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)
(Stock Code: 00981)

ANNOUNCEMENT OF 2026 INTERIM RESULTS

The board of directors (the "**Board**") of Semiconductor Manufacturing International Corporation (the "**Company**") hereby announces the unaudited results of the Company and its subsidiaries for the six months ended 30 June 2026. This announcement, containing the full text of the 2026 interim report of the Company (the "**2026 Interim Report**"), complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") in relation to information to accompany preliminary announcement of interim results.

The 2026 Interim Report will be delivered to the shareholders of the Company who request printed version and available for viewing on the websites of the Hong Kong Stock Exchange at www.hkexnews.hk and of the Company at www.smics.com in due course.

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

Shanghai, PRC
27 August 2026

As at the date of this announcement, the directors of the Company are:

Executive Director
LIU Xunfeng

Non-executive Directors
LU Guoqing
CHEN Shanzhi
YANG Lumin
HUANG Dengshan

Independent Non-executive Directors
FAN Ren Da Anthony
LIU Ming
WU Hanming
CHEN Xinyuan

* *For identification purposes only*

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FORWARD-LOOKING STATEMENTS

This report may contain, in addition to historical information, forward-looking statements. These forward-looking statements are based on SMIC's current assumptions, expectations, beliefs, plans, objectives and projections about future events or performance. SMIC uses words including but not limited to "believe", "anticipate", "intend", "estimate", "expect", "project", "target", "going forward", "continue", "ought to", "may", "seek", "should", "plan", "could", "vision", "goal", "aim", "aspire", "objective", "schedule", "outlook" and other similar expressions to identify forward-looking statements. These forward-looking statements are estimates made by SMIC's senior management based on their best judgment and involve significant risks, both known and unknown, uncertainties and other factors that may cause SMIC's actual performance, financial condition or results of operations to be materially different from those suggested by the forward-looking statements including, among others, risks associated with cyclicality and market conditions in the semiconductor industry, intense competition in the semiconductor industry, timely wafer acceptance by SMIC's customers, timely introduction of new technologies, SMIC's ability to ramp new products into volume, supply and demand for semiconductor foundry services, shortages in equipment, parts, raw materials, software and service supports, orders or judgments from pending litigation, common intellectual property litigation in the semiconductor industry, macro-economic conditions, fluctuations in currency exchange rates and the risk of geopolitics.

SECTION 1 DEFINITIONS

In this report, unless the context requires otherwise, the following expressions shall have meanings as follows:

Definitions of common terms

the Company, Company or SMIC	for	Semiconductor Manufacturing International Corporation
the Group or We	for	the Company and its subsidiaries
SMIC Shanghai	for	Semiconductor Manufacturing International (Shanghai) Corporation
SMIC Beijing	for	Semiconductor Manufacturing International (Beijing) Corporation
SMIC Tianjin	for	Semiconductor Manufacturing International (Tianjin) Corporation
SMIC Shenzhen	for	Semiconductor Manufacturing International (Shenzhen) Corporation
SMNC	for	Semiconductor Manufacturing North China (Beijing) Corporation
SMSC	for	Semiconductor Manufacturing South China Corporation
SMBC	for	Semiconductor Manufacturing Beijing Corporation
SMOC	for	Semiconductor Manufacturing Oriental Corporation
SMTC	for	Semiconductor Manufacturing Tianjin-Xiqing Corporation
CICT	for	China Information and Communication Technology Group Co., Ltd.
Datang Holdings	for	Datang Telecom Technology & Industry Holdings Co., Ltd.
Datang HK	for	Datang Holdings (Hongkong) Investment Company Limited
China IC Fund	for	China Integrated Circuit Industry Investment Fund Co., Ltd.
China IC Fund II	for	China Integrated Circuit Industry Investment Fund (Phase II) Co., Ltd.
Xinxin HK	for	Xinxin (Hongkong) Capital Co., Ltd.
Board	for	the board of directors of the Company
Director(s)	for	the director(s) of the Company
CSRC	for	China Securities Regulatory Commission
HKSE or Hong Kong Stock Exchange	for	The Stock Exchange of Hong Kong Limited
SSE	for	The Shanghai Stock Exchange
SSE STAR Market	for	Shanghai Stock Exchange Science and Technology Innovation Board
Hong Kong Listing Rules	for	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
SSE STAR Market Listing Rules	for	the Rules Governing the Listing of Stocks on the SSE STAR Market, as amended from time to time
IFRS(s)	for	the International Financial Reporting Standard(s) as issued by the International Accounting Standards Board
CAS(s)	for	the China Accounting Standard(s) for Business Enterprises as issued by the PRC Ministry of Finance
Ordinary Share(s)	for	the ordinary share(s) of US$0.004 each in the share capital of the Company
A Share(s)	for	the Ordinary Share(s) issued by the Company on the SSE STAR Market
Hong Kong Share(s)	for	the Ordinary Share(s) issued by the Company on the Hong Kong Stock Exchange
Reporting Period or this period	for	period from January 1, 2026 to June 30, 2026
Corresponding Period or previous period	for	period from January 1, 2025 to June 30, 2025

All references in this report to silicon wafer quantities are to standard logic 8-inch equivalent wafers, unless otherwise specified. The number of standard logic 8-inch equivalent wafers is equal to the number of standard logic 12-inch wafers multiplied by 2.25.

The financial information in this report has been prepared in accordance with the provisions under the IFRSs.

SECTION 2 CORPORATE PROFILE AND PRINCIPAL FINANCIAL INDICATORS

I. BASIC CORPORATE INFORMATION

Name of the Company in Chinese	中芯國際集成電路製造有限公司
Chinese abbreviation	中芯國際
Name of the Company in English	Semiconductor Manufacturing International Corporation
English abbreviation	SMIC
Legal representative of the Company(Note)	Liu Xunfeng
Authorized Representatives under Hong Kong Listing Rules	Liu Xunfeng, Guo Guangli
Board Secretary/Company Secretary	Guo Guangli
Registered address of the Company	Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111 Cayman Islands
Office address of the Company	18 Zhangjiang Road, Pudong New Area, Shanghai, PRC
Principal place of business in Hong Kong	29th Floor, One Exchange Square, 8 Connaught Place, Central, Hong Kong
Postal code of the office address of the Company	201203
Website address	https://www.smics.com/
E-mail	ir@smics.com
Hong Kong Share registrar	Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong
Custodian of A Shares	Shanghai Branch of China Securities Depository and Clearing Corporation Limited ("China Clearing")

Note: The Company is registered in the Cayman Islands, which does not have the concept of a legal representative, and the Chairman of the Company is Liu Xunfeng.

II. CONTACT PERSONS AND CONTACT METHODS

	Board Secretary (Domestic Representative for Information Disclosure)	Securities Affairs Representative
Name	Guo Guangli	Wen Jiehan
Contact address	18 Zhangjiang Road, Pudong New Area, Shanghai, PRC	18 Zhangjiang Road, Pudong New Area, Shanghai, PRC
Telephone	021-20812800	021-20812800
E-mail	ir@smics.com	ir@smics.com

III. INFORMATION DISCLOSURE AND PLACE AVAILABLE FOR INSPECTION

Names and websites of the media selected by the Company for information disclosure	Shanghai Securities News (https://www.cnstock.com), China Securities Journal (https://www.cs.com.cn), Securities Times (https://www.stcn.com) and Securities Daily (http://www.zqrb.cn)
Website of the Shanghai Stock Exchange for publishing the interim report of the Company	https://www.sse.com.cn
Website of the Hong Kong Stock Exchange for publishing the interim report of the Company	https://www.hkexnews.hk
Place available for inspection of the interim report of the Company	Board Affairs Office, 18 Zhangjiang Road, Pudong New Area, Shanghai, PRC

IV. INFORMATION ON THE COMPANY'S SHARES

Class of shares	Stock exchange and board on which shares are listed	Stock abbreviation	Stock code
A Shares	SSE STAR Market	中芯國際	688981
Hong Kong Shares	Main Board of the Hong Kong Stock Exchange	SMIC	00981

V. PRINCIPAL ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE COMPANY

(I) PRINCIPAL ACCOUNTING DATA

in USD '000

	Six months ended		
	06/30/26	06/30/25	06/30/26 as compared with 06/30/25 (%)
Revenue	**5,511,075**	4,456,267	23.7
Profit before tax	**1,065,417**	509,678	109.0
Profit for the period attributable to owners of the Company	**676,645**	320,522	111.1
Profit for the period attributable to owners of the Company, net of non-recurring profit or loss	**433,383**	265,490	63.2
Net cash generated from operating activities	**3,207,101**	909,257	252.7
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	**3,544,550**	2,421,213	46.4

	As of		
	06/30/26	12/31/25	06/30/26 as compared with 12/31/25 (%)
Equity attributable to owners of the Company	**25,149,484**	21,439,670	17.3
Total assets	**57,199,950**	52,271,308	9.4

(II) PRINCIPAL FINANCIAL INDICATORS

	Six months ended		
	06/30/26	06/30/25	06/30/26 as compared with 06/30/25 (%)
Gross margin	**22.9%**	21.4%	Increased by 1.5 percentage points
Net margin	**17.5%**	10.5%	Increased by 7.0 percentage points
EBITDA margin	**64.3%**	54.3%	Increased by 10.0 percentage points
Basic earnings per share	**$0.08**	$0.04	100.0
Diluted earnings per share	**$0.08**	$0.04	100.0
Basic earnings per share, net of non-recurring profit or loss	**$0.05**	$0.03	66.7
Weighted average return on equity(1)	**3.1%**	1.5%	Increased by 1.6 percentage points
Weighted average return on equity, net of non-recurring profit or loss(2)	**2.0%**	1.3%	Increased by 0.7 percentage point
Percentage of research and development ("R&D") costs to revenue	**7.2%**	7.4%	Decreased by 0.2 percentage point

Notes:

(1) Weighted average return on equity = profit for the period attributable to owners of the Company/weighted average equity attributable to owners of the Company

(2) Weighted average return on equity, net of non-recurring profit or loss = profit for the period attributable to owners of the Company, net of non-recurring profit or loss/weighted average equity attributable to owners of the Company

Profit before tax, profit for the period attributable to owners of the Company, profit for the period attributable to owners of the Company, net of non-recurring profit or loss and EBITDA increased, primarily due to the increase in wafer shipment, higher average selling price and the product mix change for this period.

Net cash generated from operating activities increased, primarily due to the increase in received cash from sale of goods for this period.

Basic earnings per share, diluted earnings per share and basic earnings per share, net of non-recurring profit or loss increased, primarily due to the increase in profit for the period attributable to owners of the Company.

VI. DISCREPANCIES IN ACCOUNTING DATA BETWEEN DIFFERENT ACCOUNTING STANDARDS

(I) DISCREPANCIES IN PROFIT FOR THE PERIOD AND EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY IN THE FINANCIAL REPORT DISCLOSED UNDER IFRSs AND UNDER CASs

in USD'000

	Profit for the period attributable to owners of the Company Six months ended		Equity attributable to owners of the Company As of	
	06/30/26	06/30/25	**06/30/26**	12/31/25
Prepared in accordance with CASs	**649,453**	319,419	**25,149,484**	21,439,670
Adjustments to items and amounts prepared in accordance with IFRSs:				
Equity interests in associates being passively diluted(Note)	**27,192**	1,103	**–**	–
Prepared in accordance with IFRSs	**676,645**	320,522	**25,149,484**	21,439,670

Note: Under the CASs, the impact arising from passive dilution of investments in associates and joint ventures shall adjust the carrying amount of the long-term investment, and be recognised in capital reserve. Under the IFRSs, the impact arising from passive dilution of investments in associates and joint ventures shall adjust the carrying amount of the long-term investment, and be recognised in profit or loss in the current period.

VII. NON-RECURRING PROFIT OR LOSS ITEMS AND AMOUNTS

in USD'000

	Six months ended **06/30/26**
Gain on disposal of property, plant and equipment and assets classified as held-for-sale	3,593
Government funding	20,255
Net gain arising from items measured at fair value through profit or loss ("FVPL")	40,826
Other non-recurring profit or loss items	248,412
	313,086
Effects on income tax	(64,140)
Impact on non-controlling interests (after tax)	(5,684)
Total	243,262

in USD'000

Other non-recurring profit or loss items	Six months ended **06/30/26**
Share of net gain arising from items measured at FVPL of associates and a joint venture	218,993
Equity interests in associates being passively diluted	27,192
Others	2,227

VIII. EBITDA

in USD'000

	Six months ended **06/30/26**	06/30/25
Profit for the period	**964,131**	470,103
Finance costs	**179,273**	167,155
Depreciation and amortisation	**2,299,860**	1,744,380
Income tax expense	**101,286**	39,575
EBITDA(2)(3)	**3,544,550**	2,421,213
EBITDA margin(1)(2)(3)	**64.3%**	54.3%

Notes:

(1) EBITDA margin=EBITDA/revenue

(2) EBITDA and EBITDA margin are non-IFRS measurement items and may not be comparable to similar measurement items reported by other companies.

(3) EBITDA and EBITDA margin exclude the effects of different capital structures, depreciation policies, and tax burdens, providing readers with information on the Company's core profitability and cash flow status.

The increase in EBITDA and EBITDA margin was mainly due to the increase in wafer shipment, higher average selling price and the product mix change for this period.

I. PRINCIPAL BUSINESS AND INDUSTRIAL OVERVIEW DURING THE REPORTING PERIOD

(I) PRINCIPAL BUSINESS, MAJOR PRODUCTS OR SERVICES

SMIC is one of the leading semiconductor foundries in the world and also the front runner in Chinese Mainland, with leading manufacturing capability, manufacturing scale and comprehensive services. SMIC Group provides semiconductor foundry and technology services to global customers on 8-inch and 12-inch wafers.

In addition to the IC foundry business, the Group is also committed to creating a platform-based ecological service model, providing customers with one-stop supporting services in design services, IP support, photomask manufacturing, etc., while promoting the collaborations of upstream and downstream of IC industry chain so as to provide a full range of integrated circuit solutions to our customers with the partners in all links of the industry chain.

(II) MAJOR BUSINESS MODEL

1. Profit model

The Company is mainly engaged in IC foundry business based on multiple technology nodes and different technology platforms, as well as supporting services such as design services and IP support, photomask manufacturing, etc.

2. R&D model

The Company has formed a complete and efficient innovation mechanism and a complete R&D process management system, equipped with professional R&D teams. The Company promoted the application platforms' development, further solidified its technical foundation and established its technical thresholds. The R&D procedures principally include seven stages, namely selection of project, feasibility assessment, project establishment, technology development, technology verification, product validation and production, each with strict review procedure, to ensure the successful conversion of R&D projects.

3. Procurement model

The Company mainly purchases materials, parts, equipment, software and technical services for IC foundry services and supporting services from its suppliers. In order to improve productivity and enhance cost control, the Company has established a procurement management system. The Company has an established supplier management system and a relatively comprehensive security system for supply chain management. It has built mechanisms for supplier access, supplier assessment and evaluation, and supplier capability development and improvement. While maintaining long-term collaboration with its major suppliers, the Company continues to take into account the introduction and cultivation of new suppliers to strengthen the sustainability and safety of the supply chain.

4. Production model

The Company plans production capacity based on the market demand and determines production schedule, the details of which are as follows:

(1) Small-batch trial production: The customer designs the products according to the design rules provided by the Company. After completing the design, the Company conducts a small-batch trial production based on the customers' requirements for such product.

(2) Risk production: The samples from the small-batch trial production are packaged, tested, and functionally verified. If they meet the market requirements, the product can enter into the risk production stage. The stage of risk production mainly includes product yield improvement, product process improvement and production capacity expansion.

(3) Mass production: After completing the risk production, and the above mentioned delivery indicators have met the standards, the product can enter into the mass production stage. In the mass production stage, the sales department confirms with customer on the purchase order quantity. The production-planning department arranges production based on customer order requirements, tracks production progress, and provides customers with production progress reports.

5. Marketing and sales model

The Company adopts various marketing methods and actively expands customer base through multiple channels. After forming a cooperative relationship with customers, the Company will maintain direct communication channels with customers and formulate solutions to meet their needs.

Through market research, the Company actively contacts and visits target customers, recommends process and services linked to customer needs and launches a series of customer development activities. The Company also establishes cooperative relations with customers through collaborations with design service companies, IP suppliers, EDA companies, packaging and testing companies, industry associations and various IC industry promotion centers. The Company conducts promotional activities and acquires customers by hosting technical seminars and participating in various professional exhibitions, summits, and forums in the semiconductor industry. Some customers contact the Company for direct cooperation through public channels such as the Company's website and word-of-mouth communication. The Company's sales team executes orders with customers, and provides IC wafer foundry services and relevant supporting services to the customers according to the requirements of the order. Upon completion of manufacturing, the products will be delivered to customers or the downstream packaging and testing manufacturers designated by customers.

The Company has established the current foundry model based on the factors such as market supply and demand situation, upstream and downstream development, the Company's principal business, major products, core technologies, and its own development stage. During the Reporting Period, the aforementioned key factors of business model had no material changes.

(III) INDUSTRY OVERVIEW

1. Development stage, basic features and major technical thresholds of the industry

In the first half of 2026, the global expansion of AI infrastructures and data centers continued to accelerate, driving a surge in demand for computing power for Large Language Models. Consequently, computing chips and high-end memory chips entered an upward cycle of growth across both volume and price, significantly boosting the total value of the global semiconductor industry and delivering continuous optimization of upstream-downstream collaborative supporting capacity. However, factors such as the regional conflict and geopolitical tensions drove up the prices of some semiconductor raw materials. Meanwhile, as memory chip production capacity continued to shift toward the AI sector, the supply of consumer-grade memory chips was squeezed. This raised production costs for consumer electronics, smartphones, and PCs, leading to continued sluggishness in end-market shipments. Conversely, the automotive electronics and industrial control sectors saw a sustained recovery driven by rising demand for intelligent driving and industrial automation, alongside a sharp increase in the need for localized production. Products from domestic wafer fabs have obtained automotive-grade certification and achieved gradual substitution.

From an industry landscape perspective, the wafer foundry segment continues to demonstrate significant strategic value. In the realm of computing chips, the explosive growth in demand for logic computing chips has driven continuous iteration in design tools, manufacturing processes, and heterogeneous packaging technologies, thereby establishing comprehensive technical barriers that span IP cores, EDA toolchains, and fabrication processes. Conversely, the consumer electronics sector faces declining terminal shipments and intensifying competition for low-end SoCs, image sensor, and display driver ICs, where market share in a saturated landscape is contested primarily through cost-performance advantages. In the automotive electronics and industrial control sectors, market barriers remain high and the competitive landscape is highly concentrated; while Chinese semiconductor companies have successfully achieved volume adoption for analog chips, image sensors, and power devices, the market for domain-control SoCs and MCUs remains dominated by overseas semiconductor companies.

From a regional development perspective, as global supply chain systems undergo multidimensional, adaptive transformations and regional restructuring, the localization of industrial chain footprints in China has become a strategic priority. The integrated circuit industry in Chinese Mainland still holds significant growth potential across key segments—including high-end equipment, critical raw materials and components, IC design capabilities, process development, and packaging—while the trend of industrial chain localization continues to strengthen, driving a return of wafer foundry demand to Chinese Mainland.

As a core link in the semiconductor industry chain, the wafer foundry industry has high barriers to entry due to technological hurdles, talent requirements, and continuous capital investment. The focus of competition in this field is on nanoscale process accuracy control, the development and application of new semiconductor materials, and the collaborative optimization capabilities of ultra-large-scale manufacturing systems. Leading global companies maintain high levels of R&D investment, continuously strengthening their technological advantages and building industry barriers, while local companies are rapidly filling gaps in the market through collaboration across the industrial chain.

2. Analysis on the industry position of the Company and its changes

SMIC is one of the leading IC wafer foundries in the world and also the front runner in Chinese Mainland, with leading manufacturing capability, manufacturing scale and comprehensive services. According to the global pure-play foundries' latest published sales in 2025, SMIC ranks second globally and the first among the enterprises in Chinese Mainland.

3. Development of new technologies, new industries, new sectors and new models during the Reporting Period as well as their future development trends

In recent years, the foundry manufacturers have attracted customers with their core advantages in the field of technological leadership, platform diversity, and device performance differentiation. Meanwhile, the market demand is becoming more diversified. The enterprises pursue not only smaller transistor structures vertically but also the derivative platforms establishment by utilising existing technology nodes as horizontal development, in order to meet the differentiated needs of the huge end market.

At the same time, the technologies' breakthrough in new types of packaging, design services and photomask also empower the wafer foundry technologies iterations. In the field of new packaging technologies, a variety of systematic solutions effectively exceed the limitation of transistor linewidth, and further improve the compatibility of multi-chip integration. In the design services sector, DTCO (Design Technology Co-Optimization) is utilised to evaluate and adjust the coordination between IC design and manufacturing process, to effectively reduce the cost of semiconductor process development and minimize the risk of process going for production. Photomask as a core tool in IC manufacturing industry chain, the process performance of design pattern lithography has been further improved with the evolutions on photomask types and graphic transfer materials.

With the changes in global industrial landscape, the wafer foundry companies begin to pay more attention to the industrial constructions ecosystem layout instead of just focusing on own technology capability and platform build up. The foundries' capacity scale effect and collaboration capabilities in local industry chain have become one of the important factors for customers' assessment of supply chain stability and completeness.

Regarding the future development trends, the foundry companies continue to strengthen their industry barriers in the aspects of capital, technology and ecosystem through their continuous efforts on capacity scale expansion, new process developing, and industrial chain collaborations, etc. The business format dominated by a small number of companies in the market will exist in the long run, and the industry's leading effect will become increasingly evident.

II. DISCUSSION AND ANALYSIS ON BUSINESS

During the Reporting Period, demand for AI peripheral chips remained robust. Overseas orders have returned, localized manufacturing has been further strengthened, and the Company maintained sufficient orders in hand. The Company negotiated price increases with customers for product categories that were in short supply, and the effects were gradually reflected. In addition, concerned that lingering uncertainty in the external environment might lead to short supply and further push up supply chain prices, some customers built inventory for some products in advance.

The numerous uncertainties in the global macroeconomic environment have posed continuous challenges to supply chain cost, stability and market expectations. Leveraging our experience gained over the years, we continued to strengthen the resilience management of our supply chain, adopted multi-channel procurement strategies, and made efforts to mitigate the adverse impacts. At the same time, the Company closely monitored customer demand, flexibly allocated resources, and accelerated product response speed, ensuring sustained high-quality delivery amid a complex environment.

During the Reporting Period, the Group recorded revenue of US$5,511.1 million, representing a period-over-period increase of 23.7%. In particular, the wafer revenue amounted to US$5,196.8 million, representing a period-over-period increase of 22.9%.

III. ANALYSIS ON THE CORE COMPETITIVENESS DURING THE REPORTING PERIOD

(I) ANALYSIS ON THE CORE COMPETITIVENESS

The Company continued to strengthen its core competitiveness during the Reporting Period as described below:

1. Advantages in R&D platforms

According to the overall strategy and customer demand-oriented, the Company's R&D center has continuously improved its process R&D and innovation capabilities, strengthened platform construction, and upgraded product performance. The R&D project fully benchmarked the technical requirements of the product in the early stage, effectively utilised R&D resources, ensured the quality and reliability of output, actively shortened the cycle from R&D to mass production, and met the market demand for product innovation and rapid iteration, and strived to provide new business growth points for the Company.

2. Advantages in R&D team

Through years of IC R&D practices, the Company has established a high-quality core management team and a professional competent R&D team. The main members of the R&D team comprise senior experts with many years of R&D and management experience in the industry.

3. Advantages in rich product platforms and well-known brands

The Company has long been focusing on the development of IC process technologies for decades, and provides semiconductor foundry and technology services to global customers on 8-inch and 12-inch wafers, which are applied in various technology platforms. The Company owns mass production capability on many technology platforms, such as logic IC, power/analog, high-voltage display driver, embedded non-volatile memory, stand-alone non-volatile memory, mixed-signal/RF, and image sensor, etc. The Company is able to provide both IC foundry services and supporting services to customers in the application fields of smartphone, computer and tablet, consumer electronics, connectivity and IoT, industrial and automotive and other areas. Through long-term cooperation with domestic and overseas renowned customers, the Company has formed prominent brand effects, and obtained sound industry recognition.

4. Well-established intellectual property systems

The Company has accumulated many core technologies in the IC field with a well-established intellectual property system. As of June 30, 2026, the Company had 14,784 patents in total, including 12,891 invention patents. In addition, the Company had registered 94 layout designs of IC.

5. Internationalised and supply chain layout

The Company is based on the concept of globalised operation and serves customers all over the world. The Company has established an internationalised management team and talent team, and set up service bases and a business network that spans the globe. Meanwhile, the Company has set up marketing offices in the United States, Europe, Japan and Taiwan, China, further expanding the markets and quickly responding to customer needs. The Company pays great attention to the partnerships with upstream and downstream enterprises of the IC industry supply chain, actively enhances supply chain integration and layout capability, and constructs a compact IC ecosystem, in order to provide customers with comprehensive one-stop IC solutions.

