中芯國際集成電路製造有限公司*
Semiconductor Manufacturing International Corporation
(Incorporated in the Cayman Islands with limited liability)
Stock Code: 00981

2025 ANNUAL REPORT

* For identification purposes only

LEADING FOUNDRY

IN CHINESE MAINLAND

EMPOWERED TECHNOLOGY

ENRICHED SERVICES

ENHANCED COMPETITIVENESS

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FORWARD-LOOKING STATEMENTS

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

BEING

TRUSTWORTHY RELIABLE

FOR OUR CUSTOMERS

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.
China IC Fund III	for	China Integrated Circuit Industry Investment Fund (Phase III) Co., Ltd.
Xinxin HK	for	Xinxin (Hongkong) Capital Co., Ltd.
Board	for	the board of directors of the Company
Director(s)	for	the director(s) of the Company
CSRC	for	China Securities Regulatory Commission
HKSE or Hong Kong Stock Exchange	for	The Stock Exchange of Hong Kong Limited
SSE	for	The Shanghai Stock Exchange
SSE STAR Market	for	Shanghai Stock Exchange Science and Technology Innovation Board
Hong Kong Listing Rules	for	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
SSE STAR Market Listing Rules	for	the Rules Governing the Listing of Stocks on the SSE STAR Market, as amended from time to time
IFRS(s)	for	the International Financial Reporting Standard(s) as issued by the International Accounting Standards Board
CAS(s)	for	the China Accounting Standard(s) for Business Enterprises as issued by the PRC Ministry of Finance
Ordinary Share(s)	for	the ordinary share(s) of US$0.004 each in the share capital of the Company
A Share(s)	for	the Ordinary Share(s) issued by the Company on the SSE STAR Market
Hong Kong Share(s)	for	the Ordinary Share(s) issued by the Company on the Hong Kong Stock Exchange
Reporting Period, this period or this year	for	period from January 1, 2025 to December 31, 2025
Corresponding Period, previous period or last year	for	period from January 1, 2024 to December 31, 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.

LETTER TO SHAREHOLDERS

SECTION 2 • LETTER TO SHAREHOLDERS

Dear shareholders and investors,

2025 was the 25th anniversary of SMIC's founding, a transformative year for the Company to further deepen reforms comprehensively and drive high-quality development.

This year, the Company continued to focus on its core business development, ensured the smooth progress of its projects, and achieved new heights in its business performance. Confronted with the complex and volatile external environment, the Company remained committed to its long-term strategy of deeply engaging in wafer manufacturing and carried out capacity expansion in a steady manner, and the monthly capacity scale exceeded 1 million standard logic 8-inch equivalent wafers; revenue increased by 16.2% year-on-year to US$9,327 million, continuing to solidify its position as the second-largest pure-play wafer foundry worldwide; utilisation rate increased by 8 percentage points year-on-year to 93.5%; the gross margin increased to 21%, up 3 percentage points year-on-year, despite a substantial increase in depreciation. At the same time, the Company made substantive progress in the projects including acquisition of minority stakes in SMNC, capital injection and share expansion in SMSC, building a solid foundation for its future development.

This year, the Company continued to drive technological breakthroughs, promoted incremental growth through open cooperation, and synergized with the industrial chain for common development. As downstream application scenarios became more diversified, sectors such as artificial intelligence, data centers and autonomous driving led the industry into a new round of rapid growth cycle, smart terminals such as consumer electronics upgraded and iterated, and the local transformation of the industrial chain accelerated. All above further boosted the industry's demand for domestic chip manufacturing in the mid-to high-end areas. In this context, the Company prioritized fostering and developing its new productive forces, and sustained innovation to consolidate its core competitive advantages. In 2025, the Company maintained a high level of R&D investment of US$774 million, accounting for 8.3% of its revenue; the Company refined its technological innovation system, actively responded to customer needs, and continuously promoted process iteration and product upgrading; at the same time, the Company carried out industrial chain cooperation with upstream and downstream partners and established advanced packaging research institute to support the high-quality development of the industry.

This year, the Company continued to strengthen talent force, fostered a heartwarming corporate culture, and fully promoted green and sustainable development. Faced with the profoundly evolving industrial landscape, the Company fully recognized that competition in IC industry boiled down to the competition for talent. The Company selected and cultivated outstanding young cadres, and comprehensively strengthened the development of its talent pipeline. In terms of talent recruitment, the Company kept stepping up the hiring of fresh graduates and proactively introduced professional elites and high-end experts; in terms of talent retention, the Company nurtured employees' sense of responsibility, mission and belonging through measures such as strengthening positive incentives and implementing a diversified compensation system. Adhering to the people-oriented philosophy at all times, the Company consistently practiced its corporate social responsibility of "caring for people, environment and society", consolidated the resilience of green and sustainable development, deepened humanistic care, and achieved the common development of the Company and society.

