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SEMICONDUCTOR MANUFACTURING INTERNATIONAL CORPORATION

中芯國際集成電路製造有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00981)

ANNOUNCEMENT OF 2025 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 2025. This announcement, containing the full text of the 2025 interim report of the Company (the “**2025 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 2025 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

28 August 2025

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 cyclicalities 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 Securities 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, 2025 to June 30, 2025
Corresponding period or previous period	for	period from January 1, 2024 to June 30, 2024

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

SECTION 2 CORPORATE PROFILE AND PRINCIPAL FINANCIAL INDICATORS

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 Hong Kong Shares	SSE STAR Market Main Board of the Hong Kong Stock Exchange	中芯國際 SMIC	688981 00981

V. PRINCIPAL ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE COMPANY

(I) PRINCIPAL ACCOUNTING DATA

in USD '000

Six months ended			
	06/30/25	06/30/24	06/30/25 as compared with 06/30/24 (%)
Revenue	4,456,267	3,651,452	22.0
Profit before tax	509,678	261,428	95.0
Profit for the period attributable to owners of the Company	320,522	236,361	35.6
Profit for the period attributable to owners of the Company, net of non-recurring profit or loss	265,490	181,340	46.4
Net cash generated from operating activities	909,257	489,297	85.8
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	2,421,213	1,942,598	24.6

As of			
	06/30/25	12/31/24	06/30/25 as compared with 12/31/24 (%)
Equity attributable to owners of the Company	21,055,522	20,613,809	2.1
Total assets	49,446,163	49,161,248	0.6

(II) PRINCIPAL FINANCIAL INDICATORS

Six months ended			
	06/30/25	06/30/24	06/30/25 as compared with 06/30/24 (%)
Gross margin	21.4%	13.8%	Increased by 7.6 percentage points
Net margin	10.5%	6.5%	Increased by 4.0 percentage points
EBITDA margin	54.3%	53.2%	Increased by 1.1 percentage points
Basic earnings per share	\$0.04	\$0.03	33.3
Diluted earnings per share	\$0.04	\$0.03	33.3
Basic earnings per share, net of non-recurring profit or loss	\$0.03	\$0.02	50.0
Weighted average return on equity ⁽¹⁾	1.5%	1.2%	Increased by 0.3 percentage point
Weighted average return on equity, net of non-recurring profit or loss ⁽²⁾	1.3%	0.9%	Increased by 0.4 percentage point
Percentage of research and development ("R&D") costs to revenue	7.4%	10.1%	Decreased by 2.7 percentage points

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

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 for this period.

SECTION 2 CORPORATE PROFILE AND PRINCIPAL FINANCIAL INDICATORS

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	
	06/30/25	06/30/24	06/30/25	12/31/24
Prepared in accordance with CASS	319,419	231,773	21,055,522	20,613,809
Adjustments to items and amounts prepared in accordance with IFRSs:				
Equity interest in associates being passively diluted ^(Note)	1,103	4,588	—	—
Prepared in accordance with IFRSs	320,522	236,361	21,055,522	20,613,809

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 06/30/25
Gain on disposal of property, plant and equipment and assets classified as held-for-sale	24,140
Government funding	66,557
Net gain/(loss) arising from items measured at fair value through profit or loss ("FVPL")	(902)
Other non-recurring profit or loss items	(10,350)
	79,445
Effects on income tax	(2,060)
Impact on non-controlling interests (after tax)	(22,353)
Total	55,032

in USD'000

	Six months ended 06/30/25
Other non-recurring profit or loss items	
Share of net gain/(loss) arising from items measured at FVPL of associates and a joint venture	(10,064)
Equity interest in associates being passively diluted	1,103
Others	(1,389)

VIII. EBITDA

in USD'000

	Six months ended	
	06/30/25	06/30/24
Profit for the period	470,103	235,777
Finance costs	167,155	138,467
Depreciation and amortisation	1,744,380	1,542,703
Income tax expense	39,575	25,651
EBITDA ⁽²⁾⁽³⁾	2,421,213	1,942,598
EBITDA margin ⁽¹⁾⁽²⁾⁽³⁾	54.3%	53.2%

Notes:

- (1) EBITDA margin is calculated by dividing EBITDA by 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 for this period were mainly due to the increase in wafer shipment, higher average selling price and the product mix change.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

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.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

(III) INDUSTRY OVERVIEW

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

In the first half of 2025, the output value of the global semiconductor industry has continued to rise, and supply chain synergies have emerged. Affected by the diversification of downstream application scenarios, each segment has shown a differentiated evolution pattern: leading-edge segments, driven by generative AI, intelligent terminal chips, autonomous driving chips, etc., contributing to the core momentum of the overall growth of market size. In the consumer electronics market, under the mild stimulation of the iterative upgrading of smart terminals, the replacement demand for smartphones, PCs, wearable devices and other products has been gradually released. The automotive electronics sector has shown positive signs of bottoming out and rebounding, while the localization shift in the industrial chain continues to gain momentum, driving more wafer foundry demand back to domestic market.

From the perspective of industrial landscape, wafer foundry continues to highlight its strategic value. In the field of computing power chips, the demand for logic computing chips is growing rapidly, promoting the continuous iteration of design tools, pilot processes and heterogeneous packaging technologies, and building all-round technical barriers covering IP cores, EDA tool chains, and specialty processes. In the field of consumer electronics, the overall market has recovered moderately, and products such as SoC, sensors, and memory chips have continued to build competitive advantages through process optimization and cost control. In the field of automotive electronics and industrial control, due to the functional safety certification system and long-cycle verification requirements, a highly concentrated industrial ecological pattern has been formed.

From the perspective of regional development, in the context of the dynamic adjustment of Sino-US trade policies, multinational enterprises are accelerating the regional restructuring of supply chains, the global supply chain system is undergoing multi-dimensional adaptive changes, and the layout of the nearshoring industrial chain has become the strategic focus of major economies. There are still structural differences between the integrated circuit industry in Chinese Mainland and the demand of the end market in key links such as design capabilities, specialty process development, and advanced packaging. Key areas of the industry rely on imports.

As the core sector of the semiconductor industry chain, the wafer foundry industry has technical barriers, talent allocation, and continuous capital investment, forming higher entry barriers. 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. Global leading companies maintain high R&D investment, continuously consolidate their technological advantages, and focus on building industry barriers.

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 2024, SMIC ranks the 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 attract 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 utilizing 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 utilized to evaluate and adjust the coordination between IC design and manufacturing process, to effectively reduce the cost of semiconductor process development and minimise 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 attentions to the industrial constructions ecosystem layout instead of just focusing on own technology capability and platform buildup. 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 long run, and the industry's leading effect will become increasingly evident.

II. DISCUSSION AND ANALYSIS ON BUSINESS

In the first half of 2025, impacted by multiple factors such as U.S. tariff policies, geopolitics, and the recovery of emerging markets, the smartphone market has experienced steady growth, while the personal computer market has entered a replacement cycle, leading to an increase in sales; driven by edge AI, consumer electronics, smart wearables, and other devices markets have continued to expand steadily. The localization of supply chains has gained further momentum, with more wafer foundry demand shifting back to domestic, and distributors stepping up stockpiling and inventory replenishment.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

The Company's operation has demonstrated steady progress with improved quality and efficiency. The Company achieved year-on-year revenue increase of over 20% in the first half of the year, maintaining its position as the world's second-largest pure-play wafer foundry. Capacity construction rolled out steadily. In the first half of the year, nearly 20 thousand standard logic 12-inch equivalent wafers of monthly capacity were added, with leading overall capacity utilization rates in the industry. Process R&D and platform building were steadily expanded, and the product competitiveness and market influence were significantly enhanced. Open cooperation delivered remarkable results. The Company maintained close communication with partners across the industrial and supply chains, and collaborated with universities and research institutes to pioneer new models for talent development. Management empowerment fostered synergy. The Company made solid progress in the digitalization construction, with a firm commitment to open cooperation, consensus-building, and synergy fostering.

Looking ahead to the second half of 2025, the uncertainties brought by the U.S. tariff policies, geopolitics, and the sustainability of demand recovery in emerging markets require continued monitoring. Meanwhile, the growth rate of downstream end markets continues to face challenges and seasonal adjustments.

In the current complex and ever-changing international environment and market competition, the Company not only faces with numerous challenges, but also sees unprecedented opportunities. In the second half of the year, the Company will focus on multiple objectives including full-year revenue growth, development of new application scenarios, construction of key projects, and deeper industry-academia-research collaboration. The Company strives to achieve more tangible results and make further breakthroughs in operations, product iteration, long-term planning, and open innovation. With both determination and confidence, the Company aims to identify optimal trade-offs and seeks the best solutions amid multiple goals, while continuing to strengthen its core wafer manufacturing business and enhance its core competitiveness and market influence.

During the reporting period, the Group recorded revenue of US\$4,456.3 million, representing a period-over-period increase of 22.0%. In particular, the wafer revenue amounted to US\$4,228.6 million, representing a period-over-period increase of 24.6%.

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 utilized 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 of 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, mix signal/RF, and CMOS 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 well-established intellectual property system. As of June 30, 2025, the Company had 14,215 patents in total, including 12,342 invention patents. In addition, the Company also had 94 layout design rights 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 environment 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).