6. Sound quality, occupational health, safety and environmental protection systems

The Company has established a comprehensive quality management system through continuously enlarging quality management scope vertically and horizontally. Currently, the Company has obtained many accreditations, such as the Information Security Management System Accreditation (ISO 27001), Quality Management System Accreditation (ISO 9001), Environmental Management System Accreditation (ISO 14001), Occupational Health and Safety Management System Accreditation (ISO 45001), Quality Management System Accreditation for Automotive Supply Chain (IATF 16949), Quality Management System Accreditation for Telecommunication Industry (TL 9000), Hazardous Substance Process Management System Accreditation (QC 080000), Greenhouse Gas Emission Inventory Accreditation (ISO 14064), Energy Management System Accreditation (ISO 50001), and the Road Vehicles – Functional Safety Accreditation (ISO 26262).

(II) CORE TECHNOLOGIES AND R&D PROGRESS

1. *Core technologies and the advancement and their changes during the Reporting Period*

SMIC has an all-round integrated core technology system of IC wafer foundry, helping customers complete product introduction and certification as well as stable mass production efficiently. SMIC has successfully developed diverse technology platforms for 8-inch and 12-inch, offering "one-stop" wafer foundry and technical services.

In the first half of 2026, multiple platform projects have been developed as planned. Please refer to the following information on R&D ongoing projects for details.

2. *R&D achievements during the Reporting Period*

List of intellectual property rights obtained during the Reporting Period:

	Addition during this period		Accumulative number	
	Number of applications	Number of rights obtained	Number of applications	Number of rights obtained
Invention patents	160	270	18,666	12,891
Utility model patents	–	3	1,897	1,893
Layout designs	–	–	94	94
Total	160	273	20,657	14,878

3. *Analysis of R&D costs*

in USD'000

	Six months ended		
	06/30/26	06/30/25	06/30/26 as compared with 06/30/25 (%)
Expensed R&D costs	**395,619**	330,811	19.6
Total R&D costs	**395,619**	330,811	19.6
Percentage of total R&D costs to revenue (%)	**7.2**	7.4	Decreased by 0.2 percentage point

4. *R&D ongoing projects*

No.	Name of project	Progress or milestone achievements	Expected objective	Technology positioning	Specific application prospects
1	28nm ULL Technology Platform R&D Project	The technology platform has released several foundational IPs and various interface IPs. Different products from multiple customers across various application markets have been engaged. The tech has overall entered a stage of mass production at a certain scale.	To further improve the layout of platform IPs and expand the application market. To accelerate the platform and to reduce the level of power leakage by process iteration and optimization, meanwhile, to meet the demand for both two major product categories of low power leakage and low power consumption, and to reach mass production.	Chinese Mainland leadership	Mainly applied to various IoT, mobile communication and other industries to meet the needs of smartphones, digital TVs, set-top boxes, image processing and other products demand.
2	28nm SST e-Flash Platform R&D Project	The process optimization has been completed. The device performance has been improved and has reached the industry-leading level. The models and PDK are currently in progress.	To complete platform development, launch model and PDK with IP, and enable mass production to fulfill market gap in high-end MCU sector.	Chinese Mainland leadership	Mainly applied to high-end MCU scenarios such as vehicle domain controller and ADAS, etc., which require rapid response, low power consumption and large storage capacity.
3	65nm RF-SOI Technology Platforms Continuous R&D Project	Multiple products from several customers have been successfully verified and have entered the mass production stage.	To continuously improve the performance of next generation platform to the industry leading level, to introduce more customers' new products, and to reach mass production.	Chinese Mainland leadership	Mainly applied to RF chips in RF frontend modules for smartphones, Wi-Fi and etc.

No.	Name of project	Progress or milestone achievements	Expected objective	Technology positioning	Specific application prospects
4	90nm BCD Technology Platform Continuous R&D Project	The new generation of low-voltage platform has achieved significant upgrade in performance index and has entered the product verification stage. The medium-voltage platform has introduced multiple products for verification with different voltage levels and in various application markets.	To introduce more customers' new products by MV platform technology, and to reach mass production. To further improve the performance of next generation technology of LV platform, to continuously enrich the device variety, and to provide a more competitive technology platform.	Chinese Mainland leadership	Mainly applied to intelligent power management, audio amplifiers, intelligent motor drivers and automotive chips.
5	8'' BCD and Analog Technology Platform Continuous R&D Project	The new generation of automotive electronics system BCD platform entered risk production phase. Next generation analog platform PDK has been released. SOI BCD platform PDK is under development.	To continuously develop new BCD platforms and to iteratively improve performance of the existing platforms, to release PDK, to implement product introduction and to reach mass production. To continuously expand the breadth and depth of automotive electronics technology platforms.	Chinese Mainland leadership	Mainly applied to analog, power management, industrial applications and automotive chips.
6	0.18μm eNVM for Automotive Electronics Technology Platform R&D Project	The eNVM technology platform PDK for next generation automotive electronics system has been released, and eNVM IP is in qualification.	To complete platform development and reliability verification, to release models and PDK, lay out IP, to introduce products and to reach mass production.	Chinese Mainland leadership	Mainly applied to industrial applications and automotive chips.
7	Medium & Large Size HV Display Driver Technology Platform Continuous R&D Project	The new generation of large size display driver platform PDK has been released, and new product design-in is on-going.	To continuously develop new devices and technology platforms, to release PDK, to introduce products, and to reach mass production. To continuously expand more market share in medium and large display driver field.	Chinese Mainland leadership	Mainly used in medium and large-sized screen display driver chips and car screen display driver chips.

5. *R&D staff*

Basic information

	Six months ended 06/30/26	Six months ended 06/30/25
Number of R&D staff of the Group (person)	2,420	2,290
Proportion of R&D staff to the total number of employees in the Group (%)	11.9	12.0
Total compensation of R&D staff (in USD'000)	83,928	73,754
Average compensation of R&D staff (in USD'000)	35	32

Education level

Education level	Number of persons by education
Doctorate	502
Master	1,336
Bachelor and below	582

Age structure

Age group	Number of persons by age
Aged below 30 (excluding 30)	964
Aged 30-40 (excluding 40)	1,064
Aged 40-50 (excluding 50)	358
Aged 50 and above	34

IV. RISK FACTORS

The IC industry is confronted with a dynamic macro environment and uncertainties. The Company is committed to maintaining stability while pursuing progress as its principle, to fostering sustainable development as its cornerstone, and to serving customers while enhancing core competitiveness as its goal. It strives to better balance security with development, making every effort to minimize the impact of various risk factors on the Company.

(I) RISK OF CORE COMPETITIVENESS

1. *The risk of R&D and iteration of technology upgrade*

The IC wafer foundry industry in which the Company operates is a technology-intensive industry, it involves the comprehensive application of dozens of disciplines in science technology and engineering, and has the characteristics of fast process technology iteration, large capital investment, long R&D cycle, etc. The IC wafer foundry requires relatively high technical content, the process from early technical demonstration to sustained R&D efforts takes a relatively long period. If the Company fails to keep up with the needs of the industry in the future or correctly identify the direction of R&D, deviations may occur in process technology positioning. The R&D process of the new technology is also relatively complicated, time-consuming and costly, there exists uncertainty. Additionally, the rich terminal application scenarios determine the differences in the mainstream technology nodes and processes of chip products in various markets, and the corresponding market demand changes rapidly.

The Company has insisted on independent R&D and further consolidated its independent core intellectual property rights. By aligning market and R&D efforts to plan the technology roadmap, the Company ensures that its processes and technology platforms are better matched to market demands and remain competitive. Additionally, the Company continues to invest resources in attracting talents.

If the Company's investment in technology R&D in future is insufficient to support the need for technology upgrades, the Company's technology may be overtaken or replaced, which will adversely affect the Company's sustained competitiveness, or the Company fails to launch cost-effective technology platforms that meets market demand in a timely manner, the technology iteration lags significantly behind the process requirements of product application, the Company's competitiveness and market share may diminish, thus adversely affecting the Company's long-term development.

2. *The risk of shortage or loss of technical talents*

The IC wafer foundry industry is also a talent-intensive industry. IC wafer foundry involves the integration of thousands of processes and dozens of professional disciplines. The requirements for process coordination and error control in each sector are extremely high and it requires relevant professionals to possess not only solid professional knowledge and long-term technical accumulation, but also strong comprehensive capabilities and experience accumulation.

For the past years, the Company has attached great importance to the scientific management of human resources, formulated a relatively reasonable talent policy and salary management system, and implemented multiple incentive measures, including share incentives for outstanding talents, which played a positive role in retaining and attracting technical talents.

In recent years, the number of IC companies has been growing rapidly, resulting in a relatively huge gap between the supply and demand of outstanding technical talents in the industry, and the competition for talents is fierce. If a large number of outstanding technical personnel quit, and the Company is unable to recruit or cultivate experienced technical personnel in a short period of time, the Company's sustainable competitiveness may be adversely affected.

3. The risk of technical leakage

Technology is the core competitiveness in the IC wafer foundry industry, and the Company is driven by technological innovation.

The Company attaches great importance to the protection of core technologies. It has formulated a series of strict and complete confidentiality policies including the information security protection policies, and signed confidentiality agreements and competitive restriction agreements with relevant technical personnel to ensure the confidentiality of core technologies.

However, due to the limitations of technical confidentiality protection measures, the mobility of technical personnel and other factors beyond its control, the Company is exposed to the risk of core technology leakage. The occurrence of any of the above may weaken the Company's technical advantages to a certain extent and has adverse effects.

(II) OPERATING RISKS

1. The risk of continuous huge investment in the Company's R&D and production

The IC wafer foundry industry is a capital-intensive industry. In order to continuously upgrade the existing technology platforms to maintain the advantage of market competitiveness, ensure sufficient production capacity to meet order production requirements, and improve core competitiveness, the Company has to make continuous huge investments.

The Company enhances its overall profitability by optimizing product mix, improving utilisation rate, and refining process technologies etc., while maintaining a diversified strategy in financing channels.

In the future, if the Company fails to generate sufficient operating profit or financing is restricted, which would result in reduced investment, the Company's competitiveness may be adversely affected.

2. The risk of too high or too low customer concentration

The downstream industry market of the global IC wafer foundry industry has a relatively high concentration, however, the market concentration of downstream industry in China's IC wafer foundry industry is relatively fragmented.

The Company has established a relatively stable cooperative relationship with major customers by virtue of its advantages in R&D strength, product quality, capacity support and service response, however, the Company may still face the risk of too high or too low customer concentration.

If there are material issues in the production and operation of major customers in the future, or if customers are scattered, weak and small, and the Company needs to invest more in sales, operation and production costs, the Company's performance stability, operating efficiency and sustained profitability may be adversely affected.

3. The risk of supply chain

The semiconductor industry chain features global division of labor and imposes high requirements on suppliers. There is a limited number of qualified suppliers around the world for certain important raw materials, parts, software, core equipment and service supports, etc.

In the future, the Company's production, operations and sustainable development may be adversely affected if there is a shortage of supply, delay in delivery or a significant rise in price of the required important raw materials, parts, software, core equipment and service supports etc., or there are trade frictions, diplomatic conflicts, wars, etc., between other countries and the countries and/or regions where the suppliers are located, which, in turn, affect the approval of export licenses, supply or rise in price of the related raw materials, parts, software, equipment and service supports etc.

(III) FINANCIAL RISKS

1. The risk of performance fluctuations

Fluctuations in the macroeconomic cycle, change in the industry prosperity of integrated circuit, domestic and foreign customers' order adjustments, price fluctuations of supply chain, unplanned production fluctuations and others caused by events such as facilities, electric power, and equipment verification, continuous capital expenditure, depreciation burden and R&D expenses, may cause the Company to be exposed to the risks of fluctuations in sales revenue, gross margin, profit, etc. within a certain period of time.

2. The risk of impairment on assets

As a capital-intensive enterprise, the Group has a relatively large scale of fixed assets. In the future, if there is a sharp decline in the market price of assets in the period and the decline is remarkably greater than the expected decline due to the passage of time or normal use, or the economic, technological or legal environment where the Company is, and the market where the asset is located experienced or is expected to experience significant changes in the period or in the near future, or the market interest rates or other market investment returns have increased in the period, which affects the Company's calculation of the discount rate applicable for the calculation of the net present value of future cash flows of the assets, this may cause insufficient asset utilisation, termination of use or early disposal of assets, or cause recoverable amount of assets to be lower than the carrying amount, resulting in impairment, which may adversely affect the Group's income statement in the period.

The Company's major customers are integrated circuit design companies and IDM companies at home and abroad with large scale, high credit ratings, and good payment records. Although the possibility of bad debts from major customers is currently low, the Company will still be exposed to the risk of bad debt losses caused by uncollectible accounts receivable if there are adverse changes in the business conditions of some customers in the future.

In addition, in the future, if the net realizable value of some inventories fails to cover the cost resulting from the market demand changes, the Company will be exposed to the risk of an increase in the impairment losses on inventories.

3. The risk of exchange rate and interest rate fluctuations

The functional currency of the Company is U.S. dollars, and some transactions of the Group are denominated in RMB or foreign currencies such as Euro and Japanese Yen. Monetary items in foreign currencies are converted through bookkeeping at the spot exchange rate on the balance sheet date, thus affecting exchange gains or losses. The Company adheres to the principle of "exchange rate risk neutrality" by establishing an exchange rate risk management system, prudently arranging the currency structure of monetary assets and liabilities, and utilising various exchange rate risk-avoiding tools to hedge against the impact of exchange rate fluctuations. However, if the exchange rate of local and foreign currency fluctuates significantly as a result of the changes in domestic and foreign economic environment, political situation, monetary policy and other factors in the future, the Company will still face the risk of exchange losses.

The Company's debt structure includes floating-rate debt instruments, which may expose relevant interest expenses to market interest rate fluctuations. To better manage interest rate risks, the Company maintains an appropriate allocation between fixed-rate and floating-rate debt. Additionally, it takes the use of financial derivatives such as interest rate swaps to flexibly hedge against interest rate volatility. However, future significant fluctuations in market interest rates caused by changes in domestic and international economic conditions, political landscapes, monetary policies, or other factors may still expose the Company to risks of volatile interest expenses.

(IV) INDUSTRY RISKS

1. The risk of changes in industry policies

As the foundation and core of the information industry, the IC industry is a strategic industry for national economic and social development. The state has successively issued a series of policies including the "Notice of the State Council on Launching Several Policies to Further Encourage the Development of the Software Industry and Integrated Circuit Industry" (Guo Fa [2011] No.4) and the "Notice of the State Council regarding Certain Policies for Promoting the High-quality Development of the Integrated Circuit (IC) Industry and Software Industry in the New Era" (Guo Fa [2020] No.8) which provide more support for IC companies in taxation, investment and financing, research and development, import and export, talents, intellectual property rights, markets application, international cooperation, etc. In the future, any material unfavorable changes in relevant national industrial policies will adversely affect the Company's development.

2. The risk of industry competition

From a global perspective, the competition in the wafer foundry industry is fierce. Compared with global industry leaders, there remains a certain gap for the Company in technical capability, and the current market share is relatively limited.

In recent years, various new application areas in the chip industry have continued to emerge. Broad market prospects, growing demand for localized production, and relatively favorable industrial policies, have attracted numerous domestic and foreign enterprises to deploy their businesses in the integrated circuit wafer foundry industry. As a result, the production capacity may fall into a state of structural oversupply, which could further intensify market competition.

In the future, if the Company fails to timely deliver competitive process technologies and platforms, it may face customer loss and weakened pricing power, and the Company's operating results will be adversely affected.

(V) MACRO-ENVIRONMENTAL RISKS

1. The risk of macroeconomic fluctuations and industry cyclicity

Affected by the factors such as global macroeconomic fluctuations and industry prosperity, the IC industry has a certain cyclicity. If the macro-economy fluctuates greatly or remains at a low point for a long time, the market demand of the IC industry may also be affected; in addition, the fluctuation and downturn of downstream market demand may also lead to decline in the demand for IC products, or due to the overheated investment and duplicate construction in the semiconductor industry, the production capacity supply may exceed market demand when the prosperity is relatively weak, which will affect the profitability of IC wafer foundries, and may have a certain adverse impact on the Company's operating results.

2. The risk of geopolitics

As geopolitical conflicts intensify and international export controls tighten, the United States has introduced a series of control policies to restrict exports of semiconductor manufacturing equipment and chips in recent years, and some countries and regions have also introduced similar control measures, posing risks of uncertainty to the stability of the global semiconductor market and chip supply chain.

The Company was added to the U.S. Entity List in 2020, and some of its affiliated companies were added to the U.S. Entity List "Footnote 5" in 2024, bringing certain challenges to the Company's supply chain security and business stability. If export control measures of the United States and other countries/regions against China become more stringent in the future, for example, with further tightening of license review policies, the Company may also face the risk of tight supply on production materials, such as related restricted equipment, raw material, parts, software and service supports, and the risk of business cooperation restriction, etc., which may adversely affect the Company's R&D, production, operating and business. In addition to the foregoing, some investors may be restricted by the requirements under the "Non-SDN Chinese Military-Industrial Complex Entities List" (NS-CMIC List) issued by the U.S. Department of the Treasury, and may not be able to purchase or sell the Company's publicly issued securities.

The Company will strengthen its macroeconomic analysis, conduct in-depth analysis of domestic and international semiconductor industry trends and developments, identify potential risks arising from export controls policies and other policies, and actively deal with the potential impacts of changes in the external economic and policy environment on the Company.

(VI) LEGAL RISKS

1. The risk of differences between the Company's current corporate governance structure and that of the listed companies subject to the applicable laws, regulations and regulatory documents in the PRC

The Company was established under the Companies Act of the Cayman Islands. In accordance with the Circular of the General Office of the State Council on Forwarding the Several Opinions of the CSRC on Launching the Pilot Program of Domestically Issuing Stocks or Depository Receipts by Innovation-oriented Enterprises (Guo Ban Fa [2018] No.21), the pilot red-chip companies' equity structure, corporate governance, and operation specifications may be governed by laws and regulations such as the Company Law of the place of incorporation overseas. As a red-chip company registered in the Cayman Islands, the Company is required to comply with the Companies Act of the Cayman Islands and the Articles of Association, and has enhanced the corporate governance system and operation specifications in accordance with the Hong Kong Listing Rules and SSE STAR Market Listing Rules. The Company's protection of investors' rights and interests is generally no less exacting than legal requirements in the PRC. However, in certain corporate governance arrangements, there are certain differences when compared with the general A Share listed companies registered in the PRC. For details, please refer to "I. Introduction of Corporate Governance" in "Section 4 Corporate Governance, Environment and Society".

2. The risk of changes in laws and regulations

The Company was established in the Cayman Islands, and its subsidiaries were established in and outside the Chinese Mainland. The Company and its subsidiaries should abide by different laws and regulations of different countries and areas. Changes in laws and regulations of the places of registration and business of the Company and its subsidiaries may have an impact on the operation and management of the Company and its subsidiaries.

3. The risk of litigation and arbitration

The IC wafer foundry industry where the Company operates is a key link in driving the integration of the IC industry, and the Company has a large number of customers and suppliers. In its future business development, the Company cannot rule out risks of litigations and arbitrations with customers, suppliers, etc., which will consume the Company's manpower, material resources and distract management efforts. The Company may be exposed to the risk of losing the lawsuit, which may in turn adversely affect the Company's production and operation.

(VII) IT RISKS

The Company pays attention to the protection of core technology and customer information. According to the overall strategic planning, the Company has organised an information security team, formulated information security policies and objectives, and built security technology solutions.

To continuously reduce information technology risks, the Company relies on ISO 27001, the authoritative standards in the field of information security management. The Company carries out information security governance and performs three major tasks of anti-virus, anti-hacking and anti-leakage, establishing a comprehensive confidential information technology protection and monitoring system. By strengthening the capabilities of the security team, optimizing various information security technologies, and enhancing the security awareness of all employees through systematic measures, the Company reduces security risks of key business, systems, and overall operations, ensuring compliance and protecting its reputation.

However, due to uncontrollable factors of the cyber security threats, including but not limited to Zero-Day Vulnerability, professional hacker attacks etc., the Company still faces the potential risk of data loss, disruption of customer services or production halt. If any of the above events happens, the business and reputation of the Company may be impacted to some extent.

(VIII) RISKS OF FIRE, EXPLOSIONS, NATURAL DISASTERS AND UTILITY SUPPLY DISRUPTION

SMIC uses flammable, toxic and harmful chemical substances in its production process, which may cause risks of fire, explosion or environmental impact. In addition, global climate change or systemic regional geological changes may cause natural disasters such as extreme climate, weather and destructive earthquakes, which may bring risks such as cold waves, floods, tsunamis, typhoons, droughts and earthquakes, which then may cause the risk of shortages or interruptions of public utilities such as water supply, power supply and gas supply.

SMIC is committed to maintaining a comprehensive risk management system to protect natural resources and safeguard people and assets. For all possible emergencies and natural disasters, the Company has developed comprehensive plans and processes for risk prevention, emergency response, crisis management and business continuity, and regularly conducted drills for emergency response plans, including disaster relief and personnel evacuation. All of our operating fabs have been verified by our environmental management system (ISO 14001) and occupational safety and health management system (ISO 45001), aiming to minimize personal injuries, operational disruptions and financial impacts.

Although none of these risks impacted our operations at our manufacturing facilities during the Reporting Period, these risks still remain. If any of these risks occurs, it could result in some degree of property damage, injury to personnel, business interruption and damage to the Company's reputation.

V. MAIN OPERATION RESULTS DURING THE REPORTING PERIOD

In the first half of 2026, the Group recorded a revenue of US$5,511.1 million and profit for the period attributable to owners of the Company of US$676.6 million.

(I) ANALYSIS OF PRINCIPAL BUSINESSES

1. *Analysis of changes in relevant items in the income statement and cash flow statement*

in USD'000

	Six months ended		
	06/30/26	06/30/25	06/30/26 as compared with 06/30/25 (%)
Revenue	**5,511,075**	4,456,267	23.7
Cost of sales	**(4,246,832)**	(3,500,600)	21.3
Gross profit	**1,264,243**	955,667	32.3
Research and development expenses	**(395,619)**	(330,811)	19.6
Selling and marketing expenses	**(23,764)**	(24,301)	-2.2
General and administrative expenses	**(238,170)**	(338,211)	-29.6
Other operating income	**171,412**	198,646	-13.7
Finance income, net	**14,968**	71,699	-79.1
Other gains/(losses), net	**70,123**	(1,186)	N/A
Share of profit or loss of associates and a joint venture	**198,355**	(21,083)	N/A
Income tax expense	**(101,286)**	(39,575)	155.9
Net cash generated from operating activities	**3,207,101**	909,257	252.7
Net cash used in investing activities	**(3,967,839)**	(2,887,129)	37.4
Net cash generated from financing activities	**2,972,442**	604,271	391.9

(1) Revenue

The Group's revenue increased by 23.7% from US$4,456.3 million for the Corresponding Period to US$5,511.1 million for this period, primarily due to the increase in wafer shipment, higher average selling price and product mix change for this period. The wafer shipment quantity (standard logic 8-inch equivalent wafers) increased by 14.9% from 4,682 thousand for the Corresponding Period to 5,379 thousand for this period. The average selling price, calculated as the wafer revenue divided by total shipments of the wafers, was US$966 per wafer for this period, compared to US$903 per wafer for the Corresponding Period.

(2) Cost of sales

Cost of sales increased by 21.3% from US$3,500.6 million for the Corresponding Period to US$4,246.8 million for this period, primarily due to the increase in wafer shipment, the product mix change and the increase in depreciation.

(3) Gross profit

Gross profit increased by 32.3% from US$955.7 million for the Corresponding Period to US$1,264.2 million for this period, primarily due to the higher average selling price and product mix change for this period.

(4) Profit from operations for the period

Profit from operations for the period increased from US$460.2 million for the Corresponding Period to US$782.0 million for this period, primarily due to the combined effect of the changes of revenue, cost of sales and gross profit mentioned above, and the following changes:

Research and development expenses were US$395.6 million for this period, compared to US$330.8 million for the Corresponding Period.

Selling and marketing expenses were US$23.8 million for this period, compared to US$24.3 million for the Corresponding Period.

General and administrative expenses were US$238.2 million for this period, compared to US$338.2 million for the Corresponding Period. The change was primarily due to the decrease in start-up costs for this period.

Other operating income was US$171.4 million for this period, compared to US$198.6 million for the Corresponding Period.

(5) Profit for the period

Finance income, net includes interest income, finance costs and foreign exchange gain. The change of finance income, net was mainly due to the decrease in interest income and the increase in interest expenses for this period.

The change in other gains/(losses), net was primarily due to the increase in the gains from fair value change of the investments in equity instruments and the gains arising from equity interests in associates being passively diluted for this period.

The change in share of profit or loss of associates and a joint venture was primarily due to the increase in profit recognised on investments in associates for this period.

The increase in income tax expense was primarily due to the increase in profit before tax for this period.

The Group had a profit of US$964.1 million for this period, compared to a profit of US$470.1 million for the Corresponding Period, representing an increase of 105.1%, which was mainly due to the impact of the factors described above.

(6) Cash flows

The change in net cash generated from operating activities was mainly due to the increase in cash received from sale of goods for this period.

The change in net cash used in investing activities was mainly due to the increase in cash paid for equity investments for this period.

The change in net cash generated from financing activities was mainly due to the receipt of capital injection from minority shareholders for this period.