2026 is a year of strategic opportunity and window for the development of the industry, and is also a pivotal year for SMIC to seize the momentum, serve the overall interests, take proactive actions, embrace innovation for transformation, and pursue collaborative innovation. The Company focuses on ten key priorities: ensuring safety, delivering projects, strengthening technology, expanding new drivers, forging a capable team, optimizing operations, controlling costs, mitigating risks, adapting to changing landscapes and deepening humanistic care. The Company consolidates and expands its competitive edges, overcomes bottleneck constraints, and shores up its weaknesses, so as to seize the strategic initiative in the fierce domestic and international competition, achieve greater breakthroughs of promoting its strategic layout of "one SMIC, global operations", and strive to create a new glory for SMIC in the new era!

Here, on behalf of the Company's board of directors and management, I would like to extend most heartfelt gratitude and sincerest respect to all the shareholders and friends from all walks of life who have cared for and supported the development of SMIC over the years!

Chairman

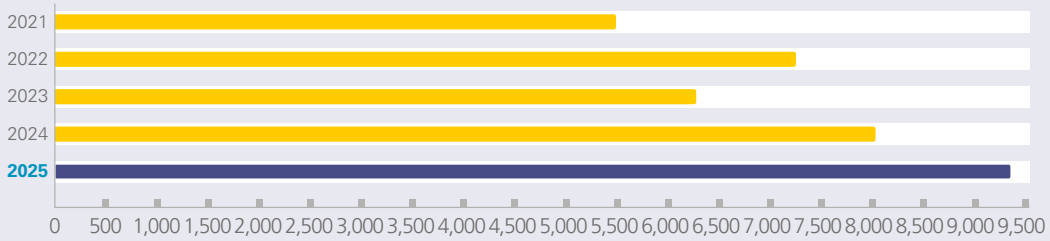
Shanghai, PRC
March 26, 2026

STRIVING FOR RETURNS

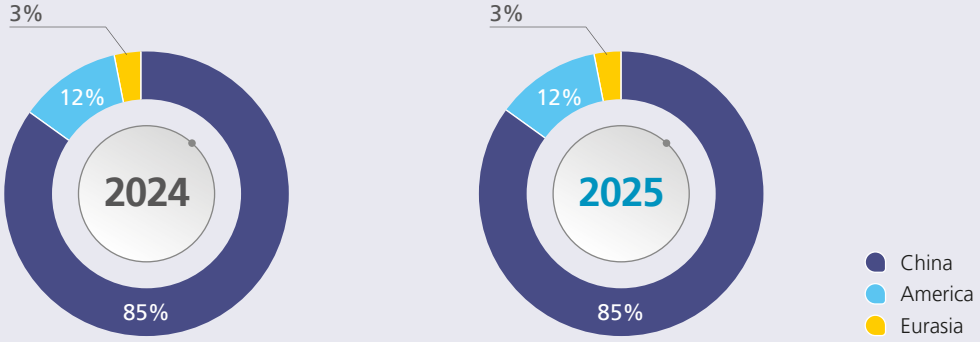
FOR OUR SHAREHOLDERS

Total Revenue

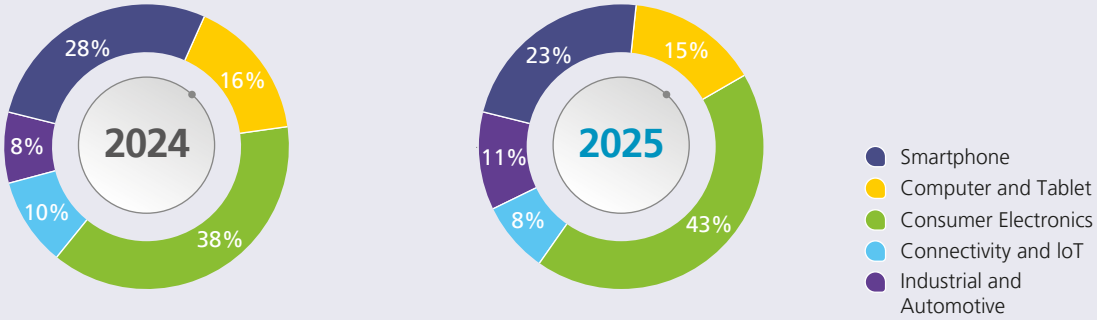
US$ million



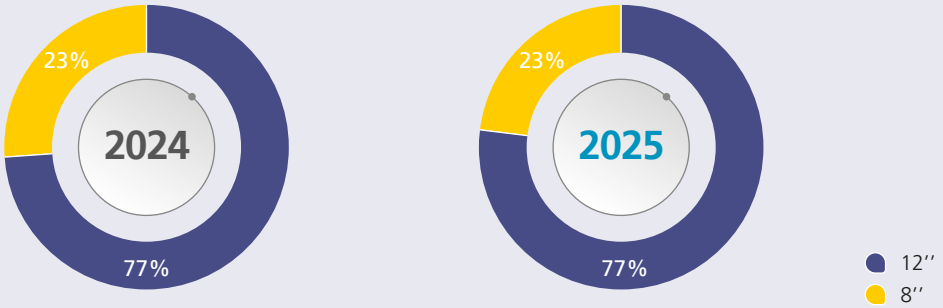
Sales by Region



Wafer Sales by Application



Wafer Sales by Size



SECTION 3 • 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 (www.cnstock.com), China Securities Journal (www.cs.com.cn), Securities Times (www.stcn.com) and Securities Daily (www.zqrb.cn)
Website of the Shanghai Stock Exchange for publishing the annual report of the Company	https://www.sse.com.cn
Website of the Hong Kong Stock Exchange for publishing the annual report of the Company	https://www.hkexnews.hk
Place available for inspection of the annual report of the Company	Board Affairs Office, 18 Zhangjiang Road, Pudong New Area, Shanghai, PRC

IV. INFORMATION ON THE COMPANY'S SHARES

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

V. OTHER RELEVANT INFORMATION

Auditor engaged by the Company (domestic)	Name	Ernst & Young Hua Ming LLP (Special General Partnership)
	Office address	16th Floor, Ernst & Young Tower, Oriental Plaza, 1 East Chang An Avenue, Dongcheng District, Beijing, China