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

(II) CORE TECHNOLOGIES AND R&D PROGRESS

1. CORE TECHNOLOGIES AND THE ADVANCEMENT AND THEIR CHANGES DURING THE REPORTING PERIOD

SMIC has a comprehensive 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 2025, 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	98	230	18,314	12,342
Utility model patents	5	21	1,897	1,873
Layout design rights	—	—	94	94
Total	103	251	20,305	14,309

3. ANALYSIS OF R&D COSTS

in USD'000

	Six months ended		
	06/30/25	06/30/24	06/30/25 as compared with 06/30/24 (%)
Expensed R&D costs	330,811	368,858	-10.3
Total R&D costs	330,811	368,858	-10.3
Percentage of total R&D costs to revenue (%)	7.4	10.1	Decreased by 2.7 percentage points

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 new generation of PDK has been released, with significantly improved performance compared to the previous generation. Multiple leading customers' products verifications have been introduced.	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	40nm SST Mini Cell e-Flash Technology Platform R&D Project	PDK has been released, leading customer's product reliability verification has been completed. More customers' new products are under designing.	To complete Flash IP reliability verification, to continuously optimise the process to improve the yield rate, and to reach mass production.	Chinese Mainland leadership	Mainly applied to high capacity smart card, such as financial card, eSIM and etc.
3	65nm RF-SOI Technology Platforms Continuous R&D Project	The new generation of PDK has been released. Products have been introduced for verification. Products from the previous generation platform have entered consistent mass production.	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.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

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 BCD medium voltage (MV) platform has been completed, and PDK is preparing. The low voltage (LV) platform has launched the next generation of technology research and development, and the process development has been completed.	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 process and devices development of 110nm BCD foundation platform, next generation automotive electronics system BCD platform and next generation medium and high voltage BCD platform have been completed.	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 power management, industrial applications and automotive chips.
6	0.18μm eNVM for Automotive Electronics Technology Platform R&D Project	The process and devices development of eNVM technology platform for mainstream automotive system have been completed, PDK has been released, and platform IPs design has been completed. The process of the eNVM technology platform for next generation automotive system is under development.	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 process development of next generation of medium size of display driver platform has been completed, PDK has been released, and customers' products are being introduced. The process of next generation of large size display driver platform is under development.	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.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

5. R&D STAFF

Basic information

	Six months ended	
	06/30/25	06/30/24
Number of R&D staff of the Group (person)	2,290	2,300
Proportion of R&D staff to the total number of employees in the Group (%)	12.0	12.2
Total compensation of R&D staff (in USD'000)	73,754	68,213
Average compensation of R&D staff (in USD'000)	32	30

Education level

Education level	Number of persons by education
Doctorate	469
Master	1,261
Bachelor and below	560

Age structure

Age group	Number of persons by age
Aged below 30 (excluding 30)	901
Aged 30-40 (excluding 40)	1,012
Aged 40-50 (excluding 50)	347
Aged 50 and above	30

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 principal, 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. IC wafer foundry 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, experiencing early technical demonstration, and the continuous R&D practice in the later period, and the cycle is relatively long. 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. At the same time, as the R&D process of the new technology is more complicated, time-consuming and costly, there exists uncertainty. The rich terminal application scenarios of integrated circuits determine the differences in the mainstream technology nodes and processes of chip products in various niche 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 decline, thus affecting the Company's 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, and requires relevant talents to have solid professional knowledge and long-term accumulation of technology. Besides, the extremely high requirements for process coordination and error control in each sector require relevant talents to have strong comprehensive capabilities and experience accumulation. Excellent R&D personnel and engineering technical personnel are an important foundation for the Company to improve competitiveness and maintain development.

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 R&D personnel quit, and the Company is unable to recruit or cultivate experienced technical personnel in a short period of time, the Company's R&D progress may be affected, which has an adverse impact on the Company's sustainable competitiveness.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

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 utilization 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, it may in turn have an adverse impact on the Company's competitiveness.

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 IC wafer foundry industry has high requirements for raw materials, parts, software, equipment and service supports etc. There is a limited number of qualified suppliers around the world for certain important raw materials, parts, software, core equipment and service supports etc., and the majority of which are located outside China.

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 macro environment, change in the industry prosperity of integrated circuit, domestic and foreign customers' demand not meeting expectations, price fluctuations of major raw materials and equipment etc., unplanned production fluctuations caused by events such as facilities, electric power, and equipment verification, high capital expenditure, higher depreciation period and R&D investment resulting from the continuous production capacity expansion and other situations, 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 utilization, 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.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

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 utilizing 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, the Company has a relatively large technological gap and a relatively low market share.

With the continuous emergence of various new application fields, the hot areas for the development of the chip industry are constantly enriched, and the broad market prospects and relatively favorable industrial policies have attracted many domestic and foreign IC-related companies entering the IC wafer foundry industry, which may further intensify market competition or result in the situation of structural oversupply of capacity.

In the future, if the Company fails to develop and introduce the manufacturing process technologies and platforms that fit for the market and customers demand or fails to expand capacity in a timely manner, etc., the Company's competitive advantage will be weakened and the Company's operating results will be adversely affected.

(V) MACRO-ENVIRONMENTAL RISKS

1. The risk of macroeconomic fluctuations and industry cyclicality

Affected by the factors such as global macroeconomic fluctuations and industry prosperity, the IC industry has a certain cyclicality. 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 further 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, 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.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

(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 are 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.

As of the date of this report, the Company's pending litigations and arbitrations which are relatively large include: on May 7, 2020, SMIC New Technology Research & 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. The arbitration is still ongoing.

(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 securities threats, including but not limited to Zero-Day Vulnerability, professional hacker attacks etc., the Company still faces to 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), and have established business continuity plans to minimise 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.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

V. MAIN OPERATION RESULTS DURING THE REPORTING PERIOD

In the first half of 2025, the Group recorded a revenue of US\$4,456.3 million and profit for the period attributable to owners of the Company of US\$320.5 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		06/30/25 as compared with 06/30/24 (%)
	06/30/25	06/30/24	
Revenue	4,456,267	3,651,452	22.0
Cost of sales	(3,500,600)	(3,146,655)	11.2
Gross profit	955,667	504,797	89.3
Research and development expenses	(330,811)	(368,858)	-10.3
Selling and marketing expenses	(24,301)	(18,780)	29.4
General and administration expenses	(338,211)	(277,008)	22.1
Other operating income	198,646	249,384	-20.3
Finance income, net	71,699	176,987	-59.5
Share of profit or loss of associates and a joint venture	(21,083)	(7,506)	180.9
Income tax expense	(39,575)	(25,651)	54.3
Net cash generated from operating activities	909,257	489,297	85.8
Net cash used in investing activities	(2,887,129)	(2,966,022)	-2.7
Net cash generated from financing activities	604,271	90,553	567.3

(1) Revenue

The Group's revenue increased by 22.0% from US\$3,651.5 million for the corresponding period to US\$4,456.3 million for this period, primarily due to the increase in wafer shipment and higher average selling price for this period. The wafer shipment quantity (standard logic 8-inch equivalent wafers) increased by 19.9% from 3,907 thousand for the corresponding period to 4,682 thousand for this period. The average selling price, calculated as the wafer revenue divided by total shipments of the wafers, was US\$903 per wafer for this period, compared to US\$869 per wafer for the corresponding period.

(2) Cost of sales

Cost of sales increased by 11.2% from US\$3,146.7 million for the corresponding period to US\$3,500.6 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 89.3% from US\$504.8 million for the corresponding period to US\$955.7 million for this period, primarily due to the increase in wafer shipment, 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\$89.5 million for the corresponding period to US\$460.2 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\$330.8 million for this period, compared to US\$368.9 million for the corresponding period.

Selling and marketing expenses were US\$24.3 million for this period, compared to US\$18.8 million for the corresponding period.

General and administration expenses were US\$338.2 million for this period, compared to US\$277.0 million for the corresponding period. The change was primarily due to the increase in start-up costs for this period.

Other operating income was US\$198.6 million for this period, compared to US\$249.4 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 share of profit or loss of associates and a joint venture was primarily due to the increase in loss recognised on investments in associates and a joint venture 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\$470.1 million for this period, compared to a profit of US\$235.8 million for the corresponding period, representing an increase of 99.4%, which was mainly due to the impact of the factors described above.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

(6) Cash flows

Net cash generated from operating activities increased from US\$489.3 million for the corresponding period to US\$909.3 million for this period, primarily due to the increase in received cash from sale of goods for this period.

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

2. Analysis of revenue

Revenue of principal businesses by region

By region	Six months ended	
	06/30/25	06/30/24
China	84.2%	80.9%
America	12.7%	15.5%
Eurasia	3.1%	3.6%

Analysis on revenue of IC wafer foundry

By application	Six months ended	
	06/30/25	06/30/24
Smartphone	24.6%	31.5%
Computer and Tablet	16.2%	15.3%
Consumer Electronics	40.8%	33.4%
Connectivity and IoT	8.3%	12.1%
Industrial and Automotive	10.1%	7.7%

By size	Six months ended	
	06/30/25	06/30/24
8" wafers	22.9%	25.5%
12" wafers	77.1%	74.5%

3. LIQUIDITY AND CAPITAL SOURCES

(1) Net debt

in USD'000

	As of	
	06/30/25	12/31/24
Borrowings	11,929,248	10,964,459
Lease liabilities	14,689	26,280
Bonds payable	–	605,258
Total debt	11,943,937	11,595,997
Less:		
Cash and cash equivalents	5,082,675	6,364,189
Restricted cash	379,078	372,514
Financial assets at FVPL–current portion ⁽¹⁾	106,115	272,257
Financial assets at amortised cost ⁽²⁾	7,486,436	7,954,060
Net debt	(1,110,367)	(3,367,023)

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\$11,943.9 million, consisting of secured bank loans of US\$3,833.0 million, unsecured bank loans of US\$8,096.2 million and lease liabilities of US\$14.7 million. Debt due within 1 year amounted to US\$3,114.6 million. For details of debt, please refer to Note 21 to the consolidated financial statements.

(2) Capital expenditure and funding sources

Most of the capital expenditure in the reporting period are 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.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

(3) Exchange rate and interest rate risks

The functional currency of the Company is U.S. dollar, but the Group also enters into transactions in other currencies that results in the Group being primarily exposed to changes in exchange rates for the Euro, Japanese Yen, and RMB. Additionally, the Group entered into or issued several RMB denominated loan facility agreements and several RMB denominated financial assets at amortised cost that results in the Group being exposed to changes in the exchange rate for the RMB. The Group strives to minimise these risks by using forward exchange contracts and cross currency swap contracts.

The Group's exposure to interest rate risks relates primarily to the Group's long-term loans, which the Group generally assumes to fund capital expenditure and working capital requirements. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, and by the use of interest rate swap contracts and cross currency swap contracts.

(II) ANALYSIS ON ASSETS AND LIABILITIES

1. Assets and liabilities

in USD'000

Items	As of 06/30/25	The balance as of 06/30/25 to the total assets (%)	As of 12/31/24	The balance as of 12/31/24 to the total assets (%)	06/30/25 as compared with 12/31/24 (%)	Explanations
Trade and other receivables	1,206,725	2.4	840,153	1.7	43.6	Increase mainly due to the adjustment in the credit terms of some customers during this period, which led to an increase in trade and other receivables.
Financial assets at fair value through profit or loss – current	106,115	0.2	272,257	0.6	-61.0	Decrease mainly due to the decrease in structural deposits during this period.
Contract liabilities	725,103	1.5	1,185,932	2.4	-38.9	Decrease mainly due to the decrease in advance receipts relevant to sale of goods during this period.
Bonds payable-current	–	–	605,258	1.2	-100.0	Decrease due to the repayment of bond payable maturing within 1 year during this period.
Current tax liabilities	20,755	0.0	84,828	0.2	-75.5	Decrease mainly due to the corporate income tax caused by the sale of an associate for the previous year, which was paid in this period.
Other reserves	231,661	0.5	142,470	0.3	62.6	Increase mainly due to the increase in cash flow hedges reserve 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, restricted cash consisted of bank time deposits of US\$379.1 million pledged against secured borrowings but not yet released.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

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	06/30/25	12/31/24
Net debt	(1,110,367)	(3,367,023)
Equity	32,741,774	31,869,658
Net debt to equity ratio	-3.4%	-10.6%

(2) Capitalised interest

Interest is capitalised when incurred on the specialised borrowings that are used for the over-one-year construction of plant and equipment. 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 of last year, the Group recorded depreciation expenses relating to the capitalised interest of US\$5.2 million and US\$11.0 million, respectively.