2. Analysis of revenue

Revenue of principal businesses by region

	Six months ended	
By region	06/30/26	06/30/25
China	**89.6%**	84.2%
America	**8.7%**	12.7%
Eurasia	**1.7%**	3.1%

Analysis on revenue of IC wafer foundry

	Six months ended	
By application	06/30/26	06/30/25
Smartphone	**17.8%**	24.6%
Computer and Tablet	**14.7%**	16.2%
Consumer Electronics	**45.1%**	40.8%
Connectivity and IoT	**7.0%**	8.3%
Industrial and Automotive	**15.4%**	10.1%

	Six months ended	
By size	06/30/26	06/30/25
8″ wafers	**22.6%**	22.9%
12″ wafers	**77.4%**	77.1%

3. Liquidity and capital sources

(1) Net debt

in USD'000

	As of	
	06/30/26	12/31/25
Borrowings	**14,017,712**	12,587,850
Lease liabilities	**1,245**	8,331
Total debt	**14,018,957**	12,596,181
Less:		
Cash and cash equivalents	**8,216,015**	5,872,500
Financial assets at FVPL-current portion[1]	**85,206**	380,857
Financial assets at amortised cost[2]	**5,555,394**	5,682,865
Net debt	**162,342**	659,959

Notes:

(1) Mainly include structural deposits and monetary funds.

(2) Mainly include bank time deposits over three months.

At the end of the Reporting Period, the Group's outstanding debt amounted to US$14,018.9 million, consisting of secured bank loans of US$6,749.8 million, unsecured bank loans of US$7,267.9 million and lease liabilities of US$1.2 million. Debt due within 1 year amounted to US$5,150.8 million. For details of debt, please refer to Note 20 to the consolidated financial statements.

(2) Capital expenditure and funding sources

Most of the capital expenditure in the Reporting Period were used for capacity expansion.

The Group's actual expenditure may differ from its planned expenditure for a variety of reasons, including factors such as changes in customers' demand, equipment's delivery, business plan, market condition and industry policies. The Company will closely monitor the global economy, the semiconductor industry, the demands of the customers, cash flow from operations, etc. and will adjust the capital expenditure plans upon approval by the Board as necessary.

The primary sources of capital of the Group include cash generated from operations, bank borrowings and debt or equity issuances, capital injections from minority interests and other forms of financing. The amount of capital required to meet the Group's growth and development targets is difficult to predict in the highly cyclical and rapidly changing semiconductor industry.

(3) Financial instruments used for hedging purposes

The Group utilises hedging instruments for cash flow hedging purposes: managing exchange rate risk by using financial instruments such as forward exchange contracts and cross currency swap contracts; managing interest rate risk by using interest rate swap contracts and cross currency swap contracts.

Details of the Group's exchange rate risk and interest rate risk are set out in "IV. RISK FACTORS" in this section.

(II) EXPLANATION ON SIGNIFICANT CHANGE IN PROFITS ARISING FROM NON-PRINCIPAL BUSINESSES

in USD'000

Item	Amount	Explanations	If there is any sustainability
Share of net gain arising from items measured at FVPL of associates and a joint venture	218,993	Primarily due to the increase in net gains from certain investment portfolios of the associates during the current period.	No

(III) ANALYSIS ON ASSETS AND LIABILITIES

1. Assets and liabilities

in USD'000

Items	As of 06/30/26	The balance as of 06/30/26 to the total assets (%)	As of 12/31/25	The balance as of 12/31/25 to the total assets (%)	06/30/26 as compared with 12/31/25 (%)	Explanations
Investments in associates	**2,501,476**	**4.4**	1,309,570	2.5	91.0	Increase due to the increase in investments in associates during this period.
Financial assets at fair value through profit or loss – non-current	**1,359,264**	**2.4**	810,501	1.6	67.7	Increase due to the increase in equity instruments investment during this period.
Financial assets at amortised cost – non-current	**1,065,898**	**1.9**	1,532,265	2.9	-30.4	Decrease due to the maturity of certain long-term time deposits during this period.
Derivative financial instruments – net assets	**11,841**	**0.0**	68,157	0.1	-82.6	The change was mainly due to the change in cross currency swap contracts during this period.
Financial assets at fair value through profit or loss – current	**85,206**	**0.1**	380,857	0.7	-77.6	Decrease due to the decrease in structural deposits during this period.
Cash and cash equivalents	**8,216,015**	**14.4**	5,872,500	11.2	39.9	Increase mainly due to the increase in cash received from sale of goods during this period.
Borrowings – current	**5,150,096**	**9.0**	2,593,077	5.0	98.6	Increase mainly due to the increase in short-term bank borrowings and long-term borrowings maturing within 1 year during this period.

2. Major assets subject to restriction by the end of the Reporting Period

(1) Assets pledged as security

At the end of the Reporting Period, no property, plant and equipment or land-use right have been pledged to secure borrowings of the Group.

(2) Restricted cash

At the end of the Reporting Period, the Group did not have any restricted cash.

3. Other information

(1) Capital management

The Group manages its capital to ensure that entities of the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimization of the capital structure.

The Group manages its capital through the issue of new shares, share buy-backs, the issue of new bonds or the repayment of existing bonds to balance its overall capital structure, and reviews the capital structure on an interim basis. The gearing ratio at the end of the Reporting Period was as follows:

in USD'000

	As of	
Gearing ratio	**06/30/26**	12/31/25
Net debt	**162,342**	659,959
Equity	**37,857,388**	35,020,523
Net debt to equity ratio	**0.4%**	1.9%

(2) Capitalised interest

Capitalised interest is added to the cost of the underlying assets and is depreciated over as accounting policy. No interest was capitalised during the Reporting Period and the Corresponding Period. For the Reporting Period and the Corresponding Period, the Group recorded depreciation expenses relating to the capitalised interest of US$0.3 million and US$5.2 million, respectively.

(3) Future plans for material investments or acquisition of capital assets

Save for the matters disclosed in this report, as at the end of the Reporting Period, the Group has no other plans for material investments or acquisition of capital assets.

(IV) ANALYSIS ON INVESTMENTS

1. Overall analysis on equity investment

The following is the paid-in amount of the Company's investment in associates during the Reporting Period:

in USD'000

	Six months ended		
	06/30/26	06/30/25	Change
Capital injection in associates	**957,586**	77,776	1,131.2%

2. Financial assets at fair value

in USD'000

Assets category	As of 1/1/26	Fair value gains/(losses) during this period	Cumulative changes in fair value recognised in equity	Amount added in this period	Amount sold/ redeemed in this period	Others	As of 06/30/26
Stocks	29	(1)	–	–	–	–	28
Private equity funds	131,941	38,327	–	–	(8,280)	4,046	166,034
Structural deposits and monetary funds	380,857	2,041	–	67,716	(367,790)	2,382	85,206
Derivative financial instruments – net assets	68,157	–	150,365	–	–	(206,681)	11,841
Other equity instruments	678,531	–	–	514,671	–	–	1,193,202
Total	1,259,515	40,367	150,365	582,387	(376,070)	(200,253)	1,456,311

(1) Descriptions of securities investment

in USD'000

Security type	Stock code	Investment cost as of 06/30/26	Source of funds	As of 1/1/26	Fair value losses during this period	Amount sold in this period	Others	As of 06/30/26	Account
Domestic and foreign stocks	Listed Company A	1,176	Self-owned funds	29	(1)	–	–	28	Financial assets at fair value through profit or loss

(2) Descriptions of derivative financial instruments
Derivative financial instruments for hedging purpose during the Reporting Period

in USD'000

Derivative financial instruments types	As of 1/1/26	Cumulative changes in fair value recognised in equity	Others	As of 06/30/26	The closing balance to equity attributable to owners of the Company (%)
Cross currency swap contracts	65,157	144,043	(199,596)	9,604	0.04
Forward exchange contracts	3,000	6,322	(7,085)	2,237	0.01
Total	68,157	150,365	(206,681)	11,841	0.05

Explanation for principles regarding accounting policies and methods of hedging transactions during the Reporting Period, and if any significant change occurred as compared with the previous period	Hedge accounting is adopted during the Reporting Period. The portion of gains or losses from hedging instruments that are effective in hedging are directly recognised as other comprehensive income, while the portion that is ineffective in hedging is recognised as profit or loss for the current period. There was no significant change in the accounting policies and specific accounting principles for this period.
Explanation for actual gains or losses during the Reporting Period	Transactions of derivatives entered by the Company during the Reporting Period were all for hedging management purposes, and changes in fair value were recognised in other comprehensive income, with no actual impact on profit or loss for the current period.
Explanation of hedging effect	Please refer to the Announcement of Conducting Hedging Activities in 2026 on the website of SSE (https://www.sse.com.cn) dated May 15, 2026.
Sources of funds for derivative financial instruments	Please refer to the Announcement of Conducting Hedging Activities in 2026 on the website of SSE (https://www.sse.com.cn) dated May 15, 2026.
Explanation for risk analysis and control measures for derivatives during the Reporting Period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)	Please refer to the Announcement of Conducting Hedging Activities in 2026 on the website of SSE (https://www.sse.com.cn) dated May 15, 2026.
Changes in the market price or product fair value of invested derivatives during the Reporting Period; methods assumptions and parameters used for analysing fair value of derivatives shall be disclosed	The Company followed the regulations and guidelines, namely "IFRS 7 – Financial Instruments: Disclosures", "IFRS 9 – Financial Instruments", "IFRS 13 – Fair Value Measurement", to conduct its corresponding accounting treatment for the proposed foreign exchange hedging activities and reflect in the relevant items of statement of financial position and statement of profit or loss.
Disclosure date for announcement on approval of the Board for investment in derivative financial instruments (if any)	On May 14, 2026, the Board of the Company approved "Proposal for Conducting Hedging Activities in 2026", allowing the Company and its subsidiaries to operate hedging activities relating to production and operation in 2026.
Disclosure date for announcement on approval of the annual general meeting for investment in derivative financial instruments (if any)	The above "Proposal for Conducting Hedging Activities in 2026" was approved at the Company's general meeting of shareholders on June 26, 2026.

(3) Descriptions of investment in private equity funds

in USD'000

Name	Signing time of investment agreement	Investment purpose	Total proposed investment	Investment cost during the Reporting Period	Investment cost as of 06/30/26	Participation role	Capital contribution ratio as of 06/30/26 (%)	Whether control or exert significant influence over the fund	Account	Related parties or not	Fund underlying assets	Effect on profit for the Reporting Period	Accumulated effect on profit
A	March 2011		US$1,000,000	–	17		1.27				Invest in integrated circuits and related industries	459	4,044
B	September 2014		RMB100,000,000	–	–		–				Invest in integrated circuits and related industries	6	18,352
C	September 2016		RMB13,000,000	–	46		3.61				Invest in strategic emerging industries	(363)	6,296
D	May 2017		RMB30,000,000	–	–		–				Invest in integrated circuits and related industries	(1)	1,630
E	March 2018		RMB100,000,000	–	1,741		9.05				Invest in integrated circuits and related industries	(1,980)	12,971
F	April 2018		RMB165,000,000	–	4,328		10.21				Invest in integrated circuits and related industries	9,183	14,367
G	June 2018	Financial investment	RMB50,000,000	–	484	Limited partner	16.53	No	Financial assets at fair value through profit or loss	No	Invest in strategic emerging industries	(1,019)	3,197
H	August 2020		RMB50,000,000	–	1,486		30.12				Invest in integrated circuits industry	–	14,258
I	October 2021		RMB30,000,000	–	2,589		3.00				Invest in regional strategic emerging industries	(56)	210
J	November 2021		RMB200,000,000	–	29,337		24.84				Invest in strategic emerging industries	34,702	46,303
K	December 2021		RMB100,000,000	–	14,669		17.21				Invest in strategic emerging industries	(1,415)	1,770
L	December 2022		RMB100,000,000	–	7,334		20.75				Invest in strategic emerging industries	178	436
M	October 2023		RMB7,500,000	–	1,100		15.00				Invest in regional strategic emerging industries	(30)	(22)
N	May 2024		RMB200,000,000	–	8,801		19.02				Invest in integrated circuits and related industries	(878)	(878)
Total				–	71,932							38,786	122,934

None of the investments has a value of 5% or more of the Company's total assets as at June 30, 2026.

(V) ANALYSIS OF PRINCIPAL CONTROLLED AND INVESTEE COMPANIES

The major subsidiaries of the Company are SMIC Shanghai, SMIC Beijing, SMIC Tianjin, SMNC, SMIC Shenzhen, SMSC, SMBC, SMOC and SMTC. The followings are the consolidated accounting data of the major subsidiaries:

in USD'000

Total assets	Equity	Revenue	Profit before tax	Profit for the period
55,392,912	35,556,668	5,506,026	912,776	876,441

The Company has no investee companies whose impact on the Company's profit for the period exceeds 10%.

VI. PROSPECTS

Looking ahead to the second half of this year, the industrial momentum and spillover effects generated by AI will persist, driving demand for integrated circuit manufacturing. The Company will flexibly allocate existing capacity and accelerate the qualification of newly added capacity to help ease supply constraints across the industry chain.

At the same time, we also observe that pressure on upward supply-chain costs has been passed through to the manufacturing segment. The Company will proactively address these challenges and mitigate headwinds to minimize the overall impact. Overall, we maintain an optimistic outlook on industry trends and the Company's development.

SECTION 4 CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY

I. INTRODUCTION OF CORPORATE GOVERNANCE

The Company is committed to remaining an exemplary corporate citizen and maintaining a high level of corporate governance in order to protect the interests of its shareholders. The Company is committed to complying with the Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the Hong Kong Listing Rules and has adopted a set of Corporate Governance Policy (the "CG Policy") since January 25, 2005 as its code of corporate governance, which is amended from time to time (latest amended on May 8, 2025) to comply with the CG Code. In addition, the Company has adopted or put in place various policies, rules and procedures in compliance with the provisions of the CG Policy. The Company had complied with all applicable Code Provisions set out in the CG Code during the six months ended June 30, 2026. The current corporate governance situation is as follows:

The Company, being a red chip company established in the Cayman Islands and listed on the Hong Kong Stock Exchange and the Science and Technology Innovation Board of the Shanghai Stock Exchange, has formulated the Articles of Association in accordance with the requirements of the laws of the Cayman Islands and taking into account the actual circumstances.

At the same time, the Company strictly complies with the Hong Kong Listing Rules and the SSE STAR Market Listing Rules, and has developed a well-established corporate governance structure. The general meeting of shareholders and the Board of Directors of the Company operate independently and effectively and perform their duties in accordance with the laws of the Cayman Islands, the Hong Kong Listing Rules, the SSE STAR Market Listing Rules, the Articles of Association and other regulations.

The standing special committees of the Board of Directors of the Company include the Audit Committee, the Compensation Committee, the Nomination Committee and the Strategic Committee, which assist the Board of Directors in discharging its functions in the areas of audit, compensation, nomination and strategy respectively.

In addition, the Company currently employs four professionals as independent non-executive Directors of the Company to participate in decision-making and supervision, so as to enhance the objectivity and scientificity of the decision-making process of the Board. The independent non-executive Directors of the Company have been performing their duties in accordance with the Hong Kong Listing Rules and the standards generally recognised by the Hong Kong securities market.

II. UPDATES ON INFORMATION RELATING TO DIRECTORS AND CHIEF EXECUTIVES

As required under rule 13.51B of the Hong Kong Listing Rules, save as disclosed in the 2025 annual report, certain changes in, and updates on, the information during the Reporting Period and up to the date of this report, regarding the Directors and chief executives are set out below:

Name	Name of entities	Position	Commencement date of term	Cessation date of term
Chen Xinyuan	Bank of Ningbo Co., Ltd.	Independent Director	July, 2026	–

III. PARTICULARS OF EMPLOYEES

Save as disclosed in this interim report, there is no material change to the information disclosed in the 2025 annual report of the Group in relation to the number and remuneration of employees, remuneration policies, employee bonus and stock incentive plans.

IV. PROFIT DISTRIBUTION PLAN OR PLAN TO CONVERT CAPITAL RESERVE INTO SHARE CAPITAL

The Board did not propose to declare an interim dividend for the six months ended June 30, 2026 (six months ended June 30, 2025: nil).

V. INFORMATION ABOUT THE COMPANY'S STOCK INCENTIVE PLANS, EMPLOYEE EQUITY INCENTIVE PLAN OR OTHER EMPLOYEE INCENTIVE MEASURES AND THEIR IMPACTS

(I) RELEVANT SHARE INCENTIVE EVENTS THAT HAVE BEEN DISCLOSED IN THE TEMPORARY ANNOUNCEMENTS AND WITH NO PROGRESS OR CHANGE IN SUBSEQUENT IMPLEMENTATION

Summary of the event	Index
Issue of ordinary shares pursuant to exercise of Restricted Share Units granted under the 2014 Equity Incentive Plan other than by directors of the Company; issue of ordinary shares pursuant to exercise of options granted under the 2014 Stock Option Plan other than by directors of the Company.	Next day disclosure return on the Hong Kong Stock Exchange: January 14, 2026
Issue of ordinary shares pursuant to exercise of Restricted Share Units granted under the 2014 Equity Incentive Plan other than by directors of the Company; issue of ordinary shares pursuant to exercise of options granted under the 2014 Stock Option Plan other than by directors of the Company.	Next day disclosure return on the Hong Kong Stock Exchange: February 13, 2026
Issue of ordinary shares pursuant to exercise of Restricted Share Units granted under the 2014 Equity Incentive Plan other than by directors of the Company; issue of ordinary shares pursuant to exercise of options granted under the 2014 Stock Option Plan other than by directors of the Company.	Next day disclosure return on the Hong Kong Stock Exchange: March 3, 2026
Issue of ordinary shares pursuant to exercise of Restricted Share Units granted under the 2024 Equity Incentive Plan other than by directors of the Company; issue of ordinary shares pursuant to exercise of Restricted Share Units granted under the 2014 Equity Incentive Plan other than by directors of the Company; issue of ordinary shares pursuant to exercise of options granted under the 2014 Stock Option Plan other than by directors of the Company.	Next day disclosure return on the Hong Kong Stock Exchange: March 6, 2026
Issue of ordinary shares pursuant to exercise of Restricted Share Units granted under the 2024 Equity Incentive Plan other than by directors of the Company.	Next day disclosure return on the Hong Kong Stock Exchange: March 10, 2026
On April 1, 2026, the Company granted Restricted Share Units under the 2024 Equity Incentive Plan.	For details, please see the GRANT OF RESTRICTED SHARE UNITS as disclosed on the website of the Hong Kong Stock Exchange (https://www.hkexnews.hk) on April 1, 2026
Issue of ordinary shares pursuant to exercise of Restricted Share Units granted under the 2024 Equity Incentive Plan by directors of the Company; issue of ordinary shares pursuant to exercise of Restricted Share Units granted under the 2024 Equity Incentive Plan other than by directors of the Company; issue of ordinary shares pursuant to exercise of Restricted Share Units granted under the 2014 Equity Incentive Plan other than by directors of the Company; issue of ordinary shares pursuant to exercise of options granted under the 2014 Stock Option Plan other than by directors of the Company.	Next day disclosure return on the Hong Kong Stock Exchange: April 8, 2026
Issue of ordinary shares pursuant to exercise of Restricted Share Units granted under the 2024 Equity Incentive Plan other than by directors of the Company; issue of ordinary shares pursuant to exercise of Restricted Share Units granted under the 2014 Equity Incentive Plan other than by directors of the Company; issue of ordinary shares pursuant to exercise of options granted under the 2014 Stock Option Plan other than by directors of the Company.	Next day disclosure return on the Hong Kong Stock Exchange: April 9, 2026
Issue of ordinary shares pursuant to exercise of Restricted Share Units granted under the 2024 Equity Incentive Plan other than by directors of the Company; issue of ordinary shares pursuant to exercise of options granted under the 2014 Stock Option Plan other than by directors of the Company.	Next day disclosure return on the Hong Kong Stock Exchange: June 4, 2026

Summary of the event	Index
Issue of ordinary shares pursuant to exercise of options granted under the 2014 Stock Option Plan other than by directors of the Company.	Next day disclosure return on the Hong Kong Stock Exchange: June 24, 2026
Issue of ordinary shares pursuant to exercise of Restricted Share Units granted under the 2024 Equity Incentive Plan other than by directors of the Company; issue of ordinary shares pursuant to exercise of Restricted Share Units granted under the 2014 Equity Incentive Plan other than by directors of the Company; issue of ordinary shares pursuant to exercise of options granted under the 2014 Stock Option Plan other than by directors of the Company.	Next day disclosure return on the Hong Kong Stock Exchange: June 29, 2026
Issue of ordinary shares pursuant to exercise of Restricted Share Units granted under the 2014 Equity Incentive Plan other than by directors of the Company; issue of ordinary shares pursuant to exercise of options granted under the 2014 Stock Option Plan other than by directors of the Company.	Next day disclosure return on the Hong Kong Stock Exchange: June 30, 2026

As the 2014 Stock Option Plan and the 2014 Equity Incentive Plan were terminated on November 10, 2023, there have been no stock options or awards available for grant under the respective plan since its termination. In addition, the Company had undertaken not to issue or grant further restricted shares under the 2021 STAR Market Restricted Share Incentive Scheme upon the effective date of the 2024 Equity Incentive Plan (i.e. November 10, 2023). Accordingly, under the aforesaid shares schemes, there were no stock options or awards available for grant at the beginning and the end of this period. Under the 2024 Equity Incentive Plan, there were 585,542,511 RSUs available for grant at the beginning of this period, and there were 567,441,874 RSUs available for grant at the end of this period.

During this period, the number of Hong Kong Shares that may be issued in respect of all options and awards granted under all Hong Kong Share schemes (including the 2014 Stock Option Plan, the 2014 Equity Incentive Plan and the 2024 Equity Incentive Plan) of the Company divided by the weighted average number of Hong Kong Shares in issue at the end of this period is 0.31%.

During this period, the number of A Shares that may be issued in respect of the awards granted under the A Share scheme (i.e. the 2021 STAR Market Restricted Share Incentive Scheme) of the Company divided by the weighted average number of A Shares in issue for this period is 0.05%.

During this period, there were no options or awards granted under the 2014 Stock Option Plan, the 2014 Equity Incentive Plan and the 2021 STAR Market Restricted Share Incentive Scheme. There were 18,298,455 RSUs granted under the 2024 Equity Incentive Plan on April 1, 2026 with fair value of HKD52.82 which was based on ordinary share price on the grant date. Such RSUs granted had been or will be vested in accordance with the vesting period as disclosed in the Company's announcement dated April 1, 2026. The grant of RSUs during this period shall be conditional upon the achievement of certain targets based on both the Company's and individual performance indicators, including but not limited to revenue, profit, project completion status and other relevant indicators. Each target can be presented on an absolute and/or a relative basis.

Please refer to Note 4 to the consolidated financial statements in the 2025 annual report of the Group published on April 8, 2026 for the accounting standards and policies adopted for options and RSUs, and please refer to Note 22 to the consolidated financial statements in this interim report for the fair value on the grant date.

1. 2014 Stock Option Plan – Hong Kong Share

The Company's shareholders adopted the 2014 Stock Option Plan that became effective on November 15, 2013 when the 2014 Stock Option Plan was registered with the PRC State Administration of Foreign Exchange.

Movement of the options granted to employees of the Group (except Directors of the Company) under the 2014 Stock Option Plan during the six months ended June 30, 2026 is as follows:

Unit: Share

Options grant date	Exercise price at grant date per share (HKD)	Unexercised number as of 1/1/2026	Number of new grants during the Reporting Period	Lapsed number during the Reporting Period	Cancelled number during the Reporting Period	Exercised number during the Reporting Period	Weighted average closing price of Hong Kong Shares immediately before exercise dates (HKD)	Unexercised number as of 06/30/2026	Closing price of Hong Kong Shares immediately before grant dates (HKD)	Exercisable period
5/25/2016	6.42	30,450	–	30,450	–	–	–	–	6.50	5/25/2016-5/24/2026
5/22/2017	8.48	6,937	–	–	–	–	–	6,937	8.35	5/22/2017-5/21/2027
9/7/2017	7.90	1,687,500	–	–	–	–	–	1,687,500	7.83	9/7/2017-9/6/2027
5/23/2018	10.51	1,564,225	–	–	–	153,500	75.44	1,410,725	10.40	5/23/2018-5/22/2028
5/25/2020	18.10	2,386,116	–	–	–	97,150	81.22	2,288,966	16.92	5/25/2020-5/24/2030
11/23/2020	23.00	862,327	–	22,209	–	117,185	72.67	722,933	22.75	11/23/2020-11/22/2030
5/31/2021	24.50	1,263,012	–	–	–	74,697	74.75	1,188,315	24.15	5/31/2021-5/30/2031
9/15/2021	23.18	77,500	–	–	–	–	–	77,500	22.95	9/15/2021-9/14/2031
11/19/2021	22.41	1,283,629	–	9,768	–	116,725	75.72	1,157,136	22.35	11/19/2021-11/18/2031
Total		9,161,696	–	62,427	–	559,257		8,540,012		

Options granted before January 1, 2018 and issued to new employees and then-existing employees available for subscription generally vest at a rate pursuant to which 25% of the shares shall vest on the first anniversary of the vesting commencement date, an additional 1/36 of the remaining shares shall vest monthly upon the second, third and fourth anniversary of the vesting commencement date, respectively.

Options granted after January 1, 2018 and issued to new employees and existing employees available for subscription generally vest at a rate of 25% upon the first, second, third and fourth anniversary of the vesting commencement date, respectively.