	Name of signing accountants	Meng Dong, Gu Fan
Auditor engaged by the Company (overseas)	Name	Ernst & Young Certificated Public Accountant and Registered Public Interest Entity Auditor
	Office address	27/F, One Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong
	Name of signing accountant	Ng Cheung

VI. PRINCIPAL ACCOUNTING DATA AND FINANCIAL INDICATORS FOR THE LAST THREE YEARS

(I) PRINCIPAL ACCOUNTING DATA

in USD'000

	Year ended December 31,			
	2025	2024	2025 as compared with 2024 (%)	2023
Revenue	**9,326,799**	8,029,921	16.2	6,321,560
Profit before tax	**1,073,257**	859,558	24.9	1,187,449
Profit for the year attributable to owners of the Company	**685,131**	492,748	39.0	902,526
Profit for the year attributable to owners of the Company, net of non-recurring profit or loss	**575,556**	368,930	56.0	465,963
Net cash generated from operating activities	**3,194,303**	3,175,555	0.6	3,358,294
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	**5,256,378**	4,379,732	20.0	4,064,164

	As of December 31,			
	2025	2024	2025 as compared with 2024 (%)	2023
Equity attributable to owners of the Company	**21,439,670**	20,613,809	4.0	20,116,102
Total assets	**52,271,308**	49,161,248	6.3	47,787,312

(II) PRINCIPAL FINANCIAL INDICATORS

	Year ended December 31,			
	2025	2024	2025 as compared with 2024 (%)	2023
Gross margin	**21.0%**	18.0%	Increased by 3.0 percentage points	19.3%
Net margin	**10.6%**	9.1%	Increased by 1.5 percentage points	17.8%
EBITDA margin	**56.4%**	54.5%	Increased by 1.9 percentage points	64.3%
Basic earnings per share	**$0.09**	$0.06	50.0	$0.11
Diluted earnings per share	**$0.09**	$0.06	50.0	$0.11
Basic earnings per share, net of non-recurring profit or loss	**$0.07**	$0.05	40.0	$0.06
Weighted average return on equity[(1)]	**3.3%**	2.4%	Increased by 0.9 percentage point	4.6%
Weighted average return on equity, net of non-recurring profit or loss[(2)]	**2.7%**	1.8%	Increased by 0.9 percentage point	2.4%
Percentage of research and development ("R&D") costs to revenue	**8.3%**	9.5%	Decreased by 1.2 percentage points	11.2%

Notes:

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

Profit for the year attributable to owners of the Company, profit for the year attributable to owners of the Company, net of non-recurring profit or loss increased, primarily due to the increase in wafer shipment, the increase in capacity utilisation rate and the product mix change.