(III) 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		
	06/30/25	06/30/24	Change
Capital injection in associates	77,776	74,516	4.4%

2. Financial assets at fair value

in USD'000

Assets category	As of 1/1/25	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 06/30/25
Stocks	6,019	(4)	–	–	(6,023)	29	21
Private equity funds	132,067	(4,796)	–	1,391	(3,931)	466	125,197
Structural deposits and monetary funds	561,544	3,883	–	203,361	(370,608)	(253)	397,927
Derivative financial instruments – net liabilities	(69,387)	–	18,833	–	–	(14,866)	(65,420)
Total	630,243	(917)	18,833	204,752	(380,562)	(14,624)	457,725

(1) Descriptions of securities investment

in USD'000

Security type	Stock code	Investment cost as of 06/30/25	Source of funds	As of 1/1/25	Fair value gains/(losses) during this period	Amount sold in this period	Others	As of 06/30/25	Account
Domestic and foreign stocks	Listed Company A	1,120	Self-owned funds	25	(4)	–	–	21	Financial assets at fair value through profit or loss
Domestic and foreign stocks	Listed Company B	–		5,994	–	(6,023)	29	–	
Total		1,120		6,019	(4)	(6,023)	29	21	

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

(2) Descriptions of derivative financial instruments

Derivative financial instruments for hedging purpose during the reporting period

in USD'000

Derivative financial instruments types	Amounts invested as of 06/30/25	As of 1/1/25	Cumulative changes in fair value recognised in equity	Others	As of 06/30/25	The closing balance to equity attributable to owners of the Company (%)
Cross currency swap contracts	–	(62,554)	14,901	(10,944)	(58,597)	-0.28
Interest rate swap contracts	–	4,814	1,214	(3,922)	2,106	0.01
Forward exchange contracts	–	(11,647)	2,718	–	(8,929)	-0.04
Total	–	(69,387)	18,833	(14,866)	(65,420)	-0.31
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 reporting 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 2025 on the website of SSE (https://www.sse.com.cn) dated May 9, 2025.					
Sources of funds for derivative financial instruments	Please refer to the Announcement of Conducting Hedging Activities in 2025 on the website of SSE (https://www.sse.com.cn) dated May 9, 2025.					
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 2025 on the website of SSE (https://www.sse.com.cn) dated May 9, 2025.					
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 8, 2025, the Board of the Company approved "Proposal for Conducting Hedging Activities in 2025", allowing the Company and its subsidiaries to operate hedging activities relating to production and operation in 2025.					
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 2025" was approved at the Company's general meeting of shareholders on June 27, 2025.					

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

(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 06/30/25	Participation role	Capital contribution ratio as at 06/30/25 (%)	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	-	16		1.27				Invest in integrated circuits and related industries	-	3,585
B	September 2014		RMB100,000,000	-	80		8.92				Invest in integrated circuits and related industries	-	21,213
C	September 2016		RMB13,000,000	-	43		3.61				Invest in strategic emerging industries	365	6,217
D	May 2017		RMB30,000,000	-	58		3.00				Invest in integrated circuits and related industries	-	1,631
E	March 2018		RMB100,000,000	-	106		9.05				Invest in integrated circuits and related industries	(938)	15,353
F	April 2018		RMB165,000,000	-	179		10.21				Invest in integrated circuits and related industries	226	3,625
G	June 2018	Financial investment	RMB50,000,000	-	131	Limited partner	16.53	No	Financial assets at fair value through profit or loss	No	Invest in strategic emerging industries	(171)	4,715
H	August 2020		RMB50,000,000	-	-		30.12				Invest in integrated circuits industry	(2,672)	14,396
I	October 2021		RMB30,000,000	-	84		3.00				Invest in regional strategic emerging industries	(326)	377
J	November 2021		RMB200,000,000	-	27,922		24.84				Invest in strategic emerging industries	(589)	3,103
K	December 2021		RMB100,000,000	-	13,961		17.21				Invest in strategic emerging industries	(880)	(880)
L	December 2022		RMB100,000,000	1,391	6,981		20.75				Invest in strategic emerging industries	181	559
M	October 2023		RMB7,500,000	-	1,047		15.00				Invest in regional strategic emerging industries	8	8
N	May 2024		RMB200,000,000	-	8,377		28.53				Invest in integrated circuits and related industries	-	-
Total				1,391	58,985							(4,796)	73,902

(IV) SIGNIFICANT ASSET AND EQUITY DISPOSAL

On June 5, 2025, SMIC Holdings Corporation ("SMIC Holdings"), a wholly-owned subsidiary of the Company, along with certain other shareholders of Ningbo Semiconductor International Corporation ("NSI"), signed the Share Issuance and Cash Payment for Asset Purchase Agreement with Hunan Goke Microelectronics Co., Ltd. ("GOKE"). According to the agreement, GOKE proposes to acquire 94.366% equity in NSI through a combination of share issuance and cash payment. This includes 14.832% equity in NSI held by SMIC Holdings. The specific purchase method will be finalised in a supplementary agreement once the final transaction price is determined. Upon completion of the transaction, SMIC Holdings will no longer hold any equity in NSI.

As of the date of this interim report, the transaction has not yet been completed.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

(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:

					<i>in USD'000</i>
Total assets	Equity	Revenue	Profit before tax	Profit for the period	
51,721,632	29,178,398	4,451,007	545,985	503,856	

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

VI. PROSPECTS

In the first half of 2025, amid the dynamics of domestic and overseas policy changes, distributors stepped up stockpiling and inventory replenishment. The Company actively collaborated with customers to ensure shipments. This situation persisted into the third quarter.

Traditionally, the fourth quarter followed seasonal pattern, the rush orders and shipment pull-in will probably slow down. As the Company's overall capacity cannot meet the demand, the slowdown will not have a significant impact on our capacity utilization.

Based on the premise that there are no significant changes in the external environment, the Company's target for this year is to exceed the industry average in the same markets.

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, procedures, and practices in compliance with the provisions of the CG Policy. The Company had complied with all Code Provisions set out in the CG Code during the six months ended June 30, 2025. 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 2024 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 ^(Note)	Cessation date of term
Lu Guoqing	China Academy of Machinery Science and Technology Group Co., Ltd.	External Director	June 2025	–
	China Electronics Technology Group Corporation	External Director	June 2025	–
	China Academy of Telecommunications Technology Co., Ltd.	Executive Director and General Manager	April 2021	May 2025
	Datang Telecom Technology & Industry Holdings Co., Ltd.	Executive Director and General Manager	April 2021	May 2025
	China Information and Communication Technology Group Co., Ltd.	Secretary of the Party Committee and Chairman of the Board	February 2021	March 2025
	Wuhan Research Institute of Posts and Telecommunications Co., Ltd.	Secretary of the Party Committee, Chairman, General Manager	December 2017	April 2025
	FiberHome Technologies Group Co., Ltd.	Secretary of the Party Committee, Chairman, President	August 2016	June 2025
Fan Ren Da Anthony	Haitong Securities Co., Ltd.	Independent Non-executive Director	October 2023	March 2025
	Neo-Neon Holdings Limited	Independent Non-executive Director	August 2014	June 2025
	Technovator International Limited	Independent Non-executive Director	September 2011	June 2025
	CITIC Resources Holdings Limited	Independent Non-executive Director	August 2000	March 2025
Wu Hanming	NAURA Technology Group Co., Ltd.	Independent Director	December 2019	May 2025

Note: The commencement date of term refers to the earliest date of holding the above positions in other entities.

III. PARTICULARS OF EMPLOYEES

Save as disclosed in this interim report, there is no material change to the information disclosed in the 2024 annual report of the Group in relation to the number and remuneration of employees, remuneration policies, employee bonus and stock incentive plans.

SECTION 4 CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY

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

(I) PLAN FOR PROFIT DISTRIBUTION AND PLAN TO CONVERT CAPITAL RESERVES INTO SHARE CAPITAL PROPOSED FOR THE FIRST HALF OF THE YEAR

Whether distributed or converted	No
Bonus shares for every 10 shares (share)	–
Dividend for every 10 shares (RMB) (tax inclusive)	–
Conversion into share capital for every 10 shares (share)	–

(II) DIVIDENDS

The Board did not propose to declare an interim dividend for the six months ended June 30, 2025 (six months ended June 30, 2024: 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 PROVISIONAL 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 2024 Equity Incentive Plan 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: January 10, 2025
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 17, 2025
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, 2025
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 31, 2025
On April 1, 2025, 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, 2025
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 3, 2025
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: April 7, 2025
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: July 1, 2025

SECTION 4 CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY

As the 2004 Stock Option Plan was terminated on November 15, 2013, and 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 588,259,648 RSUs available for grant at the beginning of this period, and there were 585,492,010 RSUs available for grant at the end of this period.

There were no stock options available for exercise under the 2004 Stock Option Plan at the beginning of this period, therefore the Hong Kong Shares to be issued in accordance with such plan was nil.

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 0.29%.

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 0.64%.