In accordance with the terms of the 2014 Stock Option Plan, the Board and the Compensation Committee may respectively approve to accelerate the vesting period of the stock options granted to the Directors of the Company and employees of the Group.

As the 2024 Equity Incentive Plan has been approved at the annual general meeting held on June 28, 2023 and the Board has resolved to terminate the 2014 Stock Option Plan, the 2014 Stock Option Plan shall become expired on the effective date of the 2024 Equity Incentive Plan. Upon termination of the 2014 Stock Option Plan, no further options may be offered, but the options granted before the termination shall be retained and continue to vest in accordance with, and subject to the terms of the 2014 Stock Option Plan.

2. 2014 Equity Incentive Plan – Hong Kong Share

The Company's shareholders adopted the 2014 Equity Incentive Plan that became effective on November 15, 2013 when the 2014 Equity Incentive Plan was registered with the PRC State Administration of Foreign Exchange.

Movement of the RSUs granted to employees of the Group (except Directors of the Company) under the 2014 Equity Incentive Plan during the six months ended June 30, 2026 is as follows:

Unit: Share

RSUs grant date	Purchase price per share (HKD)	Unvested number as of 1/1/2026	Number of new grants during the Reporting Period	Lapsed number during the Reporting Period	Cancelled number during the Reporting Period	Vested number during the Reporting Period	Weighted average closing price of Hong Kong Shares immediately before vesting dates (HKD)	Unvested number as of 06/30/2026	Closing price of Hong Kong Shares immediately before grant dates (HKD)	Vesting period
4/8/2022	0.031	1,168,574	–	23,140	–	1,145,434	68.00	–	16.80	11/1/2021-3/1/2026
5/20/2022	0.031	29,993	–	–	–	29,993	70.95	–	15.88	1/4/2022-2/9/2026
9/5/2022	0.031	43,403	–	–	–	43,403	68.81	–	15.00	4/1/2022-6/28/2026
11/18/2022	0.031	111,676	–	–	–	–	–	111,676	17.40	8/29/2022-9/27/2026
4/1/2023	0.031	70,221	–	–	–	–	–	70,221	18.60	10/9/2022-1/16/2027
Total		1,423,867	–	23,140	–	1,218,830		181,897		

The RSUs issued before April 1, 2023 to new employees and existing employees generally vest at a rate of 25% upon the first, second, third and fourth anniversary of the vesting commencement date, respectively.

The RSUs issued after April 1, 2023 (included) to existing employees generally vest at a rate of 50%, 30%, 20% on the vesting commencement date and on the subsequent first and second anniversary, respectively.

In accordance with the terms of the 2014 Equity Incentive Plan, the Compensation Committee may approve to accelerate the vesting period of the RSUs granted to the Directors of the Company and the employees of the Group.

As the 2024 Equity Incentive Plan has been approved at the annual general meeting held on June 28, 2023 and the Board has resolved to terminate the 2014 Equity Incentive Plan, the 2014 Equity Incentive Plan shall become expired on the effective date of the 2024 Equity Incentive Plan. Upon termination of the 2014 Equity Incentive Plan, no further RSUs may be offered, but RSUs granted before the termination shall be retained and continue to vest in accordance with, and subject to the terms of the 2014 Equity Incentive Plan.

3. 2021 STAR Market Restricted Share Incentive Scheme – A Share

On June 25, 2021, the Company's general meeting adopted the 2021 STAR Market Restricted Share Incentive Scheme.

Movement of restricted shares granted under the 2021 STAR Market Restricted Share Incentive Scheme to employees of the Group (except Directors of the Company) during the six months ended June 30, 2026 is as follows:

Unit: Share

Restricted Shares grant date	Grant price per share (RMB)	Unvested number as of 1/1/2026	Number of new grants during the Reporting Period	Lapsed number during the Reporting Period	Cancelled number during the Reporting Period	Vested number during the Reporting Period	Weighted average closing price of A Shares immediately before vesting dates (RMB)	Unvested number as of 06/30/2026	Closing price of A Shares immediately before grant dates (RMB)	Vesting period
6/21/2022	20.00	1,095,840	–	48,960	–	–	–	1,046,880	45.68	6/22/2023-6/18/2027
Total		1,095,840	–	48,960	–	–		1,046,880		

The Company had undertaken not to grant further restricted share under the 2021 STAR Market Restricted Share Incentive Scheme.

4. 2024 Equity Incentive Plan – Hong Kong Share

The Company's shareholders adopted the 2024 Equity Incentive Plan that became effective on November 10, 2023 when the 2024 Equity Incentive Plan was registered with the PRC State Administration of Foreign Exchange.

Movement of the RSUs granted to employees of the Group (except Directors of the Company) under the 2024 Equity Incentive Plan during the six months ended June 30, 2026 is as follows:

Unit: Share

RSUs grant date	Consideration for the grant per share (HKD)	Unvested number as of 1/1/2026	Number of new grants during the Reporting Period	Lapsed number during the Reporting Period	Cancelled number during the Reporting Period	Vested number during the Reporting Period	Weighted average closing price of Hong Kong Shares immediately before vesting dates (HKD)	Unvested number as of 06/30/2026	Closing price of Hong Kong Shares immediately before grant dates (HKD)	Vesting period
4/1/2024	0.031	1,490,535	–	24,777	–	1,465,758	50.70	–	15.16	4/1/2024-4/1/2026
4/1/2025	0.031	1,330,834	–	40,596	–	786,431	50.70	503,807	46.10	4/1/2025-4/1/2027
4/1/2026	0.031	–	18,180,472	132,445	–	9,093,176	50.70	8,954,851	50.70	4/1/2026-4/1/2028
Total		2,821,369	18,180,472	197,818	–	11,345,365		9,458,658		

Part of employees of the Group participate in the Company's 2024 Equity Incentive Plan. The RSUs issued to participants by the Group generally vest at a rate of 50%, 30%, 20% on the vesting commencement date and on the subsequent first and second anniversary, respectively.

According to the terms of the 2024 Equity Incentive Plan, the Compensation Committee may approve the acceleration of the vesting period of RSUs granted to Directors of the Company and employees of the Group.

VI. COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has developed the Management System and Implementation Rules for Insiders which encompasses the requirements of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Listing Rules (the "Model Code"). The Company, having made specific enquiry to all Directors, received confirmation that all Directors have complied with the Model Code and the Management System and Implementation Rules for Insiders of the Company throughout the six months ended June 30, 2026.

All directors, senior management, and employees of the Company and its subsidiaries are also required to comply with the Management System and Implementation Rules for Insiders of the Company and relevant provisions stipulated by CSRC and SSE in relation to inside trading.

VII. REVIEW BY AUDIT COMMITTEE

The Audit Committee has reviewed with the management of the Company the accounting principles and practices accepted by the Company and the unaudited interim financial report of the Company for 2026.

VIII. ENVIRONMENTAL INFORMATION OF THE LISTED COMPANY AND ITS MAJOR SUBSIDIARIES INCLUDED IN THE MANDATORY ENVIRONMENTAL INFORMATION DISCLOSURE LIST

Number of the entities included in the mandatory environmental information disclosure list		6
No.	**Name of entity**	**Inquiry index of the mandatory environmental information report**
1	SMOC	https://e2.sthj.sh.gov.cn/jsp/view/hjpl/index.jsp
2	SMIC Beijing	https://hjxxpl.bevoice.com.cn:8002/home
3	SMNC	https://hjxxpl.bevoice.com.cn:8002/home
4	SMBC	https://hjxxpl.bevoice.com.cn:8002/home
5	SMIC Shenzhen	https://gdee.gd.gov.cn/gdeepub/front/dal/dal/newindex
6	SMIC Tianjin	https://hjxxpl.sthj.tj.gov.cn:10800/#/gkwz/jcym

SECTION 5 SIGNIFICANT EVENTS

I. PERFORMANCE OF UNDERTAKINGS

(I) UNDERTAKINGS OF THE COMPANY'S SHAREHOLDERS, RELATED PARTIES, ACQUIRER AND THE COMPANY DURING OR SUBSISTING TO THE REPORTING PERIOD

Background of the undertaking	Type of the undertaking	Undertaking party	Details of the undertaking	Time of the undertaking	Term of the undertaking	Whether there is a term for performance	Whether performed timely and strictly	Specific reasons for the failure to timely honor the undertaking	Further plans in the event of failing to timely honor the undertaking
Commitments in relation to the initial public offering	Resolve peer competition	Substantial shareholders, domestic shareholders indirectly holding over 5% of shares	See note 1	July 16, 2020	Effective for a long time	No	Yes	N/A	N/A
	Resolve related (connected) transaction	The Company, substantial shareholders, domestic shareholders indirectly holding over 5% of shares, Directors and senior management personnel	See note 2	July 16, 2020	Effective for a long time	No	Yes	N/A	N/A
	Other (share repurchase and commitment on share repurchase)	The Company	See note 3	July 16, 2020	Effective for a long time	No	Yes	N/A	N/A
	Other (share repurchase commitment for fraudulent offering and listing)	The Company, substantial shareholders, domestic shareholders indirectly holding over 5% of shares	See note 4	July 16, 2020	Effective for a long time	No	Yes	N/A	N/A
	Other (commitment to remedy diluted immediate returns)	The Company, Directors and senior management personnel	See note 5	July 16, 2020	Effective for a long time	No	Yes	N/A	N/A
	Dividends	The Company	See note 6	July 16, 2020	Effective for a long time	No	Yes	N/A	N/A
	Other (commitment to bear compensation or liability according to law)	The Company, substantial shareholders, domestic shareholders indirectly holding over 5% of shares, Directors and senior management personnel	See note 7	July 16, 2020	Effective for a long time	No	Yes	N/A	N/A
	Other (binding measures should the commitments be violated)	The Company, substantial shareholders, domestic shareholders indirectly holding over 5% of shares, Directors and senior management personnel	See note 8	July 16, 2020	Effective for a long time	No	Yes	N/A	N/A
	Other (commitments on applicable laws and competent courts)	The Company, Directors and senior management personnel	See note 9	July 16, 2020	Effective for a long time	No	Yes	N/A	N/A

Background of the undertaking	Type of the undertaking	Undertaking party	Details of the undertaking	Time of the undertaking	Term of the undertaking	Whether there is a term for performance	Whether performed timely and strictly	Specific reasons for the failure to timely honor the undertaking	Further plans in the event of failing to timely honor the undertaking
Commitments in connection with the material asset restructuring	Share lock-up	China IC Fund, Beijing Semiconductor Manufacturing and Equipment Equity Investment Center (Limited Partnership), Beijing E-town International Investment and Development Co., Ltd., Zhongguancun Development Group Co., Ltd. and Beijing Industrial Development Investment Management Co., Ltd. (collectively referred to as the "Counterparties")	See note 10	September 8, 2025	The shares of the Company obtained from this transaction may not be transferred within 12 months from the date of completion of the share issuance.	Yes	Yes	N/A	N/A
	Others (commitment on the authenticity, accuracy and completeness of information provided)	The Company and its Directors and senior management, shareholders of the Company with shareholding of more than 5%, Counterparties, SMNC (the "target company")	See note 11	September 8, 2025	During the period until the completion of this transaction	No	Yes	N/A	N/A
	Others (commitment on no disclosure of inside information of this transaction or insider trading)	The Company and its Directors and senior management, shareholders of the Company with shareholding of more than 5%, Counterparties, the target company	See note 12	September 8, 2025	During the period until the completion of this transaction	No	Yes	N/A	N/A
	Others (commitment on no violation of laws and regulations and good credit standing)	The Company and its Directors and senior management, Counterparties, the target company	See note 13	September 8, 2025	During the period until the completion of this transaction	No	Yes	N/A	N/A
	Others (commitment on measures related to making up for diluted immediate returns)	Directors and senior management of the Company	See note 14	September 8, 2025	Effective for a long time	No	Yes	N/A	N/A
	Others (commitment on share reduction plan)	Shareholders of the Company with shareholding of more than 5%	See note 15	September 8, 2025	During the period until the completion of this transaction	No	Yes	N/A	N/A
	Others (commitment on reducing and regulating related party transactions)	Shareholders of the Company with shareholding of more than 5%	See note 16	December 29, 2025	Effective for a long time	No	Yes	N/A	N/A
	Others (commitment on avoiding horizontal competition)	Shareholders of the Company with shareholding of more than 5%	See note 17	December 29, 2025	Effective for a long time	No	Yes	N/A	N/A
	Others (commitment on maintaining the independence of the Company)	Shareholders of the Company with shareholding of more than 5%	See note 18	September 8, 2025	Effective for a long time	No	Yes	N/A	N/A
	Others (commitment on the diluted immediate returns from this restructuring and the corresponding remedial measures)	Shareholders of the Company with shareholding of more than 5%	See note 19	September 8, 2025	Effective for a long time	No	Yes	N/A	N/A
	Others (commitment on the ownership of the equity interests in the target company held)	Counterparties	See note 20	December 29, 2025	During the period until the completion of this transaction	No	Yes	N/A	N/A

Note 1:

Commitments by substantial shareholders and domestic shareholders indirectly holding over 5% of shares

1. As of the date of this undertaking, the Company and subsidiaries directly or indirectly controlled by the Company have not, directly or indirectly, engaged in any business in any way within or outside China that constitutes peer competition or potential peer competition with the principal business of the issuer or its subsidiaries, including but not limited to develop, operate or assist in operating, participating in, and engaging in relevant businesses, not independently or in conjunction with, on behalf of any person, firm or company (enterprise, unit).

2. As of the date of this undertaking, the Company undertakes that it will not: (1) independently or with a third party, in the form of direct or indirect control, engage in a business or activity that constitutes peer competition or potential peer competition with issuer's or its subsidiaries' principal business that has a significant adverse impact ("competitive business"); (2) if the Company and its subsidiaries directly or indirectly controlled by the Company obtained new investment opportunities in any way to own the controlling shares, equity or interests of companies engaged in competitive business with the issuer and its affiliates, the Company will notify the issuer in writing. If within the reasonable period specified in the notice, the issuer makes a written reply that it is willing to accept the new investment opportunity, the Company or its subsidiaries directly or indirectly controlled by the Company (except the issuer and its subsidiaries) will procure as permitted by law that these new investment opportunities to be first provided to the issuer or its subsidiaries on reasonable and fair terms and conditions.

3. The undertaking takes effect from the date of making the undertaking until any of the following occurs: (1) the Company and parties acting in concert (if any) directly or indirectly hold less than 5% (exclusive) of the issuers' shares; (2) the issuer's shares are terminated from listing on the Shanghai Stock Exchange (except for the suspension of trading of the issuer's shares for any reason); (3) when there is no statutory requirement for the content of a certain undertaking, the relevant part shall be automatically terminated.

4. For any party of the letter of undertaking, "subsidiaries" shall mean any other enterprise or entity (1) holds or controls 50% or more issued share capital or 50% or more voting rights, if applicable; or (2) is entitled 50% or more profits after tax; or (3) has the right to control the composition of the board of directors or control in any other form, regardless of whether it has legal personality or not, and the subsidiaries of the enterprise or entity.

If the Company fails to perform such obligations under the commitments above, the Company shall bear corresponding liabilities in accordance with the binding measures applicable to the failure of performance.

Note 2:

Commitments by the Company

1. To implement the statutory approval procedures for related (connected) transaction in strict accordance with the relevant laws and regulations of the place of listing, and strictly implement the related (connected) transaction avoidance system;

2. To ensure that independent non-executive Directors exercise their powers according to law, ensure the fairness of prices of related (connected) transactions and the compliance of approval procedures, and protect the interests of other shareholders to the maximum;

3. Where there are related (connected) transactions between the Company's substantial shareholders and affiliates and the Company, it will perform related (connected) transaction decision-making procedures, and disclose information in a timely manner to ensure not to harm the legitimate rights and interests of the Company and other shareholders by virtue of such related (connected) transactions in strict accordance with the requirements of relevant laws, regulations and regulatory documents.

If the Company fails to perform such obligations under the commitments above, the Company shall bear corresponding liabilities in accordance with the binding measures applicable to the failure of performance.

Commitments by substantial shareholders and domestic shareholders indirectly holding over 5% of shares

1. Without adversely affecting the interests of the issuer and other shareholders, the Company will take measures to regulate and minimize related (connected) transactions with the issuer.

2. For related (connected) transactions required in normal course of business, the Company will sign a standardised transaction agreement with the issuer according to law, fulfill or cooperate with the issuer to perform review and approval procedures and avoidance of voting and information disclosure obligations in accordance with relevant laws, regulations, regulatory documents and the requirements of issuer's internal control systems including the Memorandum of Association and Articles of Association of Semiconductor Manufacturing International Corporation applicable after the A Share offering, and guarantee such related (connected) transactions will be implemented based on the basic principles of related (connected) transactions, such as fairness, impartiality and openness.

3. Undertakes not to harm the interests of the issuer and other shareholders by virtue of the related (connected) transactions.

If the Company fails to perform such obligations under the commitments above, the Company shall bear corresponding liabilities in accordance with the binding measures applicable to the failure of performance.

Commitments by Directors and senior management personnel

1. Without adversely affecting the interests of the issuer and other shareholders, I will take measures to regulate and minimize related (connected) transactions with the issuer.

2. For related (connected) transactions in normal course of business or unavoidable for other reasonable reasons, I will sign a regulated transaction agreement with the issuer according to law, fulfill review and approval procedures and avoidance of voting and information disclosure obligations in accordance with relevant laws, regulations, regulatory documents, the issuer's Memorandum of Association and Articles of Association of Semiconductor Manufacturing International Corporation applicable after the A Share offering and the requirements of relevant internal control systems, and guarantee such related (connected) transactions will be implemented based on the principles of related (connected) transactions.

3. Undertakes not to harm the interests of the issuer and other shareholders by virtue of the related (connected) transactions.

The commitments made by me shall comply with applicable laws, regulations and regulatory documents, as well as the regulatory requirements of the securities regulatory authority and other competent authorities. In violation of the above-mentioned commitment, I will undertake corresponding obligations in accordance with the Letter of Commitment of Directors and Senior Management Personnel of Semiconductor Manufacturing International Corporation on Binding Measures when Failing to Fulfill Relevant Commitments.

Note 3:

Commitments by the Company

1. If securities regulatory departments or other competent departments determine that there is any misrepresentation, misleading statement or material omission in the contents contained in the Prospectus for the A Share offering such that there is a material and substantial impact on determining whether the Company meets the conditions for issuance as specified in laws, and the Company has obtained registration of the issuance by fraud and has the shares listed, the Company hereby undertakes to repurchase all new shares issued under the A Share offering in accordance with laws.

2. When the triggering condition for stabilizing the share price as specified in the Company's plan for Stabilisation of the Price of RMB Ordinary Shares (A Shares) for the Three Years after the Initial Public Offering and Listing on the STAR Market of the Shanghai Stock Exchange of Semiconductor Manufacturing International Corporation is satisfied, the Company will perform its obligations to repurchase the shares in accordance with the provisions in such plan.

In violation of the above-mentioned commitments, the Company will undertake corresponding liabilities in accordance with its Letter of Commitment of Semiconductor Manufacturing International Corporation on Binding Measures when Failing to Fulfill Relevant Commitments.

Note 4:

Commitments by the Company

1. The Company undertakes that the A Share offering by the issuer is not fraudulent.

2. If the Company obtains registration of the issuance by fraud, and has issued and listed shares when it does not meet the conditions for issuance and listing, the Company will start share repurchase procedures to repurchase all new shares issued under the A Share offering within 5 working days after being confirmed by the China Securities Regulatory Commission and other competent departments.

If the Company fails to perform such obligations under the commitments above, the Company shall bear corresponding liabilities in accordance with the binding measures applicable to the failure of performance.

Commitments by the substantial shareholders and domestic shareholders indirectly holding over 5% of shares

1. Undertake that the Company's A Share issuance is not fraudulent.

2. If the Company obtains registration of the issuance by fraud, and has issued and listed shares when it does not meet the conditions for issuance and listing, urge the Company to start share repurchase procedures to repurchase all new shares issued under the A Share offering within 5 working days after being confirmed by the China Securities Regulatory Commission and other competent departments.

If the Company fails to perform such obligations under the commitments above, the Company shall bear corresponding liabilities in accordance with the binding measures applicable to the failure of performance.

Note 5:

Commitments by the Company

The Company will take active measures in compensation for the diluted immediate return. If it violates the relevant commitments, it will undertake corresponding liabilities in accordance with its Letter of Commitment of Semiconductor Manufacturing International Corporation on Binding Measures when Failing to Fulfill Relevant Commitments. In the meantime, the Company shall make supplementary or substitutive commitments to the investors, so as to protect the investors' interests to the greatest extent possible. Such supplementary or substitutive commitments shall be fulfilled after being considered and approved at a general meeting.

Commitments by Directors and senior management personnel

1. I will not transfer any interests to other entities or individuals without consideration or with unfair conditions, nor otherwise damage the interests of the Company.

2. I will impose constraints on position-related consumption behavior.

3. I will not make any investment or consumption activity irrelevant to my performance of duties using the Company's assets.

4. I will propel to link the remuneration policy formulated by the Board or the Compensation Committee with the implementation of the issuer's remedial measures for diluted immediate returns.

5. In the case that any equity incentive scheme is introduced hereafter, I will actively support to link the vesting conditions of equity incentive with the implementation of the issuer's remedial measures for diluted immediate returns.

6. During the date of this commitment to the completion of the A Share offering, if China Securities Regulatory Commission or the Shanghai Stock Exchange issue other new regulatory provisions on the remedial measures for diluted immediate returns and its commitments, and when the above commitments fail to meet the aforementioned requirements, I will make supplementary commitments in accordance with the aforementioned provisions.

7. I undertake to conscientiously fulfill the measures formulated by the issuer's remedial measures for diluted immediate returns and any commitments made thereon regarding remedial measures for diluted immediate returns, in breach of such commitments and resulting in losses to the issuer or investors, I am willing to bear the compensation liability to the issuer or investor according to law.

The commitments I made shall comply with applicable laws, regulations and regulatory documents, as well as the regulatory requirements of the securities regulatory authorities and other competent authorities. In violation of the above-mentioned commitment, I will undertake corresponding obligations in accordance with the Letter of Commitment of Directors and Senior Management Personnel of Semiconductor Manufacturing International Corporation on Binding Measures when Failing to Fulfill Relevant Commitments.

Note 6:

Commitments by the Company

The Company will implement the profit distribution policy strictly in accordance with the Notice on Further Implementation of Cash Dividends of Listed Companies issued by the China Securities Regulatory Commission, the Memorandum of Association and Articles of Association of Semiconductor Manufacturing International Corporation, and the Profit Distribution Policy and Dividend Return Plan for the Three Years after the Initial Public Offering and Listing of RMB Ordinary Shares (A Shares) on the STAR Market of the Shanghai Stock Exchange of Semiconductor Manufacturing International Corporation applicable after the A Share offering.

In violation of the above-mentioned commitments, the Company will undertake corresponding liabilities in accordance with its Letter of Commitment of Semiconductor Manufacturing International Corporation on Binding Measures when Failing to Fulfill Relevant Commitments.

Note 7:

Commitments by the Company

1. Contents contained in the Prospectus for the A Share offering have no misrepresentation, misleading statement or material omission, and the Company will be liable for the truthfulness, accuracy and completeness of the contents contained in the Prospectus.

2. If the China Securities Regulatory Commission or other competent departments determine(s) that there is any misrepresentation, misleading statement or material omission in the contents contained in the prospectus such that there is a material and substantial impact on determining whether the Company meets the conditions for issuance as specified in laws, and the Company has obtained registration of the issuance by fraud and has the shares listed, the Company hereby undertakes to repurchase all new shares issued under the A Share offering in accordance with laws.

3. In case any misrepresentation, misleading statement or material omission in the contents contained in the Prospectus leads to any losses of investors in securities transactions, the Company will compensate for their losses in accordance with laws. The specific procedures are as follows:

    (1) When securities regulatory departments or other competent departments determine that there is any misrepresentation, misleading statement or material omission in the contents contained in the Prospectus such that the Company shall be liable, the Company will initiate relevant procedures to compensate for the losses of investors within five working days after receiving such written confirmation;

    (2) The Company will communicate with the relevant intermediaries and investors actively to negotiate and confirm the scope, sequence, amount and form of compensation;

    (3) After confirming the compensation amount through the above-mentioned method, or by securities regulatory departments or other competent departments, the Company will make compensation in the form confirmed through the above-mentioned method or such other forms required by laws.

In violation of the above-mentioned commitments, the Company will undertake corresponding liabilities in accordance with its Letter of Commitment of Semiconductor Manufacturing International Corporation on Binding Measures when Failing to Fulfill Relevant Commitments.

Commitments by substantial shareholders

1. Contents contained in the Prospectus for the A Share offering have no misrepresentation, misleading statement or material omission, and the Company will be liable for the truthfulness, accuracy and completeness of the contents contained in the Prospectus.

2. In case any misrepresentation, misleading statement or material omission in the contents contained in the Prospectus leads to any losses of investors in securities transactions, the Company will compensate for their losses in accordance with laws. The specific procedures are as follows:

   (1) When securities regulatory departments or judicial authority determine that there is any misrepresentation, misleading statement or material omission in the contents contained in the Prospectus such that the Company shall be liable, the Company will initiate relevant procedures to compensate for the losses of investors within ten working days after receiving such written confirmation;

   (2) The Company will communicate with the investors actively to negotiate and confirm the scope, sequence, amount and form of compensation;

   (3) After confirming the compensation amount through the above-mentioned method, or by securities regulatory departments or the judicial authority, the Company will make compensation accordingly.

