

SMM price assessment methodology for Above-Standard 553# Silicon Metal (East China)

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Contents

- 1. Guidelines to SMM price assessment methodology**
- 2. SMM silicon metal prices principle**
 - 2.1 Definition**
 - 2.2 Form the price basis**
 - 2.2.1 Criteria for price data submitters**
 - 2.2.2 Collecting price data from other submitters**
 - 2.2.3 Data normalisation**
 - 2.2.4 Data analysis, verification and screening**
 - 2.2.5 Evaluation of published prices**
 - 2.2.6 Modification of published prices**
 - 2.3 Specifications**
 - 2.4 Delivery site**
 - 2.5 Single transaction volume**
 - 2.6 Currency and unit of pricing**
 - 2.7 Price Terms**
 - 2.8 Payment terms**
 - 2.9 Format of publishing**
 - 2.10 Publication time**
 - 2.11 Historical data**
 - 2.12 Price assessment process**
 - 2.13 Price assessment process**
 - 2.14 Change in methodology**
- 3. Historical data**
- 4. Compliance with SMM Policies**

Guidelines to SMM price assessment methodology

Shanghai Metals Market (“SMM”) is an independent service provider that does not participate in trades. SMM is a market observer that engages buyers and sellers in the commodities market. By consulting with industry independent participants, SMM drafts the methodology, examines and revises it regularly based on the specifications and terms of trade that are generally used in the market, with equal weighting given to transactions that meet the standards. SMM attaches equal importance to normal transactions that meet the specifications and standards. SMM reserves the right to exclude from its price assessment any price data information deemed to be less reliable or unrepresentative.

SMM publishes spot metals prices (or indices, etc., including markets in China or outside of China) on a daily basis, commonly referred to as SMM prices. SMM price assessments refer to metals spot prices or price indices of both the Chinese and overseas markets reported by SMM on a daily basis. All SMM prices are published according to a set of defined methodologies, indicating how the prices are accessed and reported. These methodologies are published on our website

www.metal.com (English) or www.smm.cn (Chinese) or for all market participants to understand and refer to.

To reflect the actual trades in the spot market, SMM will update the methodology for SMM price assessments and publish all the revisions on our website www.metal.com (English) or www.smm.cn (Chinese) 28 days ahead of the changes. For queries or suggestions on the methodology, please contact SMM customer services (please find contact information on the SMM official websites). **Please read this paragraph in conjunction with the SMM methodology review and changes policy, and the SMM Complaint Policy available at www.metal.com (English) or www.smm.cn (Chinese).**

This document specifies the standards and management methods for above-standard 553# silicon metal (East China) price assessment. These standards are formulated to establish a transparent and verifiable SMM price setting mechanism and provide market participants with an important pricing indicator.

The Committee maintains oversight of the SMM Benchmark methodology and its compilation process, ensuring that SMM prices and indices reflect as closely as possible the objective conditions of physical markets of relevant commodities. The Committee will immediately point out any problem it finds, and propose external consultations and modifications to the existing methodologies or processes, in order to improve the quality of prices or indices published by SMM. The Committee can only propose changes to the methodologies and processes used in future Benchmark assessments, rather than modifying the already published prices or indices.

2 . SMM silicon metal prices principle

2.1 Definition

The above-standard 553# silicon metal (East China) prices are assessed and reported based on the methodology defined in this document. As a benchmark, it can be referred to by parties as their above-standard 553# silicon metal (East China) settlement price.

2.2 Form the price basis

The price of SMM above-standard 553# silicon metal (East China) is based on the information of silicon metal smelters, traders and downstream enterprises collected before the price is released in the morning of each trading day. The price evaluation is mainly based on the actual transactions reached on the day, and refers to offers, inquiries, intention prices of buyers and sellers and cognitive price negotiations. The submitters come from fixed market participants, including smelters, traders, processing enterprises and downstream buyers. When judging the collected data, SMM will integrate the situation of each transaction, including the relationship between the two parties, specification and quality of the transaction product, and payment terms, etc., to determine the price range of above-standard 553# silicon metal (East China).

SMM will exclude any questionable, irreproducible or apparently abnormal quote and transaction in the price evaluation process, and note the reason for removal in the original data set, which will also be kept at least five years.

2.2.1 Criteria for price data submitters

The SMM price collectors collect transaction data from a relatively fixed list of active traders in the spot market. SMM will continue to evaluate each company's operating conditions and the accuracy of the information provided in the past, in order to judge whether to exclude or add a certain company to the price procurement unit.