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 2,876,943 RSUs granted under the 2024 Equity Incentive Plan on April 1, 2025 with fair value of HKD44.27 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, 2025. 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 2024 annual report of the Group published on April 9, 2025 for the accounting standards and policies adopted for options and RSUs, and please refer to Note 24 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, 2025 is as follows:

Unit: Share

Options grant date	Exercise price at grant date per share (HKD)	Unexercised number as of 1/1/2025	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 6/30/2025	Closing price of Hong Kong Shares immediately before grant dates (HKD)	Exercisable period
5/20/2015	8.30	2,916	-	2,916	-	-	-	-	8.20	5/20/2015-5/19/2025
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	2,647,920	-	-	-	898,745	40.40	1,749,175	10.40	5/23/2018-5/22/2028
5/25/2020	18.10	3,918,174	-	-	-	1,133,118	42.93	2,785,056	16.92	5/25/2020-5/24/2030
11/23/2020	23.00	1,664,633	-	-	-	588,730	39.29	1,075,903	22.75	11/23/2020-11/22/2030
5/31/2021	24.50	2,456,453	-	6,165	-	860,969	43.70	1,589,319	24.15	5/31/2021-5/30/2031
9/15/2021	23.18	180,400	-	15,500	-	87,400	35.49	77,500	22.95	9/15/2021-9/14/2031
11/19/2021	22.41	2,300,429	-	22,457	-	673,775	40.74	1,604,197	22.35	11/19/2021-11/18/2031
Total		14,895,812	-	47,038	-	4,242,737		10,606,037		

SECTION 4 CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY

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, 2025 is as follows:

Unit: Share

RSUs grant date	Purchase price per share (HKD)	Unvested number as of 1/1/2025	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 6/30/2025	Closing price of Hong Kong Shares immediately before grant dates (HKD)	Vesting period
5/31/2021	0.031	315,759	-	3,071	-	312,688	53.60	-	24.15	10/16/2020-3/1/2025
9/15/2021	0.031	25,500	-	6,000	-	19,500	44.62	-	22.95	4/1/2021-6/10/2025
11/19/2021	0.031	354,734	-	7,692	-	341,042	53.60	6,000	22.35	3/1/2021-9/27/2025
4/8/2022	0.031	2,478,876	-	43,735	-	1,230,117	53.60	1,205,024	16.80	11/1/2021-3/1/2026
5/20/2022	0.031	59,985	-	-	-	29,992	39.00	29,993	15.88	1/4/2022-2/9/2026
9/5/2022	0.031	86,805	-	-	-	43,402	45.33	43,403	15.00	4/1/2022-6/28/2026
11/18/2022	0.031	223,350	-	-	-	-	-	223,350	17.40	8/29/2022-9/27/2026
4/1/2023	0.031	1,161,682	-	18,018	-	1,003,220	46.13	140,444	18.60	10/9/2022-1/16/2027
Total		4,706,691	-	78,516	-	2,979,961		1,648,214		

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.

SECTION 4 CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY

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, 2025 is as follows:

Unit: Share

Restricted Shares grant date	Grant price per share (RMB)	Unvested number as of 1/1/2025	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 6/30/2025	Closing price of A Shares immediately before grant dates (RMB)	Vesting period
7/19/2021	20.00	10,446,880	-	-	349,320	-	-	10,097,560	54.86	7/20/2022-7/17/2026
6/21/2022	20.00	2,706,840	-	-	169,740	-	-	2,537,100	45.68	6/22/2023-6/18/2027
Total		13,153,720	-	-	519,060	-		12,634,660		

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, 2025 is as follows:

Unit: Share

RSUs grant date	Consideration for the grant per share (HKD)	Unvested number as of 1/1/2025	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 6/30/2025	Closing price of Hong Kong Shares immediately before grant dates (HKD)	Vesting period
4/1/2024	0.031	3,925,642	-	90,004	-	2,314,603	46.13	1,521,035	15.16	4/1/2024-4/1/2026
4/1/2025	0.031	-	2,752,566	19,301	-	1,376,383	46.10	1,356,882	46.10	4/1/2025-4/1/2027
Total		3,925,642	2,752,566	109,305	-	3,690,986		2,877,917		

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.

SECTION 4 CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY

VI. COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LIST 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, 2025.

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 2025.

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	Whether there is a term for performance	Term of the undertaking	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	No	Effective for a long time	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	No	Effective for a long time	Yes	N/A	N/A
	Other (share repurchase and commitment on share repurchase)	The Company	See note 3	July 16, 2020	No	Effective for a long time	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	No	Effective for a long time	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	No	Effective for a long time	Yes	N/A	N/A
	Dividends	The Company	See note 6	July 16, 2020	No	Effective for a long time	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	No	Effective for a long time	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	No	Effective for a long time	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	No	Effective for a long time	Yes	N/A	N/A

SECTION 5 SIGNIFICANT EVENTS

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.

SECTION 5 SIGNIFICANT EVENTS

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.

SECTION 5 SIGNIFICANT EVENTS

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.

SECTION 5 SIGNIFICANT EVENTS

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;

SECTION 5 SIGNIFICANT EVENTS

- (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.

SECTION 5 SIGNIFICANT EVENTS

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 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 Articles of Association, and the provisions in relevant internal control policy);
 - (2) If securities regulatory departments or judicial authority determine that the Company break or fail 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.

SECTION 5 SIGNIFICANT EVENTS

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.

II. MATERIAL LITIGATION AND ARBITRATION

On May 7, 2020, SMIC New Technology, a subsidiary of the Company, received an arbitration notice issued by the Hong Kong International Arbitration Center, whereby PDF filed an arbitration request with the Hong Kong International Arbitration Center. The arbitration is still ongoing.

III. SUSPECTED VIOLATION OF LAWS AND REGULATIONS BY AND PUNISHMENT AND RECTIFICATION OF THE LISTED COMPANY AND ITS DIRECTORS, SENIOR MANAGEMENT PERSONNEL, CONTROLLING SHAREHOLDER AND ACTUAL CONTROLLER

Hong Kong Securities and Futures Commission ("SFC") published a news release on March 14, 2025, stating that it has commenced legal proceedings in the Court of First Instance to seek disqualification and compensation orders against eight former directors of Hong Kong Resources Holdings Company Limited (2882.HK) ("HKRH"), including Dr. Fan Ren Da Anthony (the independent non-executive director of the Company). SFC alleged that the eight directors breached their duties owed to HKRH. As at the date of the report, the Court of First Instance had not made any binding decisions against Dr. Fan Ren Da Anthony brought by the SFC.

SECTION 5 SIGNIFICANT EVENTS

IV. SIGNIFICANT RELATED (CONNECTED) TRANSACTIONS

(I) RELATED PARTY TRANSACTIONS IN RELATION TO DAILY OPERATION

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

Summary of the event	Inquiry index
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.	For details, please refer to the Announcement on Entering into the 2025 Framework Agreement and Related (Connected) Transactions with Datang Holdings dated February 12, 2025 published on Shanghai Securities News, China Securities Journal, Securities Times, Securities Daily, and on the website of SSE (https://www.sse.com.cn), and the Announcement on Continuing Connected Transactions in Relation to Entering into the 2025 Framework Agreement with Datang Holdings dated February 11, 2025 published on the website of Hong Kong Stock Exchange (https://www.hkexnews.hk).

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

Related party	Related transaction	Annual caps in 2025 (USD in million)	Actual amount for this period (USD in million)
Datang Holdings and its related parties	Sales of goods	36	7

V. 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	1,814,958
Total balance of guarantees to subsidiaries as at the end of the reporting period (B)	3,844,410
Aggregate guarantees of the Company (including those provided for subsidiaries)	
Aggregate guarantees (A+B)	3,844,410
Percentage of aggregate guarantees to equity attributable to owners of the Company (%)	18.3
Including:	
Amount of guarantees provided for shareholder and related parties (C)	–
Amount of debt guarantees directly or indirectly provided for guaranteed parties with gearing ratio over 70% (D)	96,332
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)	96,332

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. Tradable shares not subject to selling restrictions	7,976,149,966	100.00	–	–	–	9,912,477	9,912,477	7,986,062,443	100.00
1. RMB Ordinary Shares	1,988,359,129	24.93	–	–	–	–	–	1,988,359,129	24.90
2. Overseas-listed foreign shares ⁽²⁾	5,987,790,837	75.07	–	–	–	9,912,477	9,912,477	5,997,703,314	75.10
II. Total shares	7,976,149,966	100.00	–	–	–	9,912,477	9,912,477	7,986,062,443	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 Hong Kong shares increased by 9,912,477 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 equity per share.

(II) 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, 2025, 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)	252,297

Note: As at the end of the reporting period, 252,297 registered shareholders consist of 241,776 shareholders holding A Shares and 10,521 shareholders holding Hong Kong Shares.

SECTION 6 CHANGES IN SHARES AND INFORMATION OF SHAREHOLDERS

(II) SUBSTANTIAL SHAREHOLDERS

As at June 30, 2025, 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	Nature of interests	Long/short position	Number of Ordinary Shares held directly	Held indirectly	Percentage of Ordinary Shares held to total issued share capital ⁽¹⁾	Derivatives	Total interests	Percentage of total interests to total issued share capital ⁽¹⁾
China Information and Communication Technology Group Co., Ltd. and related stakeholders								
China Information and Communication Technology Group Co., Ltd.	Interest of corporation controlled	Long Position	72,470,855 ⁽²⁾	1,125,042,595 ⁽²⁾	14.995%	-	1,197,513,450	14.995%
Datang Holdings (Hongkong) Investment Company Limited	Beneficial owner	Long Position	1,125,042,595 ⁽²⁾	-	14.09%	-	1,125,042,595	14.09%
China Integrated Circuit Industry Investment Fund Co., Ltd. and related stakeholders								
China Integrated Circuit Industry Investment Fund Co., Ltd.	Interest of corporation controlled	Long Position	-	475,467,242 ⁽³⁾	5.95%	-	475,467,242	5.95%
Xinxin (Hongkong) Capital Co., Ltd.	Beneficial owner	Long Position	475,467,242 ⁽³⁾	-	5.95%	-	475,467,242	5.95%

Notes:

- (1) Based on 7,986,062,443 shares in issue as at June 30, 2025.
- (2) 1,125,042,595 shares are held by Datang HK which is a wholly-owned subsidiary of Datang Holdings, which in turn is wholly-owned by CICT. In addition, CICT directly holds 72,470,855 Ordinary Shares denominated in RMB, for a total of 1,197,513,450 shares.
- (3) 475,467,242 shares are held by Xinxin HK, a wholly-owned subsidiary of Xinxin (Shanghai) Investment Co., Ltd., which in turn is wholly-owned by China IC Fund. According to the disclosure of interests notice regarding the relevant event dated July 2, 2025 submitted by Xinxin HK, its shareholding in the Company has changed to 396,952,367 shares, representing approximately 4.97% of the total issued shares of the Company, and it is no longer a shareholder of the Company holding more than 5% of the shares.