If the Company fails to perform such obligations under the commitments above, the Company shall bear corresponding liabilities in accordance with the binding measures applicable to the failure of performance.

Commitments by domestic shareholders indirectly holding over 5% of shares

1. Contents contained in the Prospectus for the A Share offering have no misrepresentation, misleading statement or material omission, and the Company will be liable for the truthfulness, accuracy and completeness of the contents contained in the Prospectus.

2. In case any misrepresentation, misleading statement or material omission in the contents contained in the Prospectus leads to any losses of investors in securities transactions, the Company will compensate for their losses in accordance with laws. The specific procedures are as follows:

   (1) When securities regulatory departments or judicial authority determine that there is any misrepresentation, misleading statement or material omission in the contents contained in the Prospectus such that the Company shall be liable, the Company will initiate relevant procedures to compensate for the losses of investors within three working days after receiving such written confirmation;

   (2) The Company will communicate with the investors actively to negotiate and confirm the scope, sequence, amount and form of compensation;

   (3) After confirming the compensation amount through the above-mentioned method, or by securities regulatory departments or the judicial authority, the Company will make compensation accordingly.

If the Company fails to perform such obligations under the commitments above, the Company shall bear corresponding liabilities in accordance with the binding measures applicable to the failure of performance.

Commitments by Directors and senior management personnel

1. Contents contained in the Prospectus for the A Share offering and other application documents have no misrepresentation, misleading statement or material omission, and I will be liable for the truthfulness, accuracy and completeness of the contents contained in the Prospectus.

2. In case any misrepresentation, misleading statement or material omission in the contents contained in the Prospectus and other application documents leads to any losses of investors in securities transactions, I will compensate for their losses in accordance with laws. The specific procedures are as follows:

   (1) When securities regulatory departments or other competent authorities determine that there is any misrepresentation, misleading statement or material omission in the contents contained in the Prospectus and other application documents such that I shall be liable, I will initiate relevant procedures to compensate for the losses of investors within three working days after receiving such written confirmation;

   (2) I will communicate with the issuer, other intermediaries and the investors actively to negotiate and confirm the scope, sequence, amount and form of compensation;

   (3) After confirming the compensation amount through the above-mentioned method, or by securities regulatory departments or the judicial authority, I will make compensation in the form confirmed through the above-mentioned method or such other forms required by laws.

The commitments made by me shall comply with applicable laws, regulations and regulatory documents, as well as the regulatory requirements of the securities regulatory authority and other competent authorities. In violation of the above-mentioned commitments, I will undertake corresponding obligations in accordance with the Letter of Commitment of Directors and Senior Management Personnel of Semiconductor Manufacturing International Corporation on Binding Measures when Failing to Fulfill Relevant Commitments.

Note 8:

Commitments by the Company

1. All public commitments made by the Company in the course of the A Share offering (hereinafter referred to as the "Company Commitments") are true and binding on the Company. The Company voluntarily accepts the supervision by regulatory authorities, self-regulatory organisations and the public. The Company will perform all obligations and take all responsibilities under the Company Commitments strictly.

2. If the Company fails to fulfill the Company Commitments fully and effectively for reasons except force majeure, the Company hereby undertakes to adopt the following binding measures:

   (1) Taking corresponding remedial measures or making new commitments (such commitments shall fulfill relevant approval and information disclosure procedure in accordance with laws, regulations, regulatory documents, the Memorandum of Association and Articles of Association of Semiconductor Manufacturing International Corporation, and the provisions in relevant internal control policy);

   (2) Within 30 days after securities regulatory departments or other competent departments determine that the Company breaks or fails to fulfill the Company Commitments, or 30 days after determining that the investors suffer losses in securities transactions due to the Company's breaking of or failure to fulfill the Commitments, the Company will compensate for the losses of the investors in accordance with laws. The compensation amounts shall be negotiated and confirmed by and between the Company and the investors, or decided or determined by means as permitted by securities regulatory departments or other competent departments.

Commitments by substantial shareholders and domestic shareholders indirectly holding over 5% of shares

1. All public commitments made by the Company in the course of the A Share offering of issuers (hereinafter referred to as the "Shareholders Commitments") are true and binding on the Company. The Company voluntarily accepts the supervision by regulatory authorities, self-regulatory organisations and the public. The Company will perform all obligations and take all responsibilities under the Shareholders Commitments strictly.

2. If the Company fails to fulfill the Shareholders Commitments fully and effectively for reasons except force majeure, the Company hereby undertakes to adopt the following binding measures:

    (1) Taking corresponding remedial measures or making new commitments (such commitments shall fulfill relevant approval and information disclosure procedure in accordance with laws, regulations, regulatory documents, the Articles of Association, and the provisions in relevant internal control policy);

    (2) If securities regulatory departments or judicial authority determine that the Company breaks or fails to fulfill foregoing Shareholders Commitments and shall assume corresponding responsibility, the Company will assume corresponding responsibility in accordance with laws.

Commitments by Directors and senior management personnel

1. All public commitments made by me in the course of the A Share offering (hereinafter referred to as the "Individual Commitments") are true and binding on me. I voluntarily accept the supervision by regulatory authorities, self-regulatory organisations and the public. I will perform all obligations and take all responsibilities under the Individual Commitments strictly.

2. If I fail to fulfill the Individual Commitments fully and effectively for reasons except force majeure, I hereby undertake to adopt the following binding measures:

    (1) Taking corresponding remedial measures or making new commitments (such commitments shall fulfill relevant approval and information disclosure procedure in accordance with laws, regulations, regulatory documents, the Memorandum of Association and Articles of Association of Semiconductor Manufacturing International Corporation, and the provisions in relevant internal control policy);

    (2) Within 30 days after securities regulatory departments or other competent departments determine that I break or fail to fulfill foregoing Individual Undertakings, or 30 days after determining that the investors suffer losses in securities transactions due to my breaking of or failure to fulfill the Individual Commitments, I voluntarily compensate investors in advance from all salary and/or allowances I received from the issuer.

Note 9:

Commitments by the Company

1. Any dispute arising from the initial public offering and listing of RMB Ordinary Shares (A Shares) on the STAR Market of the Shanghai Stock Exchange and during the listing period of the Company on STAR Market shall be governed by the laws of the People's Republic of China (excluding Hong Kong Special Administrative Region, Macao Special Administrative Region and Taiwan) (hereinafter referred to as "China"), and be adjudicated by competent courts in China. The Company will not raise any objection to the above-mentioned applicable law and competent court.

2. The "disputes" stipulated in foregoing paragraph 1 shall include:

    (1) where Directors or senior management personnel violate laws and regulations or the Company's Articles of Association in performing their duties and cause losses to the Company, or others infringe on the legal rights and interests of the Company and cause losses to the Company, derivative litigation filed by shareholders who individually or collectively hold more than 1% of the Company's RMB Ordinary Shares (A Shares) for more than 180 consecutive days;

    (2) where the Company fails to disclose information in accordance with regulations, or there is misrepresentation, misleading statement or material omission in securities issuance documents, regular reports, interim reports and other information disclosure materials, which causes holders of RMB Ordinary Shares (A Shares) to suffer losses in securities transactions, civil lawsuits filed by holders of RMB Ordinary Shares (A Shares) against the issuer and other responsible persons.

Commitments by Directors and senior management personnel

1. Any dispute arising from and during the A Share offering and listing and during the listing period of the Company on STAR Market shall be governed by the laws of the People's Republic of China (excluding Hong Kong Special Administrative Region, Macao Special Administrative Region and Taiwan) (hereinafter referred to as "China"), and be adjudicated by competent courts in China.

2. I will not raise any objection to the above-mentioned applicable law and competent court.

Note 10:

Commitments by the Counterparties

1. The shares of the listed company obtained by our company/enterprise from this transaction shall not be transferred within 12 months from the date of completion of the share issuance. After the completion of this transaction, during the share lock-up period, any additional shares of the listed company acquired by our company/enterprise through this transaction as a result of stock dividends, capitalization of share premium and other such events of the listed company shall also be subject to the aforesaid share lock-up arrangements.

2. In the event that the aforesaid lock-up arrangements for the shares of the listed company obtained from this transaction are inconsistent with the currently effective laws and regulations and the latest regulatory opinions of the securities regulatory authorities, our company/enterprise agrees to make corresponding adjustments in accordance with the currently effective laws and regulations and the regulatory opinions of the securities regulatory authorities; upon the expiration of the aforesaid share lock-up period, the relevant provisions of the China Securities Regulatory Commission (the "CSRC") and the Shanghai Stock Exchange (the "SSE") shall be followed.

3. Our company/enterprise hereby authorizes the listed company to go through the lock-up procedures for the shares of the listed company acquired by our company/enterprise through this transaction during the lock-up period.

Note 11:

Commitments by the Company

1. The Company has provided the intermediaries engaged to render professional services such as audit, valuation, legal and financial advisory services in connection with this transaction with all the necessary documents, materials, oral statements and explanations in respect of this transaction as at the present stage, which are true, accurate and complete in all material respects and free from any false records, misleading statements or material omissions; all the duplicate materials or copies provided are consistent and in conformity with the original materials or originals; all signatures and seals on the provided documents and materials are genuine, and the legal procedures required for such signatures and seals have been completed and legal authorization has been obtained; all facts stated and explained are consistent with the actual facts that have occurred;

2. The Company warrants that it has fulfilled its statutory disclosure and reporting obligations and that there are no contracts, agreements, arrangements or other matters that should be disclosed but have not been disclosed;

3. In accordance with the progress of this transaction, the Company shall timely provide relevant information and documents in accordance with the relevant provisions of laws, regulations, rules, the CSRC and the SSE, and warrants that the information and documents to be provided continue to meet the requirements of truthfulness, accuracy and completeness;

4. The Company hereby undertakes and warrants that the information disclosure and application documents in connection with this transaction are true, accurate and complete in all material respects, free from any false records, misleading statements or material omissions, and is willing to bear the corresponding legal liabilities.

Commitments by the Directors and senior management of the Company

1. I have provided the listed company and the intermediaries engaged to render professional services such as audit, valuation, legal and financial advisory services in connection with this transaction with all relevant materials in respect of this transaction, which are true, accurate and complete in all material respects and free from any false records, misleading statements or material omissions; all the duplicate materials or copies provided are consistent and in conformity with the original materials or originals; all signatures and seals on the provided documents and materials are genuine; all facts stated and explained are consistent with the actual facts that have occurred;

2. In the event that this transaction is filed for investigation by judicial authorities or filed for examination by the CSRC on suspicion that the information provided or disclosed contains false records, misleading statements or material omissions, prior to the confirmation of the investigation conclusion, if I hold shares in the listed company, I shall not transfer the equity interests in the listed company held by me, and shall submit a written application for suspension of transfer and the securities account to the board of directors of the listed company within two trading days upon receipt of the notice of the investigation, and the board of directors shall apply to the stock exchange and the securities registration and clearing institution for the lock-up on my behalf; if I fail to submit the lock-up application within two trading days, I authorize the board of directors to verify and directly submit my identity information and account information to the stock exchange and the securities registration and clearing institution for lock-up application; if the board of directors fails to submit my identity information and account information to the stock exchange and the securities registration and clearing institution, I authorize the stock exchange and the securities registration and clearing institution to directly lock up the relevant shares. If the investigation conclusion finds that there are illegal or irregular acts, I hereby undertake that the locked-up shares shall be voluntarily used for the compensation arrangements for relevant investors;

3. In accordance with the progress of this transaction, I shall timely provide relevant information and documents in accordance with the relevant provisions of laws, regulations, rules, the CSRC and the SSE, and warrants that the information and documents to be provided continue to meet the requirements of truthfulness, accuracy and completeness;

4. I hereby undertake and warrant that the information disclosure and application documents in connection with this transaction are true, accurate and complete in all material respects, free from any false records, misleading statements or material omissions, and am willing to bear the corresponding legal liabilities in accordance with the law.

Commitments by the shareholders of the Company holding more than 5% of the shares

1. Our enterprise has provided the listed company and the intermediaries engaged to render professional services such as audit, valuation, legal and financial advisory services in connection with this transaction with all relevant materials in respect of this transaction, which are true, accurate and complete in all material respects and free from any concealment, falsification or material omissions; all the duplicate materials or copies provided are consistent and in conformity with the original materials or originals; all signatures and seals on the provided documents and materials are genuine; all facts stated and explained are consistent with the actual facts that have occurred;

2. In the event that this transaction is filed for investigation by judicial authorities or filed for examination by the CSRC on suspicion that the information provided or disclosed by our enterprise contains false records, misleading statements or material omissions, prior to the confirmation of the investigation conclusion, if our enterprise holds shares in the listed company, we shall not transfer the equity interests in the listed company held by us, and shall submit a written application for suspension of transfer and the securities account to the board of directors of the listed company within two trading days upon receipt of the notice of the investigation, and the board of directors shall apply to the stock exchange and the securities registration and clearing institution for the lock-up on our behalf; if we fail to submit the lock-up application within two trading days, we authorize the board of directors to verify and directly submit our enterprise's identity information and account information to the stock exchange and the securities registration and clearing institution for lock-up application; if the board of directors fails to submit our enterprise's identity information and account information to the stock exchange and the securities registration and clearing institution, we authorize the stock exchange and the securities registration and clearing institution to directly lock up the relevant shares. If the investigation conclusion finds that there are illegal or irregular acts, our enterprise hereby undertakes that the locked-up shares shall be voluntarily used for the compensation arrangements for relevant investors;

3. Our enterprise warrants that during its participation in this transaction, it shall timely disclose information in respect of this transaction to the listed company in accordance with the relevant provisions of applicable laws, regulations, rules, the CSRC and the SSE, and warrants the truthfulness, accuracy and completeness of such information;

4. The facts stated in this commitment letter by our enterprise are free from any false records, misleading statements or material omissions, and we shall bear the corresponding legal liabilities in accordance with the law for the truthfulness, accuracy and completeness thereof.

Commitments by the Counterparties

1. Our company/enterprise warrants that all information provided in connection with this transaction is true, accurate and complete, all duplicate materials or copies are consistent with the original materials or originals, all signatures and seals on the documents are genuine, the signatories of such documents have signed the documents upon legal authorization and validly, and there are no false records, misleading statements or material omissions; in the event that the information disclosure contains false records, misleading statements or material omissions, we shall bear the corresponding legal liabilities in accordance with the law.

2. Our company/enterprise warrants that all statements and confirmations issued in connection with this transaction are true, accurate and complete in all material respects, free from any false records, misleading statements or material omissions, and we shall bear the corresponding legal liabilities for any false records, misleading statements or material omissions therein.

3. In accordance with the progress of this transaction, our company/enterprise shall timely provide the listed company with relevant information in respect of this transaction in the course of participating in this transaction, and warrants that the information provided is true, accurate and complete in all material respects, free from any false records, misleading statements or material omissions; if the listed company or investors suffer losses due to the existence of false records, misleading statements or material omissions in the information provided, our enterprise shall bear the corresponding legal liabilities in accordance with the law.

4. In the event that this transaction is filed for investigation by judicial authorities or filed for examination by the CSRC on suspicion that the information provided or disclosed contains false records, misleading statements or material omissions, prior to the confirmation of the investigation conclusion, our enterprise shall suspend the transfer of the equity interests in the listed company held by us, and shall submit a written application for suspension of transfer and the securities account to the board of directors of the listed company within two trading days upon receipt of the notice of the investigation, and the board of directors shall apply to the stock exchange and the securities registration and clearing institution for the lock-up on our behalf; if we fail to submit the lock-up application within two trading days, we authorize the board of directors to verify and directly submit our enterprise's identity information and account information to the stock exchange and the securities registration and clearing institution for lock-up application; if the board of directors fails to submit our enterprise's identity information and account information to the stock exchange and the securities registration and clearing institution, we authorize the stock exchange and the securities registration and clearing institution to directly lock up the relevant shares. If the investigation conclusion finds that there are illegal or irregular acts, our enterprise hereby undertakes that the locked-up shares shall be voluntarily used for the compensation arrangements for relevant investors.

Commitments by the target company

1. Our company and all its directors, supervisors and senior management have provided the listed company and the intermediaries engaged to render professional services such as audit, valuation, legal and financial advisory services in connection with this transaction with all the necessary documents, materials, oral statements and explanations in respect of this transaction as at the present stage, which are true, accurate and complete in all material respects and free from any false records, misleading statements or material omissions; all the duplicate materials or copies provided are consistent and in conformity with the original materials or originals; all signatures and seals on the provided documents and materials are genuine, and the legal procedures required for such signatures and seals have been completed and legal authorization has been obtained; all facts stated and explained are consistent with the actual facts that have occurred.

2. Our company and all its directors, supervisors and senior management warrant that they have fulfilled their statutory disclosure and reporting obligations and that there are no contracts, agreements, arrangements or other matters that should be disclosed but have not been disclosed; the information and documents provided in connection with this transaction are true, accurate and complete in all material respects, free from any false records, misleading statements or material omissions, and we are willing to bear the corresponding legal liabilities.

3. In accordance with the progress of this transaction, our company and all its directors, supervisors and senior management shall timely provide relevant information and documents in accordance with the relevant provisions of laws, regulations, rules, the CSRC and the SSE, and warrants that the information and documents to be provided continue to meet the requirements of truthfulness, accuracy and completeness.

Note 12:

Commitments by the Company

1. As of the date of this commitment letter, the Company and the enterprises controlled by the Company are not in any circumstance that disables them from participating in any material asset restructuring of a listed company pursuant to Article 12 of the Regulatory Guidelines for Listed Companies No.7 – Supervision over Abnormal Stock Trading in Connection with Material Asset Restructuring of Listed Companies or Article 30 of the Self-Regulatory Supervision Guidelines for Listed Companies of the Shanghai Stock Exchange No.6 – Material Asset Restructuring. Namely, the Company and the enterprises controlled by the Company are not under investigation or criminal investigation on suspicion of insider trading in connection with this transaction, and have not been subject to administrative penalties by the CSRC or criminal liabilities by judicial organs for insider trading in connection with this transaction in the most recent 36 months.

2. As of the date of this commitment letter, the Company has not improperly disclosed any inside information in connection with this transaction or conducted insider trading by taking advantage of such inside information, and undertakes to take necessary measures to keep strictly confidential the materials and information in relation to this transaction.

3. The Company undertakes to bear corresponding legal liabilities in accordance with the law if it breaches the above commitments.

Commitments by the Directors and senior management of the Company

1. As of the date of this commitment letter, I am not in any circumstance that disables me from participating in any material asset restructuring of a listed company pursuant to Article 12 of the Regulatory Guidelines for Listed Companies No.7 – Supervision over Abnormal Stock Trading in Connection with Material Asset Restructuring of Listed Companies or Article 30 of the Self-Regulatory Supervision Guidelines for Listed Companies of the Shanghai Stock Exchange No.6 – Material Asset Restructuring. Namely, I am not under investigation or criminal investigation on suspicion of insider trading in connection with this transaction, and have not been subject to administrative penalties by the CSRC or criminal liabilities by judicial organs for insider trading in connection with this transaction in the most recent 36 months.

2. As of the date of this commitment letter, I have not improperly disclosed any inside information in connection with this transaction or conducted insider trading by taking advantage of such inside information.

3. I undertake to bear corresponding legal liabilities in accordance with the law for any losses suffered by the listed company or other investors due to my breach of the above commitments.

Commitments by the shareholders of the Company holding more than 5% of the shares

1. Our enterprise is not in any circumstance that disables it from participating in any material asset restructuring of a listed company pursuant to Article 12 of the Regulatory Guidelines for Listed Companies No.7 – Supervision over Abnormal Stock Trading in Connection with Material Asset Restructuring of Listed Companies or Article 30 of the Self-Regulatory Supervision Guidelines for Listed Companies of the Shanghai Stock Exchange No.6 – Material Asset Restructuring. Namely, our enterprise is not under investigation or criminal investigation on suspicion of insider trading in connection with this transaction, and has not been subject to administrative penalties by the CSRC or criminal liabilities by judicial organs for insider trading in connection with material asset restructuring in the most recent 36 months.

2. Our enterprise has not improperly disclosed any inside information in connection with this transaction or conducted insider trading by taking advantage of such inside information.

3. Our enterprise is willing to bear corresponding legal liabilities in accordance with the law if it breaches the above commitments.

Commitments by the Counterparties

1. As of the date of this commitment letter, our company/enterprise, its controlling shareholder (if any), actual controller (if any), directors (if any), supervisors (if any), senior management and the institutions controlled by the aforesaid parties (if any) are not in any circumstance that disables them from participating in any material asset restructuring of a listed company pursuant to Article 12 of the Regulatory Guidelines for Listed Companies No.7 – Supervision over Abnormal Stock Trading in Connection with Material Asset Restructuring of Listed Companies or Article 30 of the Self-Regulatory Supervision Guidelines for Listed Companies of the Shanghai Stock Exchange No.6 – Material Asset Restructuring. Namely, the aforesaid parties are not under investigation or criminal investigation on suspicion of insider trading in connection with this transaction, and have not been subject to administrative penalties by the CSRC or criminal liabilities by judicial organs for insider trading in connection with material asset restructuring in the most recent 36 months.

2. As of the date of this commitment letter, our company/enterprise, its controlling shareholder (if any), actual controller (if any), directors (if any), supervisors (if any) and senior management have not improperly disclosed any inside information in connection with this transaction or conducted insider trading by taking advantage of such inside information, and our company/enterprise undertakes to take necessary measures to keep strictly confidential the materials and information in relation to this transaction.

3. Our company/enterprise shall bear corresponding legal liabilities in accordance with the law for any losses suffered by the listed company or other investors due to the breach of the above commitments.

Commitments by the target company

1. The company is not in any circumstance that disables it from participating in any material asset restructuring of a listed company pursuant to Article 12 of the Regulatory Guidelines for Listed Companies No.7 – Supervision over Abnormal Stock Trading in Connection with Material Asset Restructuring of Listed Companies or Article 30 of the Self-Regulatory Supervision Guidelines for Listed Companies of the Shanghai Stock Exchange No.6 – Material Asset Restructuring.

2. As of the date of this commitment letter, the company has not improperly disclosed any inside information in connection with this transaction or conducted insider trading by taking advantage of such information, and undertakes to take necessary measures to keep strictly confidential the materials and information in relation to this transaction.

3. The company is willing to bear legal liabilities in accordance with the law if it breaches the above commitments.

Note 13:

Commitments by the Company

1. As of the date of this commitment letter, the Company is not under criminal investigation by judicial organs on suspicion of a crime or under investigation by the CSRC on suspicion of violation of laws or regulations; in the most recent three years, the Company has not been subject to criminal penalties, nor has it been subject to administrative penalties by the CSRC for violation of securities laws, administrative regulations or rules.

2. In the most recent three years, the Company has maintained a good credit standing, and has not been included in the list of joint disciplinary targets for untrustworthiness or the list of persons subject to enforcement for untrustworthiness, nor has it committed any serious untrustworthy acts in the securities market; in the most recent twelve months, the Company has not committed any acts that seriously damage the legitimate rights and interests of investors and the public interest, nor has it been publicly condemned by the stock exchange or committed any other major untrustworthy acts.

3. All facts stated in this commitment letter by the Company are objective and true, free from any false records, misleading statements or material omissions, and the Company shall bear legal liabilities for the truthfulness, accuracy and completeness thereof.

Commitments by the Directors and senior management of the Company

1. In the most recent three years, I have not been subject to administrative penalties or criminal penalties in connection with the securities market, nor have I been publicly condemned by the stock exchange in the most recent year.

2. In the most recent three years, I have not been listed as a person subject to enforcement for untrustworthiness by the people's court due to failure to repay large-sum debts on schedule, nor have I been subject to administrative penalties by the CSRC or disciplinary sanctions by the stock exchange.

3. I am not under criminal investigation by judicial organs on suspicion of a crime or under investigation by the CSRC on suspicion of violation of laws or regulations.

4. All facts stated in this commitment letter by me are objective and true, free from any false records, misleading statements or material omissions, and I shall bear legal liabilities for the truthfulness, accuracy and completeness thereof.

Commitments by the Counterparties

1. Our company/enterprise and its current key management personnel have not been subject to administrative penalties (except for those obviously irrelevant to the securities market) or criminal penalties, nor have they been involved in any major civil litigation or arbitration cases in connection with economic disputes in the most recent five years.

2. Our company/enterprise and its current key management personnel have maintained a good credit standing in the most recent five years, and have not failed to repay large-sum debts on schedule, failed to perform commitments, been subject to administrative supervision measures by the CSRC or disciplinary sanctions by the stock exchange.

3. As of the date of this commitment letter, our company/enterprise and its current key management personnel are not a party to any outstanding major litigation, arbitration or administrative penalty cases that may have a material adverse impact on this transaction.

4. Our company/enterprise undertakes to bear corresponding legal liabilities in accordance with the law if it breaches the above statements and commitments.

Commitments by the target company

1. In the most recent three years, the company has not been subject to criminal penalties, nor has it been subject to administrative penalties by the CSRC for violation of securities laws, administrative regulations or rules.