Criteria for price submitters is as follows:

Production enterprises: Representative production enterprises in all provinces and municipalities directly under the central government, with a continuous operation period of more than one year will be evaluated and selected in aspects of the production scale, annual operating rate, reputation, production quality, specifications and other aspects.

Traders: Traders are mainly engaged in above-standard 553# silicon metal trade, and have a good reputation and a certain degree of recognition in the industry.

Downstream enterprises: Aluminum alloy, silicon powder, polysilicon or silicone enterprises with a certain scale and industry influence in China.

Each standard-acquiring submitters can meet the national industrial policy, land use policy,

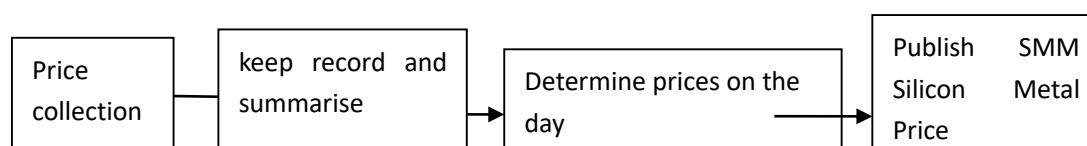
environmental protection policy and industry development plan, operate in compliance with laws and regulations, and cooperate with SMM.

Submitters: Hesheng Silicon Industry Co., Ltd., Xinjiang Sinosilicon Technology Co., Ltd., Nantong Hongjin Metal Aluminum Co., Ltd., Jinan Pengcheng Silicon Industry Co., Ltd., Wuxi Yijin Special Alloy Co., Ltd., Yiqiu Metal Resources Recycling (China) Co., Ltd. Company, Chongqing Luhang Aluminum Co., Ltd., Xiamen International Trade Group Co., Ltd., Wuxi Quanzhong Alloy Material Co., Ltd., Shandong Innovation Metal Technology Co., Ltd., Zhejiang Zhongcheng Silicon Material Co., Ltd., Zhejiang Kaihua Yuantong Silicon Industry Co., Ltd., Lizhong Stone Light Alloy Group Co., Ltd., Manas County Sokos New Material Co., Ltd., Shuaiyichi New Material Group Co., Ltd., Yunnan Aluminum Co., Ltd., Inner Mongolia Chaojin New Material Co., Ltd., Qinghai AVIC Silicon Material Co., Ltd., Foshan Xingtian Metal Material Co., Ltd., Inner Mongolia Xinyuan Silicon Material Co., Ltd., Chongqing Shunbo Aluminum Alloy Co., Ltd., Jinan Yinfeng Silicon Products Co., Ltd. Including but not limited to the above-mentioned submitters.

2.2.2 Collecting price data from other submitters

SMM analysts collect silicon metal prices from submitters from 9:00 to 10:00 every day. These price data will be recorded electronically and in paper, and all paper records will be permanently retained.

All transaction raw data will be standardized and used as the basis to generate the price of the day and announce it to the public.



2.3 Specifications

In conformity to specifications of GB/T 2881-2014 for silicon metal grades, and its particle size is 10-100mm. Its particle size is 10-100mm. Iron element content, aluminum element content and calcium element content are less than or equal 0.5%, and other trace elements are not defined.

2.4 Delivery site

East China takes East China as the delivery location, including local traders' warehouses or downstream factory warehouses.

2.5 Single transaction volume

The vehicle transaction volume starts from 30 mt per order, but under special circumstances, the seller splits the goods according to the buyer's requirements.

2.6 Currency and unit of pricing

All transaction specifications in other trading locations are on a basis of yuan/mt.

2.7 Price Terms

The price of each transaction place is the price including VAT.

2.8 Payment terms

The payment terms reflected in the price are cash transactions on the day of the

transaction. In case of deferred payment or letter of credit payment, we will convert it according to the interest rate at the time of actual payment so that it meets this standard.

2.9 Format of publishing

The prices of various grades of silicon metal in each trading place are presented in the form of intervals.

2.10 Publication time

Prices Publication methods and time

The price of SMM silicon metal is released in Chinese and English on the official website of SMM at 10:15 every trading day.

SMM's market reports also contain price data.

**For the full version of SMM price assessment methodology,
please contact legal@smm.cn**