(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 7,986,062,443 shares, consist of 5,997,703,314 shares in Hong Kong, accounting for approximately 75.10% of the total share capital of the Company and 1,988,359,129 shares in SSE STAR Market, accounting for approximately 24.90% 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 99.82% of the Company's Hong Kong Shares; shares held by other registered shareholders account for approximately 0.18% 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 1,125,042,595 Hong Kong Shares and Xinxin HK held 475,467,242 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.
4. The register of A-shares of the Company is provided by China Clearing, of which Hong Kong Securities Clearing Company Limited is the nominee holder of RMB ordinary shares of the Northbound Trading.

SECTION 6 CHANGES IN SHARES AND INFORMATION OF SHAREHOLDERS

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	144,479,359	4,386,304,681	54.92	–	–	Unknown	–	Unknown
Datang Holdings (Hongkong) Investment Company Limited	8,190,000	1,125,042,595	14.09	–	–	Nil	–	Overseas legal person
Xinxin (Hongkong) Capital Co., Ltd.	-141,747,562	475,467,242	5.95	–	–	Nil	–	Overseas legal person
China Integrated Circuit Industry Investment Fund (Phase II) Co., Ltd.	–	127,458,120	1.60	–	–	Nil	–	Others
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)	-18,862,946	95,726,609	1.20	–	–	Pledged	1,625,000	Others
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)	4,911,623	73,808,559	0.92	–	–	Nil	–	Others
China Information and Communication Technology Group Co., Ltd.	–	72,470,855	0.91	–	–	Nil	–	State-owned legal person
Hong Kong Securities Clearing Company Limited	23,818,166	63,499,339	0.80	–	–	Nil	–	Others
Industrial and Commercial Bank of China – SSE 50 Exchange-Traded Open-End Index Securities Investment Fund* (上證50交易型開放式指數證券投資基金)	1,647,871	39,004,594	0.49	–	–	Nil	–	Others
Industrial and Commercial Bank of China Limited – Huatai-PineBridge CSI 300 Exchange-traded Open-ended Index Securities Investment Fund* (華泰柏瑞滬深300交易型開放式指數證券投資基金)	1,004,501	35,403,737	0.44	–	–	Nil	–	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	Number
HKSCC NOMINEES LIMITED	4,386,304,681	Overseas listed foreign shares	4,386,304,681
Datang Holdings (Hongkong) Investment Company Limited	1,125,042,595	Overseas listed foreign shares	1,125,042,595
Xinxin (Hongkong) Capital Co., Ltd.	475,467,242	Overseas listed foreign shares	475,467,242
China Integrated Circuit Industry Investment Fund (Phase II) Co., Ltd.	127,458,120	RMB Ordinary Shares	127,458,120
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)	95,726,609	RMB Ordinary Shares	95,726,609
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)	73,808,559	RMB Ordinary Shares	73,808,559
China Information and Communication Technology Group Co., Ltd.	72,470,855	RMB Ordinary Shares	72,470,855
Hong Kong Securities Clearing Company Limited	63,499,339	RMB Ordinary Shares	63,499,339
Industrial and Commercial Bank of China – SSE 50 Exchange-Traded Open-End Index Securities Investment Fund* (上證50交易型開放式指數證券投資基金)	39,004,594	RMB Ordinary Shares	39,004,594
Industrial and Commercial Bank of China Limited – Huatai-PineBridge CSI 300 Exchange-traded Open-ended Index Securities Investment Fund* (華泰柏瑞滬深300交易型開放式指數證券投資基金)	35,403,737	RMB Ordinary Shares	35,403,737

Explanations on affiliated relationship or parties acting in concert among the abovementioned shareholders

- Datang HK is a wholly-owned subsidiary of CICT.
- Xinxin HK is a wholly-owned subsidiary of China IC Fund.
- Zhang Xin (張新), Li Guohua (李國華), 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, and director Fan Bing (范冰) also serves as the supervisor of China IC Fund II.
- 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.
- China IC Fund and China IC Fund II have some of the same shareholders.
- HKSCC NOMINEES LIMITED is a wholly-owned subsidiary of Hong Kong Securities Clearing Company Limited.

Apart from these, the Company does not know whether the other shareholders mentioned above have affiliated relationship or parties acting in concert.

SECTION 6 CHANGES IN SHARES AND INFORMATION OF SHAREHOLDERS

(IV) 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) 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)	Unexercised number as of 1/1/2025	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 6/30/2025	Closing price of Hong Kong Shares immediately before grant dates (HKD)	Exercisable period
Fan Ren Da Anthony	Independent Non-executive Director	9/13/2018	8.57	187,500	-	-	-	-	-	187,500	8.35	9/13/2018-9/12/2028
Liu Ming	Independent Non-executive Director	5/31/2021	24.50	32,877	-	-	-	-	-	32,877	24.15	5/31/2021-5/30/2031
Zhao Haijun	Co-Chief Executive Officer	5/31/2021	24.50	187,500	-	-	-	187,500	48.00	-	24.15	5/31/2021-5/30/2031
		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
				3,251,349	-	-	-	187,500		3,063,849		

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 1/1/2025	Unvested number as of 1/1/2025	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 6/30/2025	Held number as of 6/30/2025	Closing price of Hong Kong Shares immediately before grant dates (HKD)	Vesting period
Wu Hanming	Independent Non-executive Director	9/5/2022	0.031	94,350	94,350	-	-	-	-	-	94,350	94,350	15.00	8/11/2022-8/11/2025
Zhao Haijun	Co-Chief Executive Officer	5/31/2021	0.031	34,513	34,513	-	-	-	34,513	53.60	-	34,513	24.15	3/1/2021-3/1/2025
		4/8/2022	0.031	200,769	200,769	-	-	-	100,384	53.60	100,385	200,769	16.80	3/1/2022-3/1/2026
		4/1/2023	0.031	31,912	31,912	-	-	-	31,912	46.10	-	31,912	18.60	4/1/2023-4/1/2025
Liang Mong Song	Co-Chief Executive Officer	4/8/2022	0.031	200,769	200,769	-	-	-	100,384	53.60	100,385	200,769	16.80	3/1/2022-3/1/2026
		4/1/2023	0.031	31,912	31,912	-	-	-	31,912	46.10	-	31,912	18.60	4/1/2023-4/1/2025
				594,225	594,225	-	-	-	299,105		295,120	594,225		

SECTION 6 CHANGES IN SHARES AND INFORMATION OF SHAREHOLDERS

(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 1/1/2025	Unvested number as of 1/1/2025	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 6/30/2025	Held number as of 6/30/2025	Closing price of Hong Kong Shares immediately before grant dates (HKD)	Vesting period
Liu Xunfeng	Chairman and Executive Director	4/1/2024	0.031	123,468	123,468	–	–	–	74,081	46.10	49,387	123,468	15.16	4/1/2024-4/1/2026
Fan Ren Da Anthony	Independent Non-executive Director	4/1/2025	0.031	–	–	124,377	–	–	62,189	46.10	62,188	124,377	46.10	4/1/2025-4/1/2027
		7/1/2024	0.031	47,008	47,008	–	–	–	47,008	31.80	–	–	17.12	7/1/2024-1/1/2025
Liu Ming	Independent Non-executive Director	4/1/2024	0.031	83,908	83,908	–	–	–	83,908	31.80	–	–	15.16	2/4/2024-1/1/2025
Zhao Haijun	Co-Chief Executive Officer	4/1/2024	0.031	227,029	113,514	–	–	–	68,109	46.10	45,405	227,029	15.16	4/1/2024-4/1/2026
Liang Mong Song	Co-Chief Executive Officer	4/1/2025	0.031	–	–	74,563	–	–	37,282	46.10	37,281	74,563	46.10	4/1/2025-4/1/2027
		4/1/2024	0.031	227,029	113,514	–	–	–	68,109	46.10	45,405	227,029	15.16	4/1/2024-4/1/2026
		4/1/2025	0.031	–	–	74,563	–	–	37,282	46.10	37,281	74,563	46.10	4/1/2025-4/1/2027
				708,442	481,412	273,503	–	–	477,968		276,947	851,029		

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.

3. Type II Restricted Shares

(1) 2021 STAR Market Restricted Share Incentive Scheme – A Share

Unit: Share

Name	Position	Restricted Shares grant date	Grant price per share (RMB)	Unvested number as of 1/1/2025	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 6/30/2025	Closing price of A Shares immediately before grant dates (RMB)	Vesting period
Zhang Xin	Senior Vice President, Core Technician	7/19/2021	20.00	64,000	-	-	-	-	-	64,000	54.86	7/20/2022-7/17/2026
Jin Da	Senior Vice President, Core Technician	7/19/2021	20.00	32,000	-	-	-	-	-	32,000	54.86	7/20/2022-7/17/2026
Yan Dayong	Vice President, Core Technician	7/19/2021	20.00	28,000	-	-	-	-	-	28,000	54.86	7/20/2022-7/17/2026
				124,000	-	-	-	-	-	124,000		

SECTION 6 CHANGES IN SHARES AND INFORMATION OF SHAREHOLDERS

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

As at June 30, 2025, 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 Options (Hong Kong Share) ⁽²⁾	Restricted Share Units (Hong Kong Share) ⁽²⁾	Total interests (share)	Percentage of aggregate interests to total issued share capital of the Company ⁽¹⁾ (%)
Executive Director							
Liu Xunfeng	Long Position	Beneficial Owner	123,468	–	247,845	371,313	0.005
Non-executive Directors							
Lu Guoqing	–	–	–	–	–	–	–
Chen Shanzhi	–	–	–	–	–	–	–
Yang Lumin	–	–	–	–	–	–	–
Huang Dengshan	–	–	–	–	–	–	–
Independent Non-executive Directors							
Fan Ren Da Anthony	Long Position	Beneficial Owner	497,877	220,377	–	718,254	0.009
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	275,200	2,184,355	568,786	3,028,341	0.038
Liang Mong Song	Long Position	Beneficial Owner	318,973	659,117	534,273	1,512,363	0.019

Notes:

- (1) Based on 7,986,062,443 shares in issue as at June 30, 2025.
- (2) As at June 30, 2025, 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.