2. In the most recent three years, the company has maintained a good credit standing, and has not been included in the list of joint disciplinary targets for untrustworthiness or the list of persons subject to enforcement for untrustworthiness, nor has it committed any serious untrustworthy acts in the securities market; in the most recent twelve months, the Company has not committed any acts that seriously damage the legitimate rights and interests of investors and the public interest.

3. As of the date of this commitment letter, the company has no outstanding or foreseeable major litigation, arbitration or administrative penalty cases, nor is it under criminal investigation by judicial organs on suspicion of a crime or under investigation by the CSRC on suspicion of violation of laws or regulations.

Note 14:

Commitments by the Directors and senior management of the Company

1. I undertake not to transfer benefits to any other entity or individual free of charge or on unfair terms, nor to damage the interests of the listed company by any other means.

2. I undertake to exercise restraint over my duty-related consumption.

3. I undertake not to use the assets of the listed company for any investment or consumption activities unrelated to the performance of my duties.

4. I undertake to make every effort to ensure that the remuneration system formulated by the board of directors or the compensation committee is linked to the implementation of the measures for remedying the diluted immediate returns of the listed company.

5. If the listed company implements equity incentive in the future, I undertake to make every effort to ensure that the exercise conditions of the proposed equity incentive of the listed company are linked to the implementation of the measures for remedying the diluted immediate returns of the listed company.

6. From the date of this commitment letter to the completion of this transaction of the listed company, if the CSRC and other securities regulatory authorities formulate any new regulatory provisions on the measures for remedying the diluted immediate returns and the relevant commitments, and the above commitments fail to meet such provisions, I undertake to issue corresponding supplementary commitments in accordance with the latest provisions of the securities regulatory authorities applicable to me. I undertake to faithfully perform the measures for remedying the diluted immediate returns formulated by the listed company and any commitments made by me in this regard.

7. I undertake to bear corresponding legal liabilities in accordance with the law for any losses suffered by the listed company or other investors due to my breach of the above commitments.

Note 15:

Commitments by the shareholders of the Company holding more than 5% of the shares

1. Our enterprise undertakes that from the date of this commitment letter to the completion of this transaction, if we intend to reduce our A-share holdings based on actual operational needs or market changes, we shall act in strict compliance with the relevant provisions of laws, regulations, the CSRC and the Shanghai Stock Exchange, disclose the A-share share reduction plan in a timely manner, and strictly implement the relevant provisions and requirements of laws and regulations on the reduction of A-share holdings.

2. Our enterprise undertakes to bear corresponding legal liabilities in accordance with the law for any losses suffered by the listed company or other investors due to our breach of the above commitments.

Note 16:

Commitments by the shareholders of the Company holding more than 5% of the shares

1. On the premise of not causing any adverse impact on the legitimate interests of the listed company and other shareholders, our enterprise shall take measures to regulate and minimize related transactions with the listed company.

2. For related transactions that are necessary for normal business operations or incurred for reasonable reasons, our enterprise shall sign a standardized transaction agreement with the listed company in accordance with the basic principles of fairness, impartiality and openness for related transactions, and perform or cooperate with the listed company to perform the review and approval procedures, recusal from voting and information disclosure obligations in accordance with the relevant laws, regulations, normative documents and the internal control systems of the listed company such as the Memorandum and Articles of Association of Semiconductor Manufacturing International Corporation.

3. We undertake not to damage the legitimate interests of the listed company and other shareholders by taking advantage of related transactions.

Our enterprise shall bear corresponding legal liabilities in accordance with the law if it breaches the above commitments.

Note 17:

Commitments by the shareholders of the Company holding more than 5% of the shares

1. As of the date of this commitment letter, our company/enterprise and subsidiaries directly or indirectly controlled by us have not, directly or indirectly, engaged in any business in any way within or outside China that constitutes peer competition or potential peer competition with the principal business of the issuer/listed company or its subsidiaries, including but not limited to develop, operate or assist in operating, participating in, and engaging in relevant businesses, not independently or in conjunction with, on behalf of any person, firm or company (enterprise, unit).

2. As of the date of this commitment letter, our enterprise/company undertakes that it will not:

   (1) independently or with a third party, in the form of direct or indirect control, engage in a business or activity that constitutes peer competition or potential peer competition with issuer/listed company's or its subsidiaries' principal business that has a significant adverse impact (hereinafter referred to as the "competitive business"); (2) if our enterprise/company and its subsidiaries directly or indirectly controlled by us obtained new investment opportunities in any way to own the controlling shares, equity or interests of companies engaged in competitive business with the issuer/listed company and its subsidiaries, our enterprise/company will notify the issuer/listed company in writing. If within the reasonable period specified in the notice, the issuer/listed company makes a written reply that it is willing to accept the new investment opportunity, our enterprise/company or its subsidiaries directly or indirectly controlled by us (except the issuer/listed company and its subsidiaries) will procure as permitted by law that these new investment opportunities to be first provided to the issuer/listed company or its subsidiaries on reasonable and fair terms and conditions.

3. The undertaking takes effect from the date of making the undertaking until any of the following occurs: (1) our enterprise/company and parties acting in concert (if any) directly or indirectly hold less than 5% (exclusive) of the issuer/listed company's shares; (2) the issuer/listed company's shares are terminated from listing on the Shanghai Stock Exchange (except for the suspension of trading of the issuer/listed company's shares for any reason); (3) when there is no statutory requirement for the content of a certain undertaking, the relevant part shall be automatically terminated.

4. For any party of the letter of undertaking, "subsidiaries" shall mean any other enterprise or entity (1) holds or controls 50% or more issued share capital or 50% or more voting rights, if applicable; or (2) is entitled 50% or more profits after tax; or (3) has the right to control the composition of the board of directors or control in any other form, regardless of whether it has legal personality or not, and the subsidiaries of the enterprise or entity.

Note 18:

Commitments by the shareholders of the Company holding more than 5% of the shares

1. Upon the completion of this transaction, our enterprise shall strictly comply with the relevant rules and regulations of the CSRC and the Shanghai Stock Exchange, as well as the relevant provisions of the Memorandum and Articles of Association of Semiconductor Manufacturing International Corporation applicable to the listed company, exercise shareholder rights and perform shareholder obligations in accordance with the law, not seek improper interests by virtue of its status as a shareholder holding more than 5% of the shares, not interfere with the listed company's complete separation from other enterprises controlled by us in terms of personnel, assets, finance, organizations and business, and not affect the independence of the listed company in terms of business, assets, personnel, finance and organizations;

2. Our enterprise undertakes to bear corresponding legal liabilities in accordance with the law for any losses suffered by the listed company or other investors due to our breach of the above commitments.

Note 19:

Commitments by the shareholders of the Company holding more than 5% of the shares

1. Our enterprise shall not interfere in the business and management activities of the listed company beyond its authority, nor shall it encroach on the interests of the listed company;

2. Our enterprise shall faithfully perform the measures for remedying the diluted returns formulated by the listed company and this commitment. If our enterprise breaches or refuses to perform this commitment and causes losses to the listed company or investors, we agree to bear corresponding legal liabilities in accordance with the relevant provisions of laws, regulations and securities regulatory authorities;

3. From the date of this commitment letter to the completion of this transaction of the listed company, if the CSRC or the stock exchange formulates any new regulatory provisions on the measures for remedying the diluted returns and the relevant commitments, and the above commitments fail to meet such provisions, our enterprise undertakes to issue supplementary commitments in accordance with the latest provisions of the CSRC or the stock exchange.

All facts stated in this commitment letter by our enterprise are objective and true, free from any false records, misleading statements or material omissions, and we shall bear legal liabilities for the truthfulness, accuracy and completeness thereof. Our enterprise shall bear corresponding legal liabilities in accordance with the law if it breaches the above commitments.

Note 20:

Commitments by the Counterparties

1. Our enterprise is a legally established and validly existing enterprise. We are not in any circumstance that requires termination or dissolution pursuant to the provisions of laws, regulations or the articles of association/partnership agreement, and have the qualification to act as the counterparty of this transaction.

2. As of the date of this commitment letter, our enterprise has fulfilled the capital contribution obligation to the target company in accordance with the provisions of the Articles of Association of the target company. All capital contribution funds are our own funds, which are true and fully paid-in. We have not committed any acts in violation of the obligations and liabilities as a shareholder such as false capital contribution or capital withdrawal, and there is no circumstance that may affect the legal existence of the target company. As a shareholder of the target company, our enterprise legally holds the equity of the target company.

3. As of the date of this commitment letter, our enterprise has legal and complete ownership or disposition right to the equity of the target company held by us. Such equity has a clear ownership title, free from any entrusted shareholding, trust arrangement, income right arrangement, option arrangement or equity holding on behalf of others. No mortgage, pledge or other encumbrances have been created on such equity, and there are no other equity arrangements that prohibit or restrict the transfer thereof, nor has such equity been subject to any restraint such as seizure, attachment or freezing by judicial organs that limits the rights thereunder, or any other circumstance that hinders the transfer of the ownership title.

4. The equity assets of the target company held by our enterprise have a clear ownership title, free from any ownership disputes or potential disputes of any form.

5. Prior to the completion of this transaction, our enterprise undertakes not to create any third-party rights such as mortgage or pledge on the equity of the target company held by us.

All facts stated in this commitment letter by our enterprise are free from any false records, misleading statements or material omissions, and we shall bear legal liabilities for the truthfulness, accuracy and completeness thereof. Our enterprise shall bear corresponding legal liabilities in accordance with the law if it breaches the above commitments.

II. MATERIAL LITIGATION AND ARBITRATION

On May 7, 2020, SMIC New Technology Research and Development (Shanghai) Corporation ("SMIC New Technology"), a subsidiary of the Company, received an arbitration notice issued by the Hong Kong International Arbitration Center, whereby PDF SOLUTIONS, INC. ("PDF") filed an arbitration request with the Hong Kong International Arbitration Center. On November 12, 2025, the Tribunal rendered an award under which SMIC New Technology is to pay the relevant fees to PDF. SMIC New Technology contends that the arbitral award is manifestly improper, containing material procedural irregularities and substantive errors in the application of pivotal legal principles. As at the date of this report, SMIC New Technology has filed an application with the High Court of the Hong Kong Special Administrative Region to set aside the arbitral award.

III. SIGNIFICANT RELATED (CONNECTED) TRANSACTIONS

(I) RELATED PARTY TRANSACTIONS IN RELATION TO DAILY OPERATION

Matters that have been disclosed in temporary announcements and have developments or changes in subsequent implementation

On February 11, 2025, the Board of the Company reviewed and approved the Proposal on Renewal of 2025-2027 Related (Connected) Transactions Framework Agreement between SMIC and Datang Holdings. The Group and Datang Holdings (including its related companies) agreed to engage in business collaboration, including but not limited to wafer processing service, for a term of three years from January 1, 2025 to December 31, 2027.

The actual amounts during this period of the daily related transactions, of which annual caps in USD were approved in prior years and disclosed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange, are as follows:

Related party	Related transaction	Annual caps in 2026 (USD in million)	Actual amount for this period (USD in million)
Datang Holdings and its related parties	Sales of goods and services	85	11

(II) RELATED PARTY TRANSACTIONS IN THE ACQUISITION OR SALE OF ASSETS OR EQUITY

Matters that have been disclosed in temporary announcements and have developments or changes in subsequent implementation

Summary of the event	Inquiry index
The Company has acquired a 49.00% equity interest in SMNC held by China IC Fund, Beijing Semiconductor Manufacturing and Equipment Equity Investment Center (Limited Partnership), Beijing E-town International Investment and Development Co.,Ltd., Zhongguancun Development Group Co., Ltd. and Beijing Industrial Development Investment Management Co., Ltd., through the issuance of RMB Shares. This transaction does not constitute a major asset reorganization or a backdoor listing but will constitute a related (connected) transaction. On February 12, 2026, the Company convened an extraordinary general meeting and reviewed and approved the relevant proposals for the issuance of shares to acquire assets and conduct a related transaction. On February 25, 2026, the Company's application for issuing shares to acquire assets and conduct a related transaction was accepted by the SSE. On May 11, 2026, the Company's proposal for issuing shares to acquire assets and conduct a related transaction was approved by the Mergers and Acquisitions Review Committee of the Shanghai Stock Exchange. On May 21, 2026, the Company received the "Approval for the Registration of SMIC for the Issuance of Shares to Acquire Assets" issued by the CSRC. On June 12, 2026, Administration for Market Regulation of Beijing Economic Technological Development Area approved the industrial and commercial changes related to this transaction involving SMNC and issued a new "Business License" to SMNC. The 49% equity stake of SMNC has been registered under the Company. On June 23, 2026, the Shanghai Branch of China Securities Depository and Clearing Corporation Limited issued the "Certificate of Securities Change Registration", confirming that the Company had completed the registration of the new shares issued in connection with the acquisition of assets. A total of 547,182,073 new ordinary shares (A-shares) were registered.	For details, please refer to the relevant announcements dated February 13, 2026, February 26, 2026, May 12, 2026, May 22, 2026, June 13, 2026 and June 25, 2026 published on the website of the SSE (https://www.sse.com.cn), as well as the relevant announcements dated February 12, 2026, February 25, 2026, May 11, 2026, May 21, 2026, June 12, 2026 and June 24, 2026 published on the website of HKSE (https://www.hkexnews.hk).

IV. MATERIAL CONTRACTS AND THE IMPLEMENTATION THEREOF

(I) GUARANTEES

in USD'000

External guarantees provided by the Company (excluding guarantees provided for its subsidiaries)	
Total guarantees incurred during the Reporting Period (excluding those provided for subsidiaries)	–
Total balance of guarantees as at the end of the Reporting Period (A) (excluding those provided for subsidiaries)	–

Guarantees provided by the Company and its subsidiaries for its subsidiaries	
Total guarantees to subsidiaries incurred during the Reporting Period	408,461
Total balance of guarantees to subsidiaries as at the end of the Reporting Period (B)	6,749,846

Aggregate guarantees of the Company (including those provided for subsidiaries)	
Aggregate guarantees (A+B)	6,749,846
Percentage of aggregate guarantees to equity attributable to owners of the Company (%)	26.8
Including:	
Amount of guarantees provided for shareholders and their related parties (C)	–
Amount of debt guarantees directly or indirectly provided for guaranteed parties with gearing ratio over 70% (D)	85,104
Excess amount of aggregate guarantees over 50% of equity attributable to owners of the Company (E)	–
Aggregate amount of the above three categories (C+D+E)	85,104

SECTION 6 CHANGES IN SHARES AND INFORMATION OF SHAREHOLDERS

I. CHANGES IN SHARES

(I) TABLE OF CHANGES IN SHARES

1. Table of changes in shares

Unit: Share

	Prior to the change		Increase/(decrease) in the change					After the change	
	Number	Proportion (%)	Issuance of new shares	Shares dividend	Conversion of capital reserves into share capital	Others	Sub-total	Number	Proportion (%)
I. Shares subject to selling restrictions	–	–	547,182,073	–	–	–	547,182,073	547,182,073	6.39
1. Shares held by state-owned legal entities	–	–	446,679,243	–	–	–	446,679,243	446,679,243	5.22
2. Other domestic shareholdings	–	–	100,502,830	–	–	–	100,502,830	100,502,830	1.17
Of which: shares held by domestic non-state-owned legal entities	–	–	100,502,830	–	–	–	100,502,830	100,502,830	1.17
II. Tradable shares not subject to selling restrictions	8,000,408,035	100.00	–	–	–	13,215,887	13,215,887	8,013,623,922	93.61
1. RMB Ordinary Shares	1,999,562,549	24.99	–	–	–	–	–	1,999,562,549	23.36
2. Overseas-listed foreign shares[2]	6,000,845,486	75.01	–	–	–	13,215,887	13,215,887	6,014,061,373	70.25
III. Total shares	8,000,408,035	100.00	547,182,073	–	–	13,215,887	560,397,960	8,560,805,995	100.00

Notes:

(1) This table does not include the impact of refinancing business on share changes.

(2) Overseas-listed foreign shares in this table are ordinary shares listed on the Hong Kong Stock Exchange.

2. Description of changes in shares

During the Reporting Period, the number of RMB shares increased by 547,182,073 shares due to the issuance of shares to acquire assets, the number of Hong Kong shares increased by 13,215,887 shares due to the new shares issued under the Hong Kong share incentive plans.

3. The impact (if any) of share changes on financial indicators, such as earnings per share and equity per share from the end of the Reporting Period to the publication date of this interim report

From the end of the Reporting Period to the publication date of this interim report, the Company's share capital increased due to the new shares issued under the Hong Kong share incentive plans. The change has no significant impact on financial indicators, such as earnings per share and net assets per share.

(II) CHANGES IN RESTRICTED SHARES

Unit: Share

Name of shareholders	Increase in the number	Number at the end of the Reporting Period	Reasons for the sales restriction	Date of lifting of sales restrictions
China Integrated Circuit Industry Investment Fund Co., Ltd.	357,343,396	357,343,396	Issue shares to acquire assets	June 23, 2027
Beijing Semiconductor Manufacturing and Equipment Equity Investment Center (Limited Partnership)	100,502,830	100,502,830	Issue shares to acquire assets	June 23, 2027
Beijing E-town International Investment and Development Co., Ltd.	64,210,141	64,210,141	Issue shares to acquire assets	June 23, 2027
Zhongguancun Development Group Co., Ltd.	12,562,853	12,562,853	Issue shares to acquire assets	June 23, 2027
Beijing Industrial Development Investment Management Co., Ltd.	12,562,853	12,562,853	Issue shares to acquire assets	June 23, 2027
Total	547,182,073	547,182,073		

(III) REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, neither the Company nor its subsidiaries had conducted any repurchase, sale or redemption of any ordinary shares (including sale of treasury shares, as defined under the Hong Kong Listing Rules). As at June 30, 2026, there were no treasury shares held by the Company.

II. PARTICULARS OF SHAREHOLDERS

(I) TOTAL NUMBER OF SHAREHOLDERS

	Number of registered shareholders
Total number of shareholders of ordinary shares as at the end of the Reporting Period[Note]	296,744

Note: As at the end of the Reporting Period, 296,744 registered shareholders consist of 287,089 shareholders holding A Shares and 9,655 shareholders holding Hong Kong Shares.

(II) SUBSTANTIAL SHAREHOLDERS

As at June 30, 2026, based on the notice of disclosure of interests and public information, the following persons (other than the Directors and chief executives of the Company) had interests or short positions in 5% or more of the issued shares and underlying shares which are required to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the Hong Kong Securities and Futures Ordinance ("SFO") or which are recorded in the register required to be kept by the Company under Section 336 of the SFO:

Unit: Share

Name of shareholders	Long/short position	Nature of interests	Number of ordinary shares held		Derivatives	Total interests	Percentage of total interests to total issued share capital[1]
			Held directly	Held indirectly			
China Information and Communication Technology Group Co., Ltd.	Long Position	Beneficial owner/ interest of corporation controlled	72,470,855[2]	1,083,042,595[2]	–	1,155,513,450	13.50%
China Integrated Circuit Industry Investment Fund Co., Ltd.	Long Position	Beneficial owner/ interest of corporation controlled	357,343,396[3]	224,989,311[3]	–	582,332,707	6.80%

Notes:

(1) Based on 8,560,805,995 shares in issue as at June 30, 2026.

(2) According to the disclosure of interests notice regarding the relevant event dated June 26, 2026 submitted by CICT, CICT holds a total of 1,155,513,450 shares of the Company, of which 1,083,042,595 Hong Kong shares are held by Datang HK, a wholly-owned subsidiary of Datang Holdings, which in turn is wholly-owned by CICT, while 72,470,855 RMB shares are held directly by CICT.

(3) According to the disclosure of interests notice regarding the relevant event dated June 25, 2026 submitted by China IC Fund, China IC Fund holds a total of 582,332,707 shares of the Company, of which 224,989,311 Hong Kong shares are held by Xinxin HK, a wholly-owned subsidiary of Xunxin (Shanghai) Investment Co., Ltd., which in turn is wholly-owned by China IC Fund, while 357,343,396 RMB shares are held directly by China IC Fund.

(III) PARTICULARS OF SHAREHOLDINGS OF THE TOP TEN SHAREHOLDERS AND THE TOP TEN SHAREHOLDERS NOT SUBJECT TO SELLING RESTRICTIONS AS OF THE END OF THE REPORTING PERIOD

Particulars of shareholdings of the top ten shareholders through both general securities accounts and securities accounts with customer credit trading guarantee in securities company

1. As of the end of the Reporting Period, the Company had issued 8,560,805,995 shares, consisting of 6,014,061,373 shares in Hong Kong, accounting for approximately 70.25% of the total share capital of the Company and 2,546,744,622 shares in SSE STAR Market, accounting for approximately 29.75% of the total share capital of the Company.

2. The Company's Hong Kong Share register is provided by Computershare Hong Kong Investor Services Limited, among which, shares held by HKSCC NOMINEES LIMITED on behalf of non-registered shareholders of the Company account for approximately 99.78% of the Company's Hong Kong Shares; shares held by other registered shareholders account for approximately 0.22% of the Company's Hong Kong Shares.

3. Pursuant to the Hong Kong Securities and Futures Ordinance, shareholders holding interests in 5% or more of any class of voting shares of the Company are required to make their own declaration of interests. According to the declaration of shareholders' interests, Datang HK held 1,083,042,595 Hong Kong Shares and Xinxin HK held 224,989,311 Hong Kong Shares. The Company has excluded the number of shares held by the aforesaid shareholders from the number of shares held by HKSCC NOMINEES LIMITED in the table below.

Unit: Share

Particulars of shareholdings of top ten shareholders (excluding shares lent through securities financing)								
Name of shareholders	Increase/ (decrease) during the Reporting Period	Number of shares held at the end of the Reporting Period	Percentage (%)	Number of shares held with selling restrictions	Number of restricted shares including shares lent through securities financing	Pledged, marked or frozen Status of shares	Number	Nature of shareholders
HKSCC NOMINEES LIMITED	213,738,237	4,692,939,101	54.82	–	–	Unknown	–	Unknown
Datang Holdings (Hongkong) Investment Company Limited	(42,000,000)	1,083,042,595	12.65	–	–	Nil	–	Overseas legal person
China Integrated Circuit Industry Investment Fund Co., Ltd.	357,343,396	357,343,396	4.17	357,343,396	357,343,396	Nil	–	State-owned legal person
Xinxin (Hongkong) Capital Co., Ltd.	(157,912,712)	224,989,311	2.63	–	–	Nil	–	Overseas legal person
Sino IC Capital Co., Ltd. – China Integrated Circuit Industry Investment Fund (Phase II) Co., Ltd.	–	127,458,120	1.49	–	–	Nil	–	State-owned legal person
Beijing Semiconductor Manufacturing and Equipment Equity Investment Center (Limited Partnership)	100,502,830	100,502,830	1.17	100,502,830	100,502,830	Nil	–	Others
China Information and Communication Technology Group Co., Ltd.	–	72,470,855	0.85	–	–	Nil	–	State-owned legal person
Beijing E-town International Investment and Development Co., Ltd.	64,210,141	64,210,141	0.75	64,210,141	64,210,141	Nil	–	State-owned legal person
Guoxin Investment Co., Ltd.	39,430,200	43,375,773	0.51	–	–	Nil	–	State-owned legal person
China Merchants Bank Co., Ltd. – ChinaAMC SSE STAR 50 Exchange Traded Funds* (華夏上證科創板50成份交易型開放式指數證券投資基金)	(32,131,724)	32,377,586	0.38	–	–	Pledged	1,625,000	Others

Particulars of shareholding of top ten shareholders not subject to selling restrictions (excluding shares lent through securities financing)			
Name of shareholders	Number of tradable shares held without selling restrictions	Type and number of shares: Type	Number
HKSCC NOMINEES LIMITED	4,692,939,101	Overseas listed foreign shares	4,692,939,101
Datang Holdings (Hongkong) Investment Company Limited	1,083,042,595	Overseas listed foreign shares	1,083,042,595
Xinxin (Hongkong) Capital Co., Ltd.	224,989,311	Overseas listed foreign shares	224,989,311
Sino IC Capital Co., Ltd. – China Integrated Circuit Industry Investment Fund (Phase II) Co., Ltd.	127,458,120	RMB Ordinary Shares	127,458,120
China Information and Communication Technology Group Co., Ltd.	72,470,855	RMB Ordinary Shares	72,470,855
Guoxin Investment Co., Ltd.	43,375,773	RMB Ordinary Shares	43,375,773
China Merchants Bank Co., Ltd. – ChinaAMC SSE STAR 50 Exchange Traded Funds* (華夏上證科創板50成份交易型開放式指數證券投資基金)	32,377,586	RMB Ordinary Shares	32,377,586
CITIC Securities Company Limited-Harvest SGX-STEM Chip Traded Open-end Index Securities Investment Fund* (嘉實上證科創板芯 片交易型開放式指數證券投資基金)	30,760,679	RMB Ordinary Shares	30,760,679
Industrial and Commercial Bank of China Limited – E Fund SSE STAR 50 Exchange Traded Funds* (易方達上證科創板50成份交易型開放式指數證券投資基金)	19,795,620	RMB Ordinary Shares	19,795,620
China Construction Bank Corporation-ChinaAMC CNI Semiconductor Wafer Exchange Traded Funds* (華夏國證半導體芯片交易型開放式指數證券投資基金)	15,483,752	RMB Ordinary Shares	15,483,752
Explanations on affiliated relationship or parties acting in concert among the abovementioned shareholders	1. Datang HK is a wholly-owned subsidiary of CICT. 2. Xinxin HK is a wholly-owned subsidiary of China IC Fund. 3. Zhang Xin (張新), Xu Wenli (徐文立), Tang Xuefeng (唐雪峰) and Yang Gaofeng (楊高峰), directors of China IC Fund, also serve as the directors of China IC Fund II. Supervisors Qin Bin (秦斌) and Lu Wei (盧偉) also serve as supervisors of China IC Fund II. 4. As the fund manager, Sino IC Capital Co., Ltd. manages China IC Fund and China IC Fund II in accordance with the respective entrusted management agreements. 5. China IC Fund and China IC Fund II have some of the same shareholders. Apart from these, the Company does not know whether the other shareholders mentioned above have affiliated relationship or parties acting in concert.		