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 year attributable to owners of the Company for this year.

VII. DISCREPANCIES IN ACCOUNTING DATA BETWEEN DIFFERENT ACCOUNTING STANDARDS

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

in USD'000

	Profit attributable to owners of the Company		Equity attributable to owners of the Company	
	Year ended 12/31/25	Year ended 12/31/24	**12/31/25**	12/31/24
Prepared in accordance with CASs	**704,264**	517,851	**21,439,670**	20,613,809
Adjustments to items and amounts prepared in accordance with IFRSs:				
Equity interest in associates being passively diluted[(Note)]	**(19,133)**	(25,103)	**–**	–
Prepared in accordance with IFRSs	**685,131**	492,748	**21,439,670**	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.

VIII. PRINCIPAL FINANCIAL DATA FOR THE YEAR OF 2025 BY QUARTER

in USD'000

	First Quarter (From January to March)	Second Quarter (From April to June)	Third Quarter (From July to September)	Fourth Quarter (From October to December)
Revenue	2,247,201	2,209,066	2,381,822	2,488,710
Profit attributable to owners of the Company	188,035	132,487	191,758	172,851
Profit attributable to owners of the Company, net of non-recurring profit or loss	161,836	103,654	178,106	131,960
Net cash generated from operating activities	(160,415)	1,069,672	941,112	1,343,934

IX. NON-RECURRING PROFIT OR LOSS ITEMS AND AMOUNTS

in USD'000

	Year ended December 31,		
	2025	2024	2023
Gain/(loss) on disposal of property, plant and equipment and assets classified as held-for-sale	**26,195**	18,414	(177)
Government funding	**222,637**	187,686	236,425
Net gain arising from items measured at fair value through profit or loss ("FVPL")	**12,588**	2,090	51,265
Other non-recurring profit or loss items	**(68,507)**	136,405	270,998
	192,913	344,595	558,511
Effects on income tax	**(2,414)**	(150,261)	(54,162)
Impact on non-controlling interests (after tax)	**(80,924)**	(70,516)	(67,786)
Total	**109,575**	123,818	436,563

in USD'000

	Year ended December 31,
Other non-recurring profit or loss items	**2025**
Share of net gain arising from items measured at FVPL of associates and a joint venture	23,803
Equity interest in associates being passively diluted	(19,133)
Others	(73,177)

X. EBITDA

in USD'000

	Year ended December 31,	
	2025	2024
Profit for the year	**988,944**	729,993
Finance costs	**373,111**	297,111
Depreciation and amortisation	**3,810,010**	3,223,063
Income tax expense	**84,313**	129,565
EBITDA[(2)(3)]	**5,256,378**	4,379,732
EBITDA margin[(1)(2)(3)]	**56.4%**	54.5%

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 year were mainly due to the increase in wafer shipment, the increase in capacity utilisation rate and the product mix change.

XI. ITEMS MEASURED AT FAIR VALUE

in USD'000

	As of December 31,			
	2025	2024	**Change in the Reporting Period**	**Impact on profit for the Reporting Period**
Equity instruments	**810,501**	138,086	672,415	5,467
Structural deposits and monetary funds	**380,857**	561,544	(180,687)	7,121
Derivative financial instruments – net assets/(net liabilities)	**68,157**	(69,387)	137,544	–
Total	**1,259,515**	630,243	629,272	12,588