SECTION 7 FINANCIAL REPORT

SEMICONDUCTOR MANUFACTURING INTERNATIONAL CORPORATION

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended June 30, 2025

(In USD'000, except per share data)

		Six months ended	
	Notes	06/30/25	06/30/24
Revenue	4	4,456,267	3,651,452
Cost of sales		(3,500,600)	(3,146,655)
Gross profit		955,667	504,797
Research and development expenses		(330,811)	(368,858)
Selling and marketing expenses		(24,301)	(18,780)
General and administration expenses		(338,211)	(277,008)
Impairment losses on financial assets, net		(742)	11
Other operating income	5	198,646	249,384
Profit from operations		460,248	89,546
Interest income		222,787	306,343
Finance costs	6	(167,155)	(138,467)
Foreign exchange gain		16,067	9,111
Other (losses)/gains, net	7	(1,186)	2,401
Share of profit or loss of associates and a joint venture		(21,083)	(7,506)
Profit before tax		509,678	261,428
Income tax expense	8	(39,575)	(25,651)
Profit for the period	9	470,103	235,777
Other comprehensive income			
<i>Items that may be reclassified to profit or loss in subsequent periods</i>			
Exchange differences on translating foreign operations		5,774	(13,063)
Cash flow hedges	20	86,013	(135,590)
Total comprehensive income for the period		561,890	87,124
Profit for the period attributable to:			
Owners of the Company		320,522	236,361
Non-controlling interests		149,581	(584)
		470,103	235,777
Total comprehensive income for the period attributable to:			
Owners of the Company		412,305	87,652
Non-controlling interests		149,585	(528)
		561,890	87,124
Earnings per share			
Basic	10	\$0.04	\$0.03
Diluted	10	\$0.04	\$0.03

SEMICONDUCTOR MANUFACTURING INTERNATIONAL CORPORATION

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of June 30, 2025

(In USD'000)

	Notes	06/30/25	12/31/24
Assets			
<i>Non-current assets</i>			
Property, plant and equipment	12	29,812,316	28,092,037
Right-of-use assets	13	385,571	432,148
Intangible assets		20,031	24,268
Investments in associates		1,289,373	1,252,507
Investment in a joint venture		78	13
Deferred tax assets		31,001	29,212
Financial assets at fair value through profit or loss	14	417,030	427,373
Financial assets at amortised cost	14	2,708,670	3,747,134
Restricted cash	15	379,078	372,514
Other assets		4,045	327
Total non-current assets		35,047,193	34,377,533
<i>Current assets</i>			
Inventories	16	3,143,020	2,958,350
Prepayment and prepaid operating expenses		63,409	56,394
Trade and other receivables	17	1,206,725	840,153
Financial assets at fair value through profit or loss	14	106,115	272,257
Financial assets at amortised cost	14	4,777,766	4,206,926
Derivative financial instruments	14	15,343	66,054
Cash and cash equivalents	18	5,082,675	6,364,189
		14,395,053	14,764,323
Assets classified as held-for-sale		3,917	19,392
Total current assets		14,398,970	14,783,715
Total assets		49,446,163	49,161,248

SEMICONDUCTOR MANUFACTURING INTERNATIONAL CORPORATION

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of June 30, 2025

(In USD'000)

	Notes	06/30/25	12/31/24
Equity and liabilities			
<i>Capital and reserves</i>			
Ordinary shares	19	31,944	31,905
Share premium		14,298,320	14,266,359
Other reserves	20	231,661	142,470
Retained earnings		6,493,597	6,173,075
Equity attributable to owners of the Company		21,055,522	20,613,809
Non-controlling interests		11,686,252	11,255,849
Total equity		32,741,774	31,869,658
<i>Non-current liabilities</i>			
Borrowings	21	8,828,546	8,038,148
Lease liabilities		790	7,751
Deferred tax liabilities		62,259	73,627
Deferred income		349,665	374,801
Derivative financial instruments	14	–	37,576
Total non-current liabilities		9,241,260	8,531,903
<i>Current liabilities</i>			
Trade and other payables	23	2,925,059	3,280,365
Contract liabilities		725,103	1,185,932
Borrowings	21	3,100,702	2,926,311
Lease liabilities		13,899	18,529
Bonds payable	22	–	605,258
Deferred income		190,300	198,645
Accrued liabilities		406,548	361,954
Derivative financial instruments	14	80,763	97,865
Current tax liabilities		20,755	84,828
Total current liabilities		7,463,129	8,759,687
Total liabilities		16,704,389	17,291,590
Total equity and liabilities		49,446,163	49,161,248

SEMICONDUCTOR MANUFACTURING INTERNATIONAL CORPORATION

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2025

(In USD'000)

	Ordinary shares	Share premium	Equity-settled employee benefit reserve	Foreign currency translation reserve
(Note 19)				
As at January 1, 2024	31,786	14,117,072	120,981	(137,325)
Profit for the period	–	–	–	–
Other comprehensive income for the period	–	–	–	(13,119)
Total comprehensive income for the period	–	–	–	(13,119)
Issue of shares under share incentive plans	39	21,343	(20,999)	–
Share-based compensation	–	–	30,100	–
Share of other capital reserve of associates	–	–	–	–
Subtotal	39	21,343	9,101	–
As at June 30, 2024	31,825	14,138,415	130,082	(150,444)
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	–	–	–	–
Payments for non-controlling interest	–	–	–	–
Dilution of interests in subsidiaries	–	–	–	–
Subtotal	39	31,961	(3,529)	–
As at June 30, 2025	31,944	14,298,320	65,089 ⁽¹⁾	(140,030) ⁽¹⁾

⁽¹⁾ These reserve accounts comprise the other reserves of US\$231,661 thousand (December 31, 2024: US\$142,470 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, 2025

(In USD'000)

Cash flow hedges reserve	Others	Retained earnings	Equity attributable to owners of the Company	Non- controlling interests	Total equity
(Note 20)					
14,300	288,961	5,680,327	20,116,102	10,729,514	30,845,616
–	–	236,361	236,361	(584)	235,777
(135,590)	–	–	(148,709)	56	(148,653)
(135,590)	–	236,361	87,652	(528)	87,124
–	–	–	383	–	383
–	–	–	30,100	3,938	34,038
–	2,512	–	2,512	–	2,512
–	2,512	–	32,995	3,938	36,933
(121,290)	291,473	5,916,688	20,236,749	10,732,924	30,969,673
(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
–	–	–	–	(2,314)	(2,314)
–	(4,092)	–	(4,092)	4,092	–
–	937	–	29,408	280,818	310,226
7,744 ⁽¹⁾	298,858 ⁽¹⁾	6,493,597	21,055,522	11,686,252	32,741,774

SEMICONDUCTOR MANUFACTURING INTERNATIONAL CORPORATION

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2025

(In USD'000)

	Six months ended	
	06/30/25	06/30/24
Operating activities		
Cash generated from operations	779,150	434,815
Interest paid	(106,382)	(102,214)
Interest received	254,062	190,126
Income taxes paid	(17,573)	(33,430)
Net cash generated from operating activities	909,257	489,297
Investing activities		
Acquisition of financial assets at fair value through profit or loss	(204,751)	(294,845)
Proceeds from sale of financial assets at fair value through profit or loss	389,648	419,907
Acquisition of financial assets at amortised cost	(1,301,067)	(805,521)
Proceeds from maturity of financial assets at amortised cost	1,745,503	1,940,944
Acquisition of property, plant and equipment	(3,418,553)	(4,267,321)
Proceeds from disposal of property, plant and equipment and assets classified as held-for-sale	12,741	1,833
Acquisition of intangible assets	–	(3,466)
Proceeds from disposal of land-use right	5,168	–
Capital injection in associates	(77,776)	(74,516)
(Payments for)/proceeds from sale of equity interests in associates	(51,028)	36,041
Dividends received from associates	1,794	1,373
Guarantee deposits refunded	–	24,136
Proceeds from settlement of derivative financial instruments	11,192	55,413
Net cash used in investing activities	(2,887,129)	(2,966,022)
Financing activities		
Proceeds from borrowings	2,628,543	1,626,496
Repayment of borrowings	(1,708,486)	(1,344,157)
Repayment of the principal portion of the lease liabilities	(10,302)	(16,137)
Repayment of bonds	(600,000)	–
Proceeds from issue of shares under share incentive plans	11,107	383
Capital injection from non-controlling interests	276,899	–
Proceeds from/(payments for) settlement of derivative financial instruments	8,824	(176,032)
Payments for non-controlling interest	(2,314)	–
Net cash generated from financing activities	604,271	90,553
Net decrease in cash and cash equivalents	(1,373,601)	(2,386,172)
Cash and cash equivalents at the beginning of the period	6,364,189	6,215,058
Effects of exchange rate changes on cash and cash equivalents	92,087	(134,609)
Cash and cash equivalents at the end of the period	5,082,675	3,694,277

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2025

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 Stock Exchange of Hong Kong Limited and the SSE STAR Market, respectively. The address of the principal place of business is 18 Zhangjiang Road, Pudong New Area, Shanghai, China, 201203. 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 financial statements for the year ended December 31, 2024, which have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

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, 2024, except for the adoption of the following amended IFRSs for the first time for the current period's financial information.

Amendments to IAS 21	Lack of Exchangeability
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The nature and impact of the amended IFRSs are described below:

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted with and the functional currencies of group entities for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the interim condensed consolidated financial information, or add other impact upon initial application.

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	
	06/30/25 USD'000	06/30/24 USD'000
By region		
China	3,752,855	2,955,182
America	566,997	566,200
Eurasia	136,415	130,070
	4,456,267	3,651,452
By type of goods or services		
wafers	4,228,551	3,394,625
Masks, testing and others	227,716	256,827
	4,456,267	3,651,452
By timing of revenue recognition		
Goods transferred at a point in time	4,443,580	3,615,249
Services transferred over time	12,687	36,203
	4,456,267	3,651,452

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2025

5. OTHER OPERATING INCOME

	Six months ended	
	06/30/25 USD'000	06/30/24 USD'000
Gain on disposal of property, plant and equipment and assets classified as held-for-sale	24,295	63
Government funding	173,820	249,321
Others	531	–
	198,646	249,384

6. FINANCE COSTS

	Six months ended	
	06/30/25 USD'000	06/30/24 USD'000
Interest on:		
Bank and other borrowings	164,127	129,324
Leases	207	688
Corporate bonds	2,821	8,455
	167,155	138,467

7. OTHER (LOSSES)/GAINS, NET

	Six months ended	
	06/30/25 USD'000	06/30/24 USD'000
Fair value (losses)/gains, net and dividend income from financial assets:		
Structural deposits and monetary funds	3,883	4,820
Equity securities	(4,785)	(8,000)
	(902)	(3,180)
Gain on disposal of associates ⁽¹⁾	1,103	4,588
Others	(1,387)	993
	(1,186)	2,401

⁽¹⁾ The gain was mainly arising from the passive dilution of the Group's equity interests in associates caused by the new issuance of shares by the associates.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2025

8. INCOME TAX EXPENSE

	Six months ended	
	06/30/25 USD'000	06/30/24 USD'000
Current tax		
– Land Appreciation Tax	3,535	–
– Enterprise Income Tax	47,758	24,016
Deferred tax	(11,718)	1,635
	39,575	25,651

INCOME TAX RATE

The Company is incorporated in the Cayman Islands, where it is not currently subject to taxation. The detailed status of the Group's principal entities located in Chinese Mainland with income tax holidays are elaborated as follows:

According to Enterprise Income Tax Law of the People's Republic of China, SMIC Shanghai, SMIC Shenzhen and SMIC Beijing were qualified as high-tech enterprises and were entitled to enjoy the preferential corporate income tax rate of 15% in 2025. SMIC Tianjin and SMNC obtained the certificate of high-tech enterprise in year 2022 and were entitled to enjoy the preferential income tax rate of 15% from 2022 to 2024. In 2025, SMIC Tianjin and SMNC would apply for the certificate of high-tech enterprise again in accordance with the relevant regulations. The tax rate for prepayment of corporate income tax was temporarily 15%.