(IV) THE NUMBER OF SHARES HELD BY TOP TEN SHAREHOLDERS SUBJECT TO SELLING RESTRICTIONS AND THE CONDITIONS OF SELLING RESTRICTIONS

Unit: Share

No.	Name of shareholders subject to selling restrictions	Number of restricted shares held	Eligibility of restricted shares for trading: Tradable day	Eligibility of restricted shares for trading: Number of new shares available for trading	Restrictions on the sale
1	China Integrated Circuit Industry Investment Fund Co., Ltd.	357,343,396	June 23, 2027	–	New shares issued for asset acquisition with 12-month lock-up period
2	Beijing Semiconductor Manufacturing and Equipment Equity Investment Center (Limited Partnership)	100,502,830	June 23, 2027	–	New shares issued for asset acquisition with 12-month lock-up period
3	Beijing E-town International Investment and Development Co., Ltd.	64,210,141	June 23, 2027	–	New shares issued for asset acquisition with 12-month lock-up period
4	Zhongguancun Development Group Co., Ltd.	12,562,853	June 23, 2027	–	New shares issued for asset acquisition with 12-month lock-up period
5	Beijing Industrial Development Investment Management Co., Ltd.	12,562,853	June 23, 2027	–	New shares issued for asset acquisition with 12-month lock-up period

(V) STRATEGIC INVESTORS OR GENERAL LEGAL PERSONS BECOMING TOP TEN SHAREHOLDERS BECAUSE OF THE NEW SHARE PLACING/DEPOSITARY RECEIPTS

Name of strategic investors or general legal persons	Stipulated start date of shareholding	Stipulated end date of shareholding
China Integrated Circuit Industry Investment Fund (Phase II) Co., Ltd.	July 16, 2020	Nil
China Information and Communication Technology Group Co., Ltd.	July 16, 2020	Nil
Explanation on agreed shareholding period of strategic investors or general legal persons participating in placing of new shares	The lock-up period was within twelve months from the date of initial public offering of shares and listing on SSE STAR Market.	

III. DIRECTORS, SENIOR MANAGEMENT AND CORE TECHNICIANS

(I) CHANGES IN A-SHARES HOLDING OF CURRENT AND RESIGNED DIRECTORS, SENIOR MANAGEMENT AND CORE TECHNICIANS DURING THE REPORTING PERIOD

Name	Position	Number of shares held at the beginning of the period	Number of shares held at the end of the period	Changes in shares held for the Reporting Period	Reason for changes
Yan Dayong	Vice President, Core Technician	28,000	–	(28,000)	Trading in secondary market

(II) THE EQUITY INCENTIVES GRANTED TO THE DIRECTORS, SENIOR MANAGEMENT AND CORE TECHNICIANS DURING THE REPORTING PERIOD

1. Stock options of Directors and chief executives

(1) 2014 Stock Option Plan – Hong Kong Share

Unit: Share

Name	Position	Options grant date	Exercise price at grant date per share (HKD)	Held/ unexercised number as of 1/1/2026	Number of new grants during the Reporting Period	Lapsed number during the Reporting Period	Cancelled number during the Reporting Period	Exercised number during the Reporting Period	Weighted average closing price of Hong Kong Shares immediately before exercise dates (HKD)	Held/ unexercised number as of 06/30/2026	Closing price of Hong Kong Shares immediately before grant dates (HKD)	Exercisable period
Zhao Haijun	Co-Chief Executive Officer	9/7/2017	7.90	1,687,500	–	–	–	–	–	1,687,500	7.83	9/7/2017-9/6/2027
		5/25/2020	18.10	219,706	–	–	–	–	–	219,706	16.92	5/25/2020-5/24/2030
		5/31/2021	24.50	277,149	–	–	–	–	–	277,149	24.15	5/31/2021-5/30/2031
Liang Mong Song	Co-Chief Executive Officer	5/25/2020	18.10	659,117	–	–	–	–	–	659,117	16.92	5/25/2020-5/24/2030
Total				2,843,472	–	–	–	–		2,843,472		

2. Restricted Share Units of Directors and chief executives

(1) 2014 Equity Incentive Plan – Hong Kong Share

Unit: Share

Name	Position	RSUs grant date	Purchase price per share (HKD)	Held number as of 1/1/2026	Unvested number as of 1/1/2026	Number of new grants during the Reporting Period	Lapsed number during the Reporting Period	Cancelled number during the Reporting Period	Vested number during the Reporting Period	Weighted average closing price of Hong Kong Shares immediately before vesting dates (HKD)	Unvested number as of 06/30/2026	Held number as of 06/30/2026	Closing price of Hong Kong Shares immediately before grant dates (HKD)	Exercisable period
Wu Hanming	Independent Non-executive Director	9/5/2022	0.031	94,350	–	–	–	–	–	–	–	94,350	15.00	8/11/2022-8/11/2025
Zhao Haijun	Co-Chief Executive Officer	4/8/2022	0.031	100,385	100,385	–	–	–	100,385	68.00	–	–	16.80	3/1/2022-3/1/2026
Liang Mong Song	Co-Chief Executive Officer	4/8/2022	0.031	100,385	100,385	–	–	–	100,385	68.00	–	–	16.80	3/1/2022-3/1/2026
Total				295,120	200,770	–	–	–	200,770		–	94,350		

(2) 2024 Equity Incentive Plan – Hong Kong Share

Unit: Share

Name	Position	RSUs grant date	Consideration for the grant per share (HKD)	Held number as of 1/1/2026	Unvested number as of 1/1/2026	Number of new grants during the Reporting Period	Lapsed number during the Reporting Period	Cancelled number during the Reporting Period	Vested number during the Reporting Period	Weighted average closing price of Hong Kong Shares immediately before vesting dates (HKD)	Unvested number as of 06/30/2026	Held number as of 06/30/2026	Closing price of Hong Kong Shares immediately before grant dates (HKD)	Vesting period
Liu Xunfeng	Chairman and Executive Director	4/1/2024	0.031	106,308	49,387	–	–	–	49,387	50.70	–	49,387	15.16	4/1/2024-4/1/2026
		4/1/2025	0.031	124,377	62,188	–	–	–	37,313	50.70	24,875	105,298	46.10	4/1/2025-4/1/2027
		4/1/2026	0.031	–	–	117,983	–	–	58,991	50.70	58,992	117,983	50.70	4/1/2026-4/1/2028
Zhao Haijun	Co-Chief Executive Officer	4/1/2024	0.031	45,405	45,405	–	–	–	45,405	50.70	–	–	15.16	4/1/2024-4/1/2026
		4/1/2025	0.031	37,281	37,281	–	–	–	22,369	50.70	14,912	14,912	46.10	4/1/2025-4/1/2027
		4/1/2026	0.031	–	–	80,181	–	–	40,090	50.70	40,091	40,091	50.70	4/1/2026-4/1/2028
Liang Mong Song	Co-Chief Executive Officer	4/1/2024	0.031	45,405	45,405	–	–	–	45,405	50.70	–	–	15.16	4/1/2024-4/1/2026
		4/1/2025	0.031	37,281	37,281	–	–	–	22,369	50.70	14,912	14,912	46.10	4/1/2025-4/1/2027
		4/1/2026	0.031	–	–	80,181	–	–	40,090	50.70	40,091	40,091	50.70	4/1/2026-4/1/2028
Total				396,057	276,947	278,345	–	–	361,419		193,873	382,674		

Note: Please refer to "V. Information about the Company's Stock Incentive Plans, Employee Equity Incentive Plan or Other Employee Incentive Measures and Their Impacts" in "Section 4 Corporate Governance, Environment and Society" for details of the performance targets, the fair value on the date of grant and the accounting standards and policies adopted in respect of the RSUs granted during the Reporting Period.

(III) THE INTERESTS AND RIGHTS OF DIRECTORS AND CHIEF EXECUTIVES REQUIRED TO BE DISCLOSED UNDER THE HONG KONG LISTING RULES

As at June 30, 2026, 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 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:

Name	Long/short position	Nature of interests	Number of Ordinary Shares held	Derivatives		Total interests (share)	Percentage of aggregate interests to total issued share capital of the Company(1) (%)
				Options (Hong Kong Share)(2)	Restricted Share Units (Hong Kong Share)(2)		
Executive Director							
Liu Xunfeng	Long Position	Beneficial Owner	216,628	–	272,668	489,296	0.006
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	0.005
Liu Ming	Long Position	Beneficial Owner	83,908	–	–	83,908	0.001
Wu Hanming	Long Position	Beneficial Owner	91,575	–	94,350	185,925	0.002
Chen Xinyuan	–	–	–	–	–	–	–
Co-Chief Executive Officers							
Zhao Haijun	Long Position	Beneficial Owner	619,924	2,184,355	55,003	2,859,282	0.033
Liang Mong Song	Long Position	Beneficial Owner	646,331	659,117	55,003	1,360,451	0.016

Notes:

(1) Based on 8,560,805,995 shares in issue as at June 30, 2026.

(2) As at June 30, 2026, the interests held by Directors and Co-CEOs were all in Hong Kong Shares. For details of options (Hong Kong Share) and RSUs (Hong Kong Share), please refer to "2014 Stock Option Plan-Hong Kong Share", "2014 Equity Incentive Plan-Hong Kong Share" and "2024 Equity Incentive Plan-Hong Kong Share" in this section.

SEMICONDUCTOR MANUFACTURING INTERNATIONAL CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended June 30, 2026

(In USD'000, except per share data)

	Notes	Six months ended 06/30/26	06/30/25
Revenue	4	**5,511,075**	4,456,267
Cost of sales		**(4,246,832)**	(3,500,600)
Gross profit		**1,264,243**	955,667
Research and development expenses		**(395,619)**	(330,811)
Selling and marketing expenses		**(23,764)**	(24,301)
General and administrative expenses		**(238,170)**	(338,211)
Impairment losses on financial assets, net		**3,869**	(742)
Other operating income	5	**171,412**	198,646
Profit from operations		**781,971**	460,248
Interest income		**132,277**	222,787
Finance costs	6	**(179,273)**	(167,155)
Foreign exchange gain		**61,964**	16,067
Other gains/(losses), net	7	**70,123**	(1,186)
Share of profit or loss of associates and a joint venture		**198,355**	(21,083)
Profit before tax		**1,065,417**	509,678
Income tax expense	8	**(101,286)**	(39,575)
Profit for the period	9	**964,131**	470,103
Other comprehensive income			
Items that may be reclassified to profit or loss in subsequent periods			
Exchange differences on translating foreign operations		**44,359**	5,774
Cash flow hedges	19	**(30,595)**	86,013
Total comprehensive income for the period		**977,895**	561,890
Profit for the period attributable to:			
Owners of the Company		**676,645**	320,522
Non-controlling interests		**287,486**	149,581
		964,131	470,103
Total comprehensive income for the period attributable to:			
Owners of the Company		**690,407**	412,305
Non-controlling interests		**287,488**	149,585
		977,895	561,890
Earnings per share			
Basic	10	**$0.08**	$0.04
Diluted	10	**$0.08**	$0.04

SEMICONDUCTOR MANUFACTURING INTERNATIONAL CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of June 30, 2026

(In USD'000)

	Notes	06/30/26	12/31/25
Assets			
Non-current assets			
Property, plant and equipment	12	**33,075,656**	32,557,778
Right-of-use assets	13	**363,739**	374,956
Intangible assets		**23,884**	20,397
Investments in associates		**2,501,476**	1,309,570
Investment in a joint venture		**82**	79
Deferred tax assets		**37,747**	35,212
Financial assets at fair value through profit or loss	14	**1,359,264**	810,501
Financial assets at amortised cost	14	**1,065,898**	1,532,265
Other assets		**3,405**	5,521
Total non-current assets		**38,431,151**	36,646,279
Current assets			
Inventories	16	**4,360,884**	3,629,802
Prepayment and prepaid operating expenses		**77,586**	67,518
Trade and other receivables	17	**1,512,779**	1,432,684
Financial assets at fair value through profit or loss	14	**85,206**	380,857
Financial assets at amortised cost	14	**4,489,496**	4,150,600
Derivative financial instruments	14	**22,916**	87,151
Cash and cash equivalents	15	**8,216,015**	5,872,500
		18,764,882	15,621,112
Assets classified as held-for-sale		**3,917**	3,917
Total current assets		**18,768,799**	15,625,029
Total assets		**57,199,950**	52,271,308

SEMICONDUCTOR MANUFACTURING INTERNATIONAL CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of June 30, 2026

(In USD'000)

	Notes	06/30/26	12/31/25
Equity and liabilities			
Capital and reserves			
Ordinary shares	18	**34,243**	32,002
Share premium		**20,425,807**	14,394,785
Other reserves	19	**(2,845,417)**	154,677
Retained earnings		**7,534,851**	6,858,206
Equity attributable to owners of the Company		**25,149,484**	21,439,670
Non-controlling interests		**12,707,904**	13,580,853
Total equity		**37,857,388**	35,020,523
Non-current liabilities			
Borrowings	20	**8,867,616**	9,994,773
Lease liabilities		**561**	838
Deferred tax liabilities		**119,346**	60,207
Deferred income		**337,847**	377,903
Total non-current liabilities		**9,325,370**	10,433,721
Current liabilities			
Trade and other payables	21	**3,465,891**	2,965,981
Contract liabilities		**768,461**	599,378
Borrowings	20	**5,150,096**	2,593,077
Lease liabilities		**684**	7,493
Deferred income		**183,443**	188,930
Accrued liabilities		**434,662**	409,749
Derivative financial instruments	14	**11,075**	18,994
Current tax liabilities		**2,880**	33,462
Total current liabilities		**10,017,192**	6,817,064
Total liabilities		**19,342,562**	17,250,785
Total equity and liabilities		**57,199,950**	52,271,308

SEMICONDUCTOR MANUFACTURING INTERNATIONAL CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2026

(In USD'000)

	Ordinary shares (Note 18)	Share premium	Equity-settled employee benefit reserve	Foreign currency translation reserve
As at January 1, 2025	31,905	14,266,359	68,618	(145,800)
Profit for the period	–	–	–	–
Other comprehensive income for the period	–	–	–	5,770
Total comprehensive income for the period	–	–	–	5,770
Issue of shares under share incentive plans	39	31,961	(20,893)	–
Share-based compensation	–	–	17,364	–
Share of other capital reserve of associates	–	–	–	–
Capital injection from non-controlling interests	–	–	–	–
Dilution of interests in subsidiaries	–	–	–	–
Distribution to non-controlling interests	–	–	–	–
Subtotal	39	31,961	(3,529)	–
As at June 30, 2025	31,944	14,298,320	65,089	(140,030)
As at January 1, 2026	32,002	14,394,785	12,369	(113,061)
Profit for the period	–	–	–	–
Other comprehensive income for the period	–	–	–	44,357
Total comprehensive income for the period	–	–	–	44,357
Issuance of ordinary shares	2,189	5,958,978	–	–
Share issue expenses	–	(1,182)	–	–
Acquisition of non-controlling interests	–	–	–	–
Issue of shares under share incentive plans	52	73,226	(71,927)	–
Share-based compensation	–	–	114,753	–
Share of other capital reserve of associates	–	–	–	–
Capital injection from non-controlling interests	–	–	–	–
Dilution of interests in subsidiaries	–	–	–	–
Subtotal	2,241	6,031,022	42,826	–
As at June 30, 2026	34,243	20,425,807	55,195[1]	(68,704)[1]

[1] These reserve accounts comprise the other reserves of US$-2,845,417 thousand (December 31, 2025: US$154,677 thousand) in the consolidated statement of financial position.

SEMICONDUCTOR MANUFACTURING INTERNATIONAL CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2026

(In USD'000)

	Cash flow hedges reserve (Note 19)	Others	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total equity
	(78,269)	297,921	6,173,075	**20,613,809**	11,255,849	**31,869,658**
	–	–	320,522	**320,522**	149,581	**470,103**
	86,013	–	–	**91,783**	4	**91,787**
	86,013	–	320,522	**412,305**	149,585	**561,890**
	–	–	–	**11,107**	–	**11,107**
	–	–	–	**17,364**	2,141	**19,505**
	–	5,029	–	**5,029**	–	**5,029**
	–	–	–	**–**	276,899	**276,899**
	–	(4,092)	–	**(4,092)**	4,092	**–**
	–	–	–	**–**	(2,314)	**(2,314)**
	–	937	–	**29,408**	280,818	**310,226**
	7,744	298,858	6,493,597	**21,055,522**	11,686,252	**32,741,774**
	49,311	206,058	6,858,206	**21,439,670**	13,580,853	**35,020,523**
	–	–	676,645	**676,645**	287,486	**964,131**
	(30,595)	–	–	**13,762**	2	**13,764**
	(30,595)	–	676,645	**690,407**	287,488	**977,895**
	–	–	–	**5,961,167**	–	**5,961,167**
	–	–	–	**(1,182)**	–	**(1,182)**
	–	(2,974,291)	–	**(2,974,291)**	(2,986,876)	**(5,961,167)**
	–	–	–	**1,351**	–	**1,351**
	–	(58,461)	–	**56,292**	11,755	**68,047**
	–	(1,960)	–	**(1,960)**	–	**(1,960)**
	–	–	–	**–**	1,792,714	**1,792,714**
	–	(21,970)	–	**(21,970)**	21,970	**–**
	–	(3,056,682)	–	**3,019,407**	(1,160,437)	**1,858,970**
	18,716[1]	(2,850,624)[1]	7,534,851	**25,149,484**	12,707,904	**37,857,388**

SEMICONDUCTOR MANUFACTURING INTERNATIONAL CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2026

(In USD'000)

	Six months ended	
	06/30/26	06/30/25
Operating activities		
Cash generated from operations	**3,062,717**	779,150
Interest paid	**(124,876)**	(106,382)
Interest received	**341,891**	254,062
Income taxes paid	**(72,631)**	(17,573)
Net cash generated from operating activities	**3,207,101**	909,257
Investing activities		
Acquisition of financial assets at fair value through profit or loss	**(582,387)**	(204,751)
Proceeds from sale of financial assets at fair value through profit or loss	**376,528**	389,648
Acquisition of financial assets at amortised cost	**(1,907,663)**	(1,301,067)
Proceeds from maturity of financial assets at amortised cost	**1,921,885**	1,745,503
Acquisition of property, plant and equipment	**(2,853,006)**	(3,418,553)
Proceeds from disposal of property, plant and equipment and assets classified as held-for-sale	**1,698**	12,741
Acquisition of intangible assets	**(6,384)**	–
Proceeds from disposal of land-use right	**–**	5,168
Capital injection in associates	**(957,586)**	(77,776)
Proceeds from/(payments for) sale of equity interests in associates and a joint venture	**34,156**	(51,028)
Dividends received from associates	**1,333**	1,794
Proceeds from settlement of derivative financial instruments	**3,587**	11,192
Net cash used in investing activities	**(3,967,839)**	(2,887,129)
Financing activities		
Proceeds from borrowings	**2,511,071**	2,628,543
Repayment of borrowings	**(1,491,884)**	(1,708,486)
Repayment of the principal portion of the lease liabilities	**(7,117)**	(10,302)
Repayment of bonds	**–**	(600,000)
Proceeds from issue of shares under share incentive plans	**1,351**	11,107
Capital injection from non-controlling interests	**1,792,714**	276,899
Proceeds from settlement of derivative financial instruments	**166,307**	8,824
Distribution to non-controlling interests	**–**	(2,314)
Net cash generated from financing activities	**2,972,442**	604,271
Net increase/(decrease) in cash and cash equivalents	**2,211,704**	(1,373,601)
Cash and cash equivalents at the beginning of the period	**5,872,500**	6,364,189
Effects of exchange rate changes on cash and cash equivalents	**131,811**	92,087
Cash and cash equivalents at the end of the period	**8,216,015**	5,082,675

1. GENERAL INFORMATION

The Company was established under the laws of the Cayman Islands on April 3, 2000. The Company's ordinary shares are listed on the mainboard of The Stock Exchange of Hong Kong Limited and the SSE STAR Market, respectively. The registered address is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111 Cayman Islands.

The Company is an investment holding company. The subsidiaries of the Company are engaged in the manufacture and testing of integrated circuits wafer (silicon wafers and various compound semiconductors), the rendering of the development, design and technical services related to integrated circuits, the manufacture of photomask, the testing and sale of self-produced products, and other services.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board as well as with the applicable disclosure requirements of Appendix 16 to the Hong Kong Listing Rules. The interim condensed consolidated financial statements should be read in conjunction with the Group's annual consolidated financial statements for the year ended December 31, 2025, which have been prepared in accordance with IFRS Accounting Standards.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2025, except for the adoption of the following amended IFRS Accounting Standards for the first time for the current period's financial information.

Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7

The nature and impact of the amended IFRS Accounting Standards are described below:

Amendments to IFRS 9 and IFRS 7 Amendments to the Classification and Measurement of Financial Instruments clarify that a financial asset is derecognised when the entity's rights to the contractual cash flows expire or are transferred, while a financial liability is derecognised on the settlement date. The amendments introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. Since the Group's accounting policy for the derecognition of financial assets and liabilities in prior years aligned with the amendments and the Group did not have the financial assets that were addressed by the amendments, the amendments did not have any impact on the interim condensed consolidated financial information. The Group will provide additional disclosures for its equity investments designated at fair value through other comprehensive income in the Group's consolidated financial statements for the year ending December 31 2026.

Amendments to IFRS 9 and IFRS 7 Contracts Referencing Nature-dependent Electricity clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. As the Group did not have any contracts that are in the scope of the amendments, the amendments did not have any impact on the interim condensed consolidated financial information.

Annual Improvements to IFRS Accounting Standards – Volume 11 set out narrow scope amendments to IFRS 1, IFRS 7 (and the accompanying Guidance on implementing IFRS 7), IFRS 9, IFRS 10 and IAS 7. The amendments include clarifications, simplifications, corrections or changes to improve consistency in the corresponding IFRS Accounting Standards. The amendments did not have any impact on the interim condensed consolidated financial information.

4. SEGMENT INFORMATION AND REVENUE

DESCRIPTION OF SEGMENTS

For management purposes, the Group operates in one segment, engaging principally in the manufacture and sale of integrated circuits. Management makes high-level strategic decisions and reviews the consolidated results of the Group.

DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group's operating revenue from customers is detailed as below:

	Six months ended	
	06/30/26 **USD'000**	06/30/25 USD'000
By region		
China	**4,938,357**	3,752,855
America	**479,870**	566,997
Eurasia	**92,848**	136,415
	5,511,075	4,456,267
By type of goods or services		
wafers	**5,196,844**	4,228,551
Masks, testing and others	**314,231**	227,716
	5,511,075	4,456,267
By timing of revenue recognition		
Goods transferred at a point in time	**5,510,876**	4,443,580
Services transferred over time	**199**	12,687
	5,511,075	4,456,267

5. OTHER OPERATING INCOME

	Six months ended	
	06/30/26 **USD'000**	06/30/25 USD'000
Government funding	**154,083**	173,820
Others	**17,329**	24,826
	171,412	198,646

6. FINANCE COSTS

	Six months ended	
	06/30/26 **USD'000**	06/30/25 USD'000
Interest on:		
Bank borrowings	**114,300**	102,209
Leases	**73**	207
Corporate bonds	**–**	2,821
Cash flow hedges	**64,900**	61,918
	179,273	167,155

7. OTHER GAINS/(LOSSES), NET

	Six months ended	
	06/30/26 USD'000	06/30/25 USD'000
Fair value gains/(losses), net and dividend income from financial assets:		
Structural deposits and monetary funds	**2,041**	3,883
Equity instruments	**38,785**	(4,785)
	40,826	(902)
Gain on deemed disposal of associates[1]	**27,192**	1,103
Others	**2,105**	(1,387)
	70,123	(1,186)

(1) Gain on deemed disposal of associates represents the impact of dilution of the Group's equity interests in associates as a result of capital injection to associates by other investors.

8. INCOME TAX EXPENSE

	Six months ended	
	06/30/26 USD'000	06/30/25 USD'000
Current tax		
– Land Appreciation Tax	**–**	3,535
– Enterprise Income Tax	**46,689**	47,758
Deferred tax	**54,597**	(11,718)
	101,286	39,575

INCOME TAX RATE

The Company is incorporated in the Cayman Islands, and not currently subject to taxation. The applicable corporate income tax rates for the Group's entities located in Chinese Mainland are as follows:

According to tax laws and regulations of the People's Republic of China, the standard corporate income tax rate is 25%. Some subsidiaries of the Company were qualified as high-tech enterprises and were entitled to enjoy the preferential corporate income tax rate of 15% in 2026.

