagement of other third-party institutions or individuals in the Transaction
19. To consider and approve the resolution on the confidentiality measures and confidentiality procedures adopted in connection with the Transaction
20. To consider and approve the resolution on proposing to the general meeting of the Company to authorize the Board to handle all matters relating to the Transaction

By order of the Board
Semiconductor Manufacturing International Corporation
Guo Guangli
Company Secretary/Board Secretary

Shanghai, 28 January 2026

Principal place of business:

18 Zhangjiang Road
Pudong New Area
Shanghai 201203
People's Republic of China

Registered office:

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

As at the date of this notice, the Directors of the Company are:

Executive Director:

LIU Xunfeng

Non-executive Directors:

LU Guoqing
CHEN Shanzhi
YANG Lumin
HUANG Dengshan

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

Independent Non-executive Directors:

FAN Ren Da Anthony

LIU Ming

WU Hanming

CHEN Xinyuan

Notes:

1. Unless the context otherwise stated, capitalized terms used in this notice shall have the meanings as those defined in the circular of the Company dated 28 January 2026.
2. The ordinary resolutions set out in this notice shall only be duly passed if more than two-thirds of the votes held by the shareholders present at the EGM had voted in favour of the resolutions pursuant to the provisions of the Administrative Measures for the Major Asset Restructuring of Listed Companies.
3. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint a proxy or, if such member is a holder of more than one share, more than one proxy to attend and vote instead of such member. Where a member appoints more than one proxy the instrument of proxy shall state which proxy is entitled to vote on a poll. A proxy need not be a member of the Company.
4. To be valid, a form of proxy must be delivered to the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the meeting or adjourned meeting (or 24 hours before a poll is taken, if the poll is not taken on the same day as the meeting or adjourned meeting). If a proxy form is signed under a power of attorney, the power of attorney or other authority relied on to sign it (or an office copy) must be delivered to the Company's Hong Kong share registrar with the proxy form, except that a power of attorney which has already been registered with the Company need not be so delivered. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the meeting or any adjournment thereof should he so wish and in such event, the proxy shall be deemed to be revoked.
5. The register of members of the Company will be closed from 9 February 2026 to 12 February 2026 (both days inclusive), during which period no transfer of shares in the Company will be registered. In order to qualify for attending and voting at the EGM, all transfers of Hong Kong Shares, accompanied by the relevant certificates, must be lodged with the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on Friday, 6 February 2026. All persons who are registered holders of the Hong Kong Shares whose names appear on the register of members of Hong Kong Shares on 12 February 2026 or, registered holders of the RMB Shares whose names appear on the register members of RMB Shares on 6 February 2026, will be entitled to attend and vote at the EGM. Please refer to the announcement of the Company published on the website of SSE regarding the record date and arrangement for registered holders of the RMB Shares.
6. Shareholders are advised to read the circular of the Company dated 28 January 2026 which contains information concerning the resolutions to be proposed at the EGM.
7. The voting at the EGM will be taken by a poll.
8. This notice and the proxy form have also been posted on the websites of the Company and the Hong Kong Stock Exchange respectively.