All the other PRC entities of SMIC are subject to income tax rate of 25%.

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 2025, 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	
	06/30/25 USD'000	06/30/24 USD'000
Depreciation of property, plant and equipment	1,725,627	1,514,472
Depreciation of right-of-use assets	14,516	20,580
Amortisation of intangible assets	4,237	7,651
Impairment losses recognised on inventories	32,273	10,141
Addition/(reversal) in allowance on doubtful trade and other receivables	742	(11)
Equity-settled share-based payments expense	19,505	34,038

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2025

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	
	06/30/25	06/30/24
Earnings used in the calculation of basic earnings per share	320,522	236,361
Weighted average number of ordinary shares for the purposes of basic earnings per share	7,982,403,484	7,950,596,085
Basic earnings per share	\$0.04	\$0.03

DILUTED EARNINGS PER SHARE

The earnings used in the calculation of diluted earnings per share are as follows:

	(In USD'000, except share and per share data) Six months ended	
	06/30/25	06/30/24
Earnings used in the calculation of diluted earnings per share	320,522	236,361
Weighted average number of ordinary shares used in the calculation of basic earnings per share	7,982,403,484	7,950,596,085
Adjustments for share incentive plans	23,164,671	22,334,786
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	8,005,568,155	7,972,930,871
Diluted earnings per share	\$0.04	\$0.03

11. DIVIDEND

The board of director did not recommend the payment of any dividend for the six months ended June 30, 2025 (six months ended June 30, 2024: nil).

12. PROPERTY, PLANT AND EQUIPMENT

	Six months ended	
	06/30/25 USD'000	06/30/24 USD'000
As at January 1	28,092,037	23,944,961
Additions	3,447,228	4,484,229
Depreciation	(1,725,627)	(1,514,472)
Disposals	(1,322)	(486)
As at June 30	29,812,316	26,914,232

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2025

13. LEASES

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

	06/30/25 USD'000	12/31/24 USD'000
Buildings	1,391	1,715
Machinery and equipment	13,067	24,158
Land use right	371,113	406,275
	385,571	432,148

For the six month ended June 30, 2025, there were no new additions to the right-of-use assets (six months ended June 30, 2024: nil).

14. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Group holds the following financial instruments:

Financial assets	06/30/25 USD'000	12/31/24 USD'000
Non-current portion		
<i>Financial assets at fair value through profit or loss</i>		
Listed equity securities	21	6,019
Unlisted equity securities	125,197	132,067
Structural deposits	291,812	289,287
<i>Financial assets at amortised cost</i>		
Bank deposits maturing more than 1 year	2,708,670	3,747,134
<i>Other financial assets at amortised cost</i>		
Restricted cash (Note 15)	379,078	372,514
Current portion		
<i>Financial assets at fair value through profit or loss</i>		
Structural deposits	19,734	186,893
Monetary funds	86,381	85,364
<i>Financial assets at amortised cost</i>		
Bank deposits maturing more than 3 months and within 1 year	4,777,766	4,206,926
<i>Other financial assets at amortised cost</i>		
Cash and cash equivalents	5,082,675	6,364,189
Financial assets included in trade and other receivables ⁽¹⁾ (Note 17)	903,866	490,045
<i>Derivative financial instruments</i>		
Cross currency swap contracts – cash flow hedges	11,654	61,240
Interest rate swap contracts – cash flow hedges	2,106	4,814
Forward exchange contracts – cash flow hedges	1,583	–
	14,390,543	15,946,492

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2025

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

Financial liabilities	06/30/25 USD'000	12/31/24 USD'000
Non-current portion		
<i>Financial liabilities at amortised cost</i>		
Borrowings (Note 21)	8,828,546	8,038,148
Lease liabilities	790	7,751
<i>Derivative financial instruments</i>		
Cross currency swap contracts – cash flow hedges	–	37,576
Current portion		
<i>Financial liabilities at amortised cost</i>		
Financial liabilities included in trade and other payables and accrued liabilities	2,877,089	3,195,306
Borrowings (Note 21)	3,100,702	2,926,311
Lease liabilities	13,899	18,529
Bonds payable (Note 22)	–	605,258
<i>Derivative financial instruments</i>		
Cross currency swap contracts – cash flow hedges	70,251	86,218
Forward exchange contracts – cash flow hedges	10,512	11,647
	14,901,789	14,926,744

15. RESTRICTED CASH

	06/30/25 USD'000	12/31/24 USD'000
Non-current portion	379,078	372,514

As of June 30, 2025, the restricted cash consisted of bank time deposits of US\$379.1 million pledged against secured borrowings but not yet released (December 31, 2024: US\$372.5 million).

16. INVENTORIES

	06/30/25 USD'000	12/31/24 USD'000
Raw materials	1,638,927	1,520,167
Work in progress	1,233,194	1,105,683
Finished goods	270,899	332,500
	3,143,020	2,958,350

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2025

17. TRADE AND OTHER RECEIVABLES

	06/30/25 USD'000	12/31/24 USD'000
Trade receivables	806,120	407,588
Allowance on doubtful trade receivables	(1,776)	(1,034)
	804,344	406,554
Other receivables	35,107	9,175
Allowance on doubtful other receivables	(157)	(157)
	34,950	9,018
Notes receivables	45,142	50,783
Value-added tax to be deducted	302,859	332,297
Tax recoverables	–	17,811
Investment receivables	14,509	17,533
Dividend and interest receivables	405	–
Refundable deposits and surety	4,516	6,157
	1,206,725	840,153

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	06/30/25 USD'000	12/31/24 USD'000
Within 1 year	805,875	407,267
1-2 years	–	245
2-3 years	224	–
Over 3 years	21	76
	806,120	407,588

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 them subsequently at amortised cost using the effective interest method. The Group does not hold any collateral or other credit enhancements over its trade receivable balances.

The following is an aging analysis of other receivables at the end of the reporting period.

Age of other receivables	06/30/25 USD'000	12/31/24 USD'000
Within 1 year	34,843	8,972
1-2 years	102	64
2-3 years	62	33
Over 3 years	100	106
	35,107	9,175

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2025

18. CASH AND CASH EQUIVALENTS

CURRENCIES IN WHICH CASH AND CASH EQUIVALENTS ARE HELD

	06/30/25 USD'000	12/31/24 USD'000
RMB	3,528,160	4,960,735
USD	562,705	170,550
JPY	528,432	1,110,304
HKD	354,344	13,455
EUR	107,464	108,179
TWD	1,570	966
	5,082,675	6,364,189

19. SHARES AND ISSUED CAPITAL

	Six months ended 06/30/25		Six months ended 06/30/24	
	Number	USD'000	Number	USD'000
As at January 1	7,976,149,966	31,905	7,946,555,760	31,786
Issue of shares under share incentive plans	9,912,477	39	9,651,268	39
As at June 30	7,986,062,443	31,944	7,956,207,028	31,825

20. OTHER RESERVES

CASH FLOW HEDGES

To mitigate the impact of volatility of future cash flows caused by the changes in exchange rates and interest rate 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	
	06/30/25 USD'000	06/30/24 USD'000
Other comprehensive income on cash flow hedges recognised		
Fair value gain/(loss)	18,833	(21,330)
Offset foreign exchange gain/(loss)	18,717	(87,205)
Added/(deducted) finance cost	46,795	(27,055)
Deferred tax liabilities	1,668	–
	86,013	(135,590)
As at January 1	(78,269)	14,300
As at June 30	7,744	(121,290)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2025

21. BORROWINGS

At amortised cost	06/30/25 USD'000	12/31/24 USD'000
Short-term bank borrowings – unsecured	1,001,545	148,901
Long-term bank borrowings – secured		
– Guaranteed loans	3,833,049	2,823,130
– Pledged loans	–	200,738
Long-term bank borrowings – unsecured	7,094,654	7,791,690
	11,929,248	10,964,459
Current portion		
Short-term bank borrowings	1,001,545	148,901
Current maturities of long-term bank borrowings	2,099,157	2,777,410
	3,100,702	2,926,311
Non-current portion		
Non-current maturities of long-term bank borrowings	8,828,546	8,038,148
	11,929,248	10,964,459
Borrowing by repayment schedule		
Within 1 year	3,100,702	2,926,311
1-2 years	3,694,120	2,542,005
2-5 years	1,185,278	2,396,414
Over 5 years	3,949,148	3,099,729
	11,929,248	10,964,459

As of June 30, 2025, there was no pledged loans (December 31, 2024: US\$200.7 million) secured by the pledge of bank deposits (Note 15).

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	06/30/25 USD'000	12/31/24 USD'000
RMB	11,194,890	10,421,541
USD	734,358	542,918
	11,929,248	10,964,459

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

	06/30/25 USD'000	12/31/24 USD'000
RMB	1.60%	1.68%
USD	4.50%	3.26%

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2025

22. BONDS PAYABLE

On February 27, 2020, the Company issued 5-year unsecured corporate bonds for a total amount of US\$600.0 million on the Singapore Exchange. The corporate bonds carry a coupon interest rate of 2.693% with bond interest payable semi-annually on February 27 and August 27. As of the issue date, the net book value of the liabilities amounted to US\$596.4 million after deducting transaction cost in connection with the offering of the bonds.