Pillar Two income taxes

By assessing and considering the transitional safe harbour test relief for the tax jurisdictions where the constituent entities of the Group is located in 2026, the Group does not expect a material exposure to Pillar Two income taxes.

9. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging/(crediting):

	Six months ended	
	06/30/26 USD'000	06/30/25 USD'000
Depreciation of property, plant and equipment	**2,285,747**	1,725,627
Depreciation of right-of-use assets	**11,217**	14,516
Amortisation of intangible assets	**2,896**	4,237
Impairment losses recognised on inventories	**24,142**	32,273
(Reversal)/addition in allowance on doubtful trade and other receivables	**(3,869)**	742
Equity-settled share-based payment expense	**68,047**	19,505

10. EARNINGS PER SHARE

BASIC EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	(In USD'000, except share and per share data) Six months ended	
	06/30/26	06/30/25
Earnings used in the calculation of basic earnings per share	**676,645**	320,522
Weighted average number of ordinary shares for the purposes of basic earnings per share (share)	**8,027,718,260**	7,982,403,484
Basic earnings per share	**$0.08**	$0.04

DILUTED EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares used in the calculation of diluted earnings per share are as follows:

	(In USD'000, except share and per share data) Six months ended	
	06/30/26	06/30/25
Earnings used in the calculation of diluted earnings per share	**676,645**	320,522
Weighted average number of ordinary shares used in the calculation of basic earnings per share (share)	**8,027,718,260**	7,982,403,484
Adjustments for share incentive plans (share)	**10,431,202**	23,164,671
Weighted average number of ordinary shares used in the calculation of diluted earnings per share (share)	**8,038,149,462**	8,005,568,155
Diluted earnings per share	**$0.08**	$0.04

11. DIVIDEND

The board of directors did not recommend the payment of any dividend for the six months ended June 30, 2026 (six months ended June 30, 2025: nil).

12. PROPERTY, PLANT AND EQUIPMENT

	Six months ended	
	06/30/26 USD'000	06/30/25 USD'000
As at January 1	**32,557,778**	28,092,037
Additions	**3,524,000**	3,447,228
Depreciation	**(2,285,747)**	(1,725,627)
Disposals and others	**(720,375)**	(1,322)
As at June 30	**33,075,656**	29,812,316

13. LEASES

The carrying amounts of the Group's right-of-use assets during this period are as follows:

	06/30/26 USD'000	12/31/25 USD'000
Buildings	**1,188**	1,596
Machinery and equipment	**–**	6,533
Land use right	**362,551**	366,827
	363,739	374,956

For the six months ended June 30, 2026, there were no new additions to the right-of-use assets (six months ended June 30, 2025: nil).

14. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Group holds the following financial instruments:

Financial assets	**06/30/26 USD'000**	12/31/25 USD'000
Non-current portion		
Financial assets at fair value through profit or loss		
Equity instruments – listed companies	**28**	29
Equity instruments – unlisted companies	**1,359,236**	810,472
Financial assets at amortised cost		
Bank deposits maturing more than 1 year	**1,065,898**	1,532,265
Current portion		
Financial assets at fair value through profit or loss		
Structural deposits	**25,713**	323,806
Monetary funds	**59,493**	57,051
Financial assets at amortised cost		
Bank deposits maturing more than 3 months and within 1 year	**4,489,496**	4,150,600
Other financial assets at amortised cost		
Cash and cash equivalents	**8,216,015**	5,872,500
Financial assets included in trade and other receivables(1) (Note 17)	**1,111,184**	962,871
Derivative financial instruments		
Cross currency swap contracts – cash flow hedges	**20,582**	84,151
Forward exchange contracts – cash flow hedges	**2,334**	3,000
	16,349,979	13,796,745

(1) Financial assets included in trade and other receivables excluded the value-added tax to be deducted and tax recoverables.

14. FINANCIAL ASSETS AND FINANCIAL LIABILITIES *(continued)*

Financial liabilities	06/30/26 USD'000	12/31/25 USD'000
Non-current portion		
Financial liabilities at amortised cost		
Borrowings (Note 20)	**8,867,616**	9,994,773
Lease liabilities	**561**	838
Current portion		
Financial liabilities at amortised cost		
Financial liabilities included in trade and other payables and accrued liabilities	**3,448,711**	2,946,616
Borrowings (Note 20)	**5,150,096**	2,593,077
Lease liabilities	**684**	7,493
Derivative financial instruments		
Cross currency swap contracts – cash flow hedges	**10,978**	18,994
Forward exchange contracts – cash flow hedges	**97**	–
	17,478,743	15,561,791

15. CASH AND CASH EQUIVALENTS

ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS

	06/30/26 USD'000	12/31/25 USD'000
Cash and bank balances	**8,061,455**	5,744,303
Non-pledged time deposits with original maturity of less than three months when acquired	**154,560**	128,197
Cash and cash equivalents as stated in the statement of financial position and in the statement of cash flows	**8,216,015**	5,872,500

CURRENCIES IN WHICH CASH AND CASH EQUIVALENTS ARE HELD

	06/30/26 USD'000	12/31/25 USD'000
RMB	**5,547,375**	4,305,282
USD	**1,871,063**	866,228
JPY	**626,739**	537,257
EUR	**150,131**	148,122
HKD	**19,494**	14,414
TWD	**1,213**	1,197
	8,216,015	5,872,500

16. INVENTORIES

	06/30/26 USD'000	12/31/25 USD'000
Raw materials	**2,025,829**	1,786,581
Work in progress	**1,905,374**	1,490,075
Finished goods	**429,681**	353,146
	4,360,884	3,629,802

17. TRADE AND OTHER RECEIVABLES

	06/30/26 USD'000	12/31/25 USD'000
Trade receivables	1,045,183	881,991
Allowance on doubtful trade receivables	(1,262)	(5,231)
	1,043,921	876,760
Other receivables	8,283	7,773
Allowance on doubtful other receivables	(328)	(275)
	7,955	7,498
Notes receivables	38,062	44,523
Value-added tax to be deducted	388,012	458,582
Tax recoverables	13,583	11,231
Investment receivables	9,701	14,790
Dividend receivables	–	1,486
Refundable deposits and surety	11,545	17,814
	1,512,779	1,432,684

The following is an aging analysis of trade receivables presented based on the invoice date at the end of the Reporting Period.

Age of trade receivables	06/30/26 USD'000	12/31/25 USD'000
Not overdue	949,735	794,937
Within 1 year	95,166	82,237
1-2 years	79	4,611
2-3 years	192	183
Over 3 years	11	23
	1,045,183	881,991

Trade receivables are amounts due from customers for goods sold or services rendered in the ordinary course of business, which are generally due for settlement within 30-90 days. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures at amortised cost using the effective interest method. The Group does not hold any collateral or other credit enhancements over the trade receivable balances.

The following is an aging analysis of other receivables at the end of the Reporting Period.

Age of other receivables	06/30/26 USD'000	12/31/25 USD'000
Within 1 year	7,533	7,073
1-2 years	20	609
2-3 years	667	60
Over 3 years	63	31
	8,283	7,773

Due to the short-term nature of the current receivables, the carrying amounts of trade and other receivables are considered to be the same as their fair value.

18. SHARES AND ISSUED CAPITAL

	Six months ended 06/30/26		Six months ended 06/30/25	
	Number	USD'000	Number	USD'000
As at January 1	8,000,408,035	32,002	7,976,149,966	31,905
Issue of shares under share incentive plans	13,215,887	52	9,912,477	39
Issue of shares to acquire non-controlling interests	547,182,073	2,189	–	–
As at June 30	8,560,805,995	34,243	7,986,062,443	31,944

19. OTHER RESERVES

CASH FLOW HEDGES RESERVE

To mitigate the impact of volatility of future cash flows caused by the changes in exchange rates and interest rates associated with outstanding debts, the Group entered into several cross currency swap contracts, interest rate swap contracts and forward exchange contracts, which were designated as hedging instruments. Any gains or losses arising from changes in fair value of these hedging instruments are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income/(loss) and later reclassified to profit or loss when the hedged item affects profit or loss.

The hedging reserve is used to record gains or losses on derivatives designated and qualified as cash flow hedges that are recognised in other comprehensive income. Amounts will be reclassified to profit or loss when the associated hedged transaction affects profit or loss.

	Six months ended	
	06/30/26 USD'000	06/30/25 USD'000
Other comprehensive income on cash flow hedges recognised		
Fair value gain	150,365	18,833
Offset foreign exchange (loss)/gain	(234,079)	18,717
Added finance cost	53,176	46,795
Deferred tax liabilities	(57)	1,668
	(30,595)	86,013
As at January 1	49,311	(78,269)
As at June 30	18,716	7,744

OTHERS

The change in others was primarily due to the issuance of ordinary shares to acquire non-controlling interests. The excess of the consideration over the non-controlling interests reduced other reserves by US$2,974,291 thousand.

20. BORROWINGS

At amortised cost	06/30/26 USD'000	12/31/25 USD'000
Short-term bank (unsecured)	**2,129,459**	490,710
Long-term bank borrowings (secured) – Guaranteed loans	**6,749,846**	6,662,227
Long-term bank borrowings (unsecured)	**5,138,407**	5,434,913
	14,017,712	12,587,850
Current portion		
Short-term bank borrowings	**2,129,459**	490,710
Long-term bank borrowings maturing within 1 year	**3,020,637**	2,102,367
	5,150,096	2,593,077
Non-current portion		
Long-term bank borrowings maturing more than 1 year	**8,867,616**	9,994,773
	14,017,712	12,587,850
Borrowings repayable period		
Within 1 year	**5,150,096**	2,593,077
1-2 years	**632,466**	1,790,459
2-5 years	**1,775,139**	1,437,005
Over 5 years	**6,460,011**	6,767,309
	14,017,712	12,587,850
Borrowings by currency		
RMB	**12,729,007**	12,097,140
USD	**1,288,705**	490,710
	14,017,712	12,587,850
Borrowings by type of interest rate		
Fixed interest rate	**8,859,703**	6,606,218
Variable interest rate	**5,158,009**	5,981,632
	14,017,712	12,587,850

The weighted average effective interest rates of borrowings are set out as follows:

	06/30/26 USD'000	12/31/25 USD'000
RMB	**1.79%**	1.74%
USD	**3.84%**	3.84%

The above interest rates do not include the impact of hedging Instruments.

As of June 30, 2026, there were no pledged loans (December 31, 2025: nil) secured by the pledge of bank deposits.

The fair values of borrowings approximate to their carrying amounts, since either the interest payable on those borrowings is close to current market rates, or the borrowings are of a short-term nature.

21. TRADE AND OTHER PAYABLES

	06/30/26 USD'000	12/31/25 USD'000
Payables for property, plant and equipment	2,056,204	1,633,573
Trade payables	913,461	830,042
Deposits received	244,742	291,743
Notes payables	40,331	19,301
Others	211,153	191,322
	3,465,891	2,965,981

Trade and other payables are non-interest-bearing and are normally settled on terms of 30 to 60 days.

The following is an aging analysis of trade payables, notes payables and payables for property, plant and equipment presented based on the invoice date at the end of the Reporting Period:

	06/30/26 USD'000	12/31/25 USD'000
Within 30 days	2,845,848	2,328,915
31-60 days	114,284	116,333
Over 60 days	49,864	37,668
	3,009,996	2,482,916

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

22. SHARE-BASED PAYMENTS

SHARE INCENTIVE PLANS

The Company's share incentive plans allow the Company to offer a variety of incentive awards, including 2014 Stock Option Plan, 2014 Equity Incentive Plan, 2024 Equity Incentive Plan and 2021 STAR Market Restricted Share Incentive Scheme, to employees of the Group.

The expense arising from equity-settled share-based payments for the six months ended June 30, 2026 was US$68.0 million (six months ended June 30, 2025: US$19.5 million).

MOVEMENTS DURING THIS PERIOD

2014 Stock Option Plan

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movements in, stock options during this period:

	Six months ended 06/30/26		Six months ended 06/30/25	
	Number	WAEP	Number	WAEP
Outstanding at January 1	9,161,696	HKD16.87	15,303,689	HKD17.88
Lapsed during the period	(62,427)	HKD14.82	(47,038)	HKD22.06
Exercised during the period	(559,257)	HKD18.80	(4,430,237)	HKD19.48
Outstanding at June 30	8,540,012	HKD16.76	10,826,414	HKD17.20

The weighted average closing price of the Company's shares immediately before the dates while the stock options were exercised was HKD75.83 (six months ended June 30, 2025: HKD41.82).

The range of exercise prices for options outstanding for the six months ended June 30, 2026 was from HKD7.90 to HKD24.50 (six months ended June 30, 2025: from HKD6.42 to HKD24.50).

No stock options were granted for the six months ended June 30, 2026.

22. SHARE-BASED PAYMENTS *(continued)*

MOVEMENTS DURING THIS PERIOD *(continued)*

2014 Equity Incentive Plan

The following table illustrates the number and purchase price of, and movements in, 2014 RSUs during this period:

	Six months ended 06/30/26		Six months ended 06/30/25	
	Number	Purchase price	Number	Purchase price
Unvested at January 1	1,423,867	HKD0.031	4,801,041	HKD0.031
Lapsed during the period	(23,140)	HKD0.031	(78,516)	HKD0.031
Vested during the period	(1,218,830)	HKD0.031	(2,979,961)	HKD0.031
Unvested at June 30	181,897	HKD0.031	1,742,564	HKD0.031

The weighted average closing price of the Company's shares immediately before the dates on which the 2014 RSUs were vested was HKD68.10 (six months ended June 30, 2025: HKD50.76).

No 2014 RSUs were granted for the six months ended June 30, 2026.

2024 Equity Incentive Plan

The following table illustrates the number and purchase price of, and movements in, 2024 RSUs during this period:

	Six months ended 06/30/26		Six months ended 06/30/25	
	Number	Purchase price	Number	Purchase price
Unvested at January 1	2,932,944	HKD0.031	4,180,026	HKD0.031
Granted during the period	18,298,455	HKD0.031	2,876,943	HKD0.031
Lapsed during the period	(197,818)	HKD0.031	(109,305)	HKD0.031
Vested during the period	(11,491,056)	HKD0.031	(3,958,172)	HKD0.031
Unvested at June 30	9,542,525	HKD0.031	2,989,492	HKD0.031

The weighted average closing price of the Company's shares immediately before the dates on which the 2024 RSUs were vested was HKD50.70 (six months ended June 30, 2025: HKD45.65).

2024 RSUs were granted on April 1, 2026 with the fair value of HKD52.82 (April 1, 2025: HKD44.27).

The valuation of the 2024 RSUs is based on ordinary stock price on grant date.

2021 STAR Market Restricted Share Incentive Scheme

The following table illustrates the number and grant price of, and movements in, restricted shares during this period:

	Six months ended 06/30/26		Six months ended 06/30/25	
	Number	Grant price	Number	Grant price
Unvested at January 1	1,095,840	RMB20.00	13,153,720	RMB20.00
Lapsed during the period	(48,960)	RMB20.00	(519,060)	RMB20.00
Unvested at June 30	1,046,880	RMB20.00	12,634,660	RMB20.00

The weighted average closing price of the Company's shares immediately before the dates on which the restricted shares were vested was RMB57.72 (six months ended June 30, 2025: RMB45.92).

No restricted shares were granted for the six months ended June 30, 2026.

23. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT AMORTISED COST

The Group considers that the carrying amounts of financial assets and financial liabilities recognised in the condensed consolidated financial statement approximate their fair values.

VALUATION TECHNIQUES AND ASSUMPTIONS APPLIED FOR THE PURPOSES OF MEASURING FAIR VALUE

The fair values of financial instruments are based on quoted market prices in active markets and valuation techniques that use observable market-based inputs or unobservable inputs that are corroborated by market data. Pricing information that the Group obtains from third parties is internally validated for reasonableness prior to use in the consolidated financial statements. When observable market prices are not readily available, the Group generally estimates the fair value using valuation techniques that rely on alternate market data or inputs that are generally less readily observable from objective sources and are estimated based on pertinent information available at the time of the applicable reporting periods. In certain cases, fair values are not subject to precise quantification or verification and may fluctuate as economic and market factors vary and the Group's evaluation of those factors changes.

FAIR VALUE MEASUREMENTS RECOGNISED IN THE CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The following tables provide an analysis of financial instruments that are measured at fair value on a recurring basis subsequent to initial recognition, grouped into Levels 1 to 3 based on the degree to which the fair value is observable. There is no transfer within different levels of the fair value hierarchy in the six months ended June 30, 2026 and the year ended December 31, 2025:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

June 30, 2026	Valuation techniques	Level 1 USD'000	Level 2 USD'000	Level 3 USD'000	Total USD'000
Financial assets					
Equity instruments – listed companies	Quoted market prices	28	–	–	28
Equity instruments – unlisted companies	Valuation multiples or the latest price method of financing	–	–	1,359,236	1,359,236
Structural deposits	Monte Carlo simulation	–	–	25,713	25,713
Monetary funds	Observable prices	59,493	–	–	59,493
Cross currency swap contracts – cash flow hedges	The present value of the estimated future cash flows based on observable yield curves	–	20,582	–	20,582
Forward exchange contracts – cash flow hedges	The present value of the estimated future cash flows based on observable yield curves	–	2,334	–	2,334
		59,521	22,916	1,384,949	1,467,386
Financial liabilities					
Cross currency swap contracts – cash flow hedges	The present value of the estimated future cash flows based on observable yield curves	–	10,978	–	10,978
Forward exchange contracts – cash flow hedges	The present value of the estimated future cash flows based on observable yield curves	–	97	–	97
		–	11,075	–	11,075

23. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

FAIR VALUE MEASUREMENTS RECOGNISED IN THE CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

December 31, 2025	Valuation techniques	Level 1 USD'000	Level 2 USD'000	Level 3 USD'000	Total USD'000
Financial assets					
Equity instruments – listed companies	Quoted market prices	29	–	–	29
Equity instruments – unlisted companies	Valuation multiples or the latest price method of financing	–	–	810,472	810,472
Structural deposits	Monte Carlo simulation	–	–	323,806	323,806
Monetary funds	Observable prices	57,051	–	–	57,051
Cross currency swap contracts – cash flow hedges	The present value of the estimated future cash flows based on observable yield curves	–	84,151	–	84,151
Forward exchange contracts – cash flow hedges	The present value of the estimated future cash flows based on observable yield curves	–	3,000	–	3,000
		57,080	87,151	1,134,278	1,278,509
Financial liabilities					
Cross currency swap contracts – cash flow hedges	The present value of the estimated future cash flows based on observable yield curves	–	18,994	–	18,994

FAIR VALUE MEASUREMENTS USING SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)

The following table presents the changes in level 3 instruments for the six months ended:

	Equity instruments – unlisted companies USD'000	**Structural deposits** USD'000	**Total** USD'000
As at January 1, 2025	132,067	476,180	608,247
Additions	1,391	203,361	204,752
Disposals	(3,931)	(370,608)	(374,539)
(Loss)/gain recognised	(4,796)	2,921	(1,875)
Exchange realignment	466	(308)	158
As at June 30, 2025	125,197	311,546	436,743
As at January 1, 2026	**810,472**	**323,806**	**1,134,278**
Additions	**514,671**	**67,716**	**582,387**
Disposals	**(8,280)**	**(367,790)**	**(376,070)**
Gain recognised	**38,327**	**1,264**	**39,591**
Exchange realignment	**4,046**	**717**	**4,763**
As at June 30, 2026	**1,359,236**	**25,713**	**1,384,949**

24. ACQUISITION OF NON-CONTROLLING INTERESTS

On June 12, 2026, the Group acquired 49% shares of SMNC from the non-controlling shareholders, increasing its ownership interest to 100%. The ordinary shares with a consideration of US$5,961.2 million were issued to the non-controlling shareholders. The carrying value of the non-controlling interest of SMNC at that date was US$2,986.9 million. The following is a schedule of the non-controlling interest acquired in SMNC:

	USD'000
Consideration of the ordinary shares issued to non-controlling shareholders	(5,961,167)
Carrying amount of non-controlling interests acquired	2,986,876
Excess of consideration offset the reserve in equity	(2,974,291)

25. RELATED PARTY TRANSACTIONS

The names of the related parties which had transactions with the Group for the six months ended June 30, 2026 and the relationships with the Group are disclosed below:

Related party name	Relationship
Datang Holdings and its related parties ("Datang")	Datang Holdings through Datang HK indirectly holding more than 5% shares of the Company
Toppan Sensing Electronics (Shanghai) Co., Ltd. ("Toppan")	An associate of the Group
Brite Semiconductor (Shanghai) Co., Ltd. ("Brite") and its subsidiaries	An associate of the Group
China Fortune-Tech Capital Co., Ltd. ("China Fortune-Tech")	An associate of the Group
Semi-Tech Leasing Group Co., Ltd. (former Sino IC Leasing Co., Ltd.) ("Semi-Tech Leasing") and its subsidiaries	An associate of the Group
Ningbo Semiconductor International Corporation ("NSI")	An associate of the Group
Semiconductor Global Solutions Co., Ltd. (former Semiconductor Global Solutions Corporation) ("SGS") and its subsidiaries	An associate of the Group
Semiconductor Technology Innovation Center (Beijing) Co., Ltd. ("Beijing Innovation Center")	An associate of the Group
Shanghai Furui Technology Co., Ltd. ("Furui")	An associate of the Group
China IC Fund II	Directly holding more than 10% of the shares of certain subsidiaries of the Group
Shanghai Integrated Circuit Industry Investment Fund (Phase II) Co., Ltd. ("Shanghai IC Fund II")	Directly holding more than 10% of the shares of a subsidiary of the Group
Key Management Personnel who have transactions with the Group	Directors and senior management personnel

25. RELATED PARTY TRANSACTIONS *(continued)*

TRADING TRANSACTIONS

During this period, the Group's transactions with related parties that are not members of the Group are as below:

		Six months ended	
		06/30/26 USD'000	06/30/25 USD'000
Sale of goods and services			
Brite and its subsidiaries	Sale of goods and services	**36,455**	21,100
NSI	Sale of goods	**17,065**	13,167
Beijing Innovation Center	Sale of goods and services	**16,445**	17,634
Datang	Sale of goods and services	**11,356**	6,517
Furui	Sale of services	**362**	–
Purchase of goods and services			
Toppan	Purchase of goods	**1,889**	3,269
Beijing Innovation Center	Purchase of services	**1,451**	9,717
China Fortune-Tech	Purchase of services	**279**	–
SGS and its subsidiaries	Purchase of goods and services	**178**	681
Transfer of assets			
Semi-Tech Leasing and its subsidiaries	Purchase of equipment	**131,880**	129,923
SGS and its subsidiaries	Purchase of equipment	**433**	20,417
Group as a lessor			
Toppan	Rent income	**2,821**	2,759
China Fortune-Tech	Rent income	**319**	446
SGS and its subsidiaries	Rent income	**224**	165
Beijing Innovation Center	Rent income	**–**	14
Group as a lessee			
Semi-Tech Leasing and its subsidiaries	Payment of lease liabilities	**6,616**	10,116

The following balances were outstanding at the end of the Reporting Period:

	Amounts due from related parties		Amounts due to related parties	
	06/30/26 USD'000	12/31/25 USD'000	**06/30/26 USD'000**	12/31/25 USD'000
Brite and its subsidiaries	**5,725**	5,916	**593**	83
SGS and its subsidiaries	**2,109**	2,712	**5,565**	5,546
Toppan	**1,635**	1,080	**341**	183
Beijing Innovation Center	**14,654**	10,481	**1,675**	8,207
China Fortune-Tech	**151**	–	**52**	71
Semi-Tech Leasing and its subsidiaries	**–**	–	**–**	6,581
Datang	**2,009**	444	**12,595**	5,865
NSI	**164**	5,745	**10,976**	10,005

The balances are unsecured and interest-free and repayable on demand.

The pricing of trading transactions with related parties that are not members of the Group refers to the pricing standards of third parties for comparable product or services at the same time and in the same region.

25. RELATED PARTY TRANSACTIONS *(continued)*

CAPITAL CONTRIBUTION

During this period, China IC Fund II and Shanghai IC Fund II injected capital into certain subsidiaries of the Group, amounting to US$558.2 million and US$250.5 million respectively.

EMOLUMENTS OF KEY MANAGEMENT PERSONNEL

Directors and senior management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

The emoluments of directors and senior management personnel during the Reporting and the Corresponding Period are as follows:

	Six months ended	
	06/30/26	06/30/25
	USD'000	USD'000
Salaries, bonus and benefits	**1,320**	1,283
State-managed pension	**16**	20
Equity-settled share-based payments expense	**1,579**	1,377
	2,915	2,680

The emoluments of directors and senior management personnel are determined by the Compensation Committee in regard to the Group's profitability, business achievement, individual performance and market trends.

26. COMMITMENTS

The Group had the following contractual commitments at the end of the Reporting Period:

	06/30/26	12/31/25
	USD'000	USD'000
Commitments for building and facility construction	**419,599**	353,747
Commitments for acquisition of machinery and equipment	**5,560,616**	10,701,400
Commitments for acquisition of intangible assets	**9,222**	23,494
Commitments for capital contributions	**26,447**	22,787
	6,015,884	11,101,428

27. SUBSEQUENT EVENTS

There is no material subsequent event undertaken by the Group after June 30, 2026.