	USD'000
Principal amount	600,000
Discount of bonds payable	(3,232)
Transaction cost	(368)
	596,400

The movement of the corporate bonds is set out below:

	USD'000
As at January 1, 2024	599,115
Interest charged	8,455
Interest payable recognised	(2,693)
As at June 30, 2024	604,877
As at January 1, 2025	605,258
Interest charged (Note 6)	2,821
Principal and interest payable recognised	(608,079)
As at June 30, 2025	—

23. TRADE AND OTHER PAYABLES

	06/30/25 USD'000	12/31/24 USD'000
Payables for property, plant and equipment	1,812,660	1,818,770
Trade payables	678,051	789,525
Deposits received	287,181	468,376
Others	147,167	203,694
	2,925,059	3,280,365

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 and payables for property, plant and equipment presented based on the invoice date at the end of the reporting period:

	06/30/25 USD'000	12/31/24 USD'000
Within 30 days	2,359,293	2,431,182
31-60 days	93,324	126,139
Over 60 days	38,094	50,974
	2,490,711	2,608,295

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2025

24. 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, 2025 was US\$19.5 million (six months ended June 30, 2024: US\$34.0 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 06/30/25		Six months ended 06/30/24	
	Number	WAEP	Number	WAEP
Outstanding at January 1	15,303,689	HKD17.88	21,124,955	HKD17.75
Lapsed during the period	(47,038)	HKD22.06	(535,446)	HKD21.42
Exercised during the period	(4,430,237)	HKD19.48	(273,146)	HKD10.01
Outstanding at June 30	10,826,414	HKD17.20	20,316,363	HKD17.76

The weighted average closing price of the Company's shares immediately before the dates while the stock options were exercised was HKD41.82 (six months ended June 30, 2024: HKD16.70).

The range of exercise prices for options outstanding for the six months ended June 30, 2025 was from HKD6.42 to HKD24.50 (six months ended June 30, 2024: from HKD6.42 to HKD24.50).

No stock options were granted for the six months ended June 30, 2025.

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 06/30/25		Six months ended 06/30/24	
	Number	Purchase price	Number	Purchase price
Unvested at January 1	4,801,041	HKD0.031	9,982,902	HKD0.031
Lapsed during the period	(78,516)	HKD0.031	(139,322)	HKD0.031
Vested during the period	(2,979,961)	HKD0.031	(4,589,239)	HKD0.031
Unvested at June 30	1,742,564	HKD0.031	5,254,341	HKD0.031

The weighted average closing price of the Company's shares immediately before the dates on which the 2014 RSUs were vested was HKD50.76 (six months ended June 30, 2024: HKD16.29).

No 2014 RSUs were granted for the six months ended June 30, 2025.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2025

24. SHARE-BASED PAYMENTS *(continued)*

MOVEMENTS DURING THIS PERIOD *(continued)*

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 06/30/25		Six months ended 06/30/24	
	Number	Purchase price	Number	Purchase price
Unvested at January 1	4,180,026	HKD0.031	–	HKD0.031
Granted during the period	2,876,943	HKD0.031	8,737,798	HKD0.031
Lapsed during the period	(109,305)	HKD0.031	(38,314)	HKD0.031
Vested during the period	(3,958,172)	HKD0.031	(4,372,532)	HKD0.031
Unvested at June 30	2,989,492	HKD0.031	4,326,952	HKD0.031

The weighted average closing price of the Company's shares immediately before the dates on which the 2024 RSUs were vested was HKD45.65 (six months ended June 30, 2024: HKD15.20).

2024 RSUs were granted on April 1, 2025 with the fair value of HKD44.27 (April 1, 2024: HKD15.13).

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 06/30/25		Six months ended 06/30/24	
	Number	Grant price	Number	Grant price
Unvested at January 1	13,153,720	RMB20.00	29,640,860	RMB20.00
Lapsed during the period	(519,060)	RMB20.00	(852,340)	RMB20.00
Unvested at June 30	12,634,660	RMB20.00	28,788,520	RMB20.00

No restricted shares were granted for the six months ended June 30, 2025.

25. 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2025

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

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, 2025 and the year ended December 31, 2024:

- 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, 2025	Valuation techniques	Level 1 USD'000	Level 2 USD'000	Level 3 USD'000	Total USD'000
Financial assets					
Listed equity securities	Quoted market prices	21	–	–	21
Unlisted equity securities	Valuation multiples or the latest price method of financing	–	–	125,197	125,197
Structural deposits	Monte Carlo simulation	–	–	311,546	311,546
Monetary funds	Observable prices	86,381	–	–	86,381
Cross currency swap contracts – cash flow hedges	The present value of the estimated future cash flows based on observable yield curves	–	11,654	–	11,654
Interest rate swap contracts – cash flow hedges	The present value of the estimated future cash flows based on observable yield curves	–	2,106	–	2,106
Forward exchange contracts – cash flow hedges	The present value of the estimated future cash flows based on observable yield curves	–	1,583	–	1,583
		86,402	15,343	436,743	538,488
Financial liabilities					
Cross currency swap contracts – cash flow hedges	The present value of the estimated future cash flows based on observable yield curves	–	70,251	–	70,251
Forward exchange contracts – cash flow hedges	The present value of the estimated future cash flows based on observable yield curves	–	10,512	–	10,512
		–	80,763	–	80,763

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2025

25. 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, 2024	Valuation techniques	Level 1 USD'000	Level 2 USD'000	Level 3 USD'000	Total USD'000
Financial assets					
Listed equity securities	Quoted market prices	6,019	–	–	6,019
Unlisted equity securities	Valuation multiples or the latest price method of financing	–	–	132,067	132,067
Structural deposits	Monte Carlo simulation	–	–	476,180	476,180
Monetary funds	Observable prices	85,364	–	–	85,364
Cross currency swap contracts – cash flow hedges	The present value of the estimated future cash flows based on observable yield curves	–	61,240	–	61,240
Interest rate swap contracts – cash flow hedges	The present value of the estimated future cash flows based on observable yield curves	–	4,814	–	4,814
		91,383	66,054	608,247	765,684
Financial liabilities					
Cross currency swap contracts – cash flow hedges	The present value of the estimated future cash flows based on observable yield curves	–	123,794	–	123,794
Forward exchange contracts – cash flow hedges	The present value of the estimated future cash flows based on observable yield curves	–	11,647	–	11,647
		–	135,441	–	135,441

FAIR VALUE MEASUREMENTS USING SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)

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

	Restricted listed equity securities USD'000	Unlisted equity securities USD'000	Structural deposits USD'000	Total USD'000
As at January 1, 2024	30,009	167,821	393,065	590,895
Additions	–	634	260,384	261,018
Disposals	–	(13,109)	(354,734)	(367,843)
(Loss)/gain recognised	(2,821)	(5,709)	2,779	(5,751)
Foreign exchange loss	(166)	(1,005)	(765)	(1,936)
As at June 30, 2024	27,022	148,632	300,729	476,383
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)
Foreign exchange gain	–	466	(308)	158
As at June 30, 2025	–	125,197	311,546	436,743

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2025

26. RELATED PARTY TRANSACTIONS

The names of the related parties which had transactions with the Group for the six months ended June 30, 2025 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. and its subsidiaries ("Brite")	An associate of the Group
China Fortune-Tech Capital Co., Ltd. ("China Fortune-Tech")	An associate of the Group
Sino IC Leasing and its subsidiaries	An associate of the Group
NSI	An associate of the Group
Semiconductor Global Solutions Corporation ("SGS")	An associate of the Group
Semiconductor Technology Innovation Center (Beijing) Co., Ltd. ("Beijing Innovation Center")	An associate of the Group
Key Management Personnel who have transactions with the Group	Directors and senior management personnel

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	
		06/30/25 USD'000	06/30/24 USD'000
Sale of goods and services			
Brite	Sale of goods and services	21,100	36,719
Beijing Innovation Center	Sale of goods and services	17,634	59,262
NSI	Sale of goods	13,167	11,661
Datang	Sale of goods	6,517	4,562
Purchase of goods and services			
Beijing Innovation Center	Purchase of services	9,717	735
Toppan	Purchase of goods	3,269	5,377
SGS	Purchase of goods and services	681	403
China Fortune-Tech	Purchase of services	—	215
Transfer of assets			
Sino IC Leasing and its subsidiaries	Purchase of equipment	129,923	—
SGS	Purchase of equipment	20,417	866
Group as a lessor			
Toppan	Rent income	2,759	2,674
China Fortune-Tech	Rent income	446	255
SGS	Rent income	165	246
Beijing Innovation Center	Rent income	14	57
NSI	Rent income	—	3
Group as a lessee			
Sino IC Leasing and its subsidiaries	Payment of lease liabilities	10,116	16,444

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2025

26. RELATED PARTY TRANSACTIONS (continued)

TRADING TRANSACTIONS (continued)

The following balances were outstanding at the end of the reporting period:

	Amounts due from related parties		Amounts due to related parties	
	06/30/25 USD'000	12/31/24 USD'000	06/30/25 USD'000	12/31/24 USD'000
Brite	5,189	6,769	309	347
SGS	7,791	18	4,247	1,462
Toppan	1,549	1,016	1,344	375
Beijing Innovation Center	14,568	15,960	5,313	10,530
China Fortune-Tech	4	15	71	71
Sino IC Leasing and its subsidiaries	–	–	13,160	24,403
Datang	1,095	13	2,511	1,196
NSI	6,365	4,924	2,278	1,933

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

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	
	06/30/25 USD'000	06/30/24 USD'000
Salaries, bonus and benefits	1,283	1,215
State-managed pension	20	20
Equity-settled share-based payments expense	1,377	1,565
	2,680	2,800

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

27. COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period:

	06/30/25 USD'000	12/31/24 USD'000
Commitments for building and facility construction	483,119	258,061
Commitments for acquisition of machinery and equipment	8,643,215	6,652,728
Commitments for acquisition of intangible assets	36,541	13,118
Commitments for capital contributions	57,744	121,307
	9,220,619	7,045,214

28. CONTINGENCY EVENTS

ARBITRATION OF CONTRACT DISPUTED WITH PDF

On May 7, 2020, SMIC New Technology, a subsidiary of the Company, received an arbitration notice issued by the Hong Kong International Arbitration Center, whereby PDF filed an arbitration request with the Hong Kong International Arbitration Center. The arbitration is still ongoing.

Management of the Group is of the view that the aforementioned contract dispute is still in the arbitration stage and the result of arbitration is uncertain and cannot be reasonably ascertainable. As of June 30, 2025, the Group did not make provision for the contingent liabilities from the contract dispute.

29. SUBSEQUENT EVENTS

There is no material subsequent event undertaken by the Group after June 30, 2025.