XII. BUSINESS PERFORMANCE HIGHLIGHTS FOR THE PREVIOUS FIVE YEARS

(I) PROFIT OR LOSS DATA

in USD'000

	Year ended December 31,				
	2025	2024	2023	2022	2021
Revenue	**9,326,799**	8,029,921	6,321,560	7,273,284	5,443,112
Cost of sales	**(7,370,200)**	(6,581,953)	(5,103,816)	(4,511,636)	(3,767,342)
Gross profit	**1,956,599**	1,447,968	1,217,744	2,761,648	1,675,770
Research and development expenses	**(773,634)**	(765,279)	(707,275)	(733,096)	(638,842)
Selling and marketing expenses	**(42,963)**	(39,847)	(36,162)	(33,834)	(27,642)
General and administration expenses	**(526,237)**	(580,041)	(482,262)	(493,730)	(275,703)
Impairment losses on financial assets, net	**(4,315)**	(107)	1,255	(605)	997
Other operating income	**500,487**	411,206	364,447	335,296	657,982
Profit from operations	**1,109,937**	473,900	357,747	1,835,679	1,392,562
Interest income	**398,080**	546,061	736,591	349,135	223,035
Finance costs	**(373,111)**	(297,111)	(209,424)	(125,582)	(110,143)
Foreign exchange gain	**28,501**	11,261	11,155	6,586	1,407
Other (losses)/gains, net	**(79,955)**	96,837	262,591	26,763	80,785
Share of profit or loss of associates and a joint venture	**(10,195)**	28,610	28,789	121,524	252,678
Profit before tax	**1,073,257**	859,558	1,187,449	2,214,105	1,840,324
Income tax expense	**(84,313)**	(129,565)	(62,514)	(16,023)	(65,166)
Profit for the year	**988,944**	729,993	1,124,935	2,198,082	1,775,158
Profit for the year attributable to:					
Owners of the Company	**685,131**	492,748	902,526	1,817,942	1,701,803
Non-controlling interests	**303,813**	237,245	222,409	380,140	73,355
	988,944	729,993	1,124,935	2,198,082	1,775,158

	Year ended December 31,				
	2025	2024	2023	2022	2021
Earnings per share					
Basic	**$0.09**	$0.06	$0.11	$0.23	$0.22
Diluted	**$0.09**	$0.06	$0.11	$0.23	$0.21
Shares issued and outstanding (share)	**8,000,408,035**	7,976,149,966	7,946,555,760	7,912,664,696	7,903,856,555
Financial ratio					
Gross margin	**21.0%**	18.0%	19.3%	38.0%	30.8%
Net margin	**10.6%**	9.1%	17.8%	30.2%	32.6%
Operating data					
Wafers shipped (in piece)	**9,696,824**	8,020,798	5,866,683	7,098,458	6,747,190

(II) MAJOR FINANCIAL POSITION DATA

in USD'000

	As of December 31,				
	2025	2024	2023	2022	2021
Total assets	**52,271,308**	49,161,248	47,787,312	43,807,784	36,110,941
Property, plant and equipment	**32,557,778**	28,092,037	23,944,961	18,855,532	14,260,783
Financial assets at amortised cost	**5,682,865**	7,954,060	9,840,224	10,676,151	7,564,091
Cash and cash equivalents	**5,872,500**	6,364,189	6,215,058	6,932,587	8,581,746
Total liabilities	**17,250,785**	17,291,590	16,941,696	14,846,363	10,672,798
Borrowings	**12,587,850**	10,964,459	9,550,931	7,986,522	5,726,987
Trade and other payables	**2,965,981**	3,280,365	3,727,922	3,217,001	1,830,415
Total equity	**35,020,523**	31,869,658	30,845,616	28,961,421	25,438,143
Non-controlling interests	**13,580,853**	11,255,849	10,729,514	9,811,445	8,288,479

(III) MAJOR CASH FLOW DATA

in USD'000

	Year ended December 31,				
	2025	2024	2023	2022	2021
Net cash generated from operating activities	**3,194,303**	3,175,555	3,358,294	5,347,916	3,011,895
Profit for the year	**988,944**	729,993	1,124,935	2,198,082	1,775,158
Depreciation and amortisation	**3,810,010**	3,223,063	2,667,291	2,271,361	1,869,302
Net cash used in investing activities	**(6,495,352)**	(4,518,437)	(6,207,572)	(10,391,505)	(6,655,435)
Acquisition of property, plant and equipment	**(8,399,826)**	(7,664,215)	(7,630,407)	(6,172,106)	(4,120,275)
Net cash generated from financing activities	**2,676,455**	1,608,336	2,466,338	3,614,290	2,357,325
Net (decrease)/increase in cash and cash equivalents	**(624,594)**	265,454	(382,940)	(1,429,299)	(1,286,215)

SECTION 4 • MANAGEMENT DISCUSSION AND ANALYSIS

I. PRINCIPAL BUSINESS, BUSINESS MODEL AND INDUSTRY OVERVIEW DURING THE REPORTING PERIOD

(I) PRINCIPAL BUSINESS, MAJOR PRODUCTS OR SERVICES

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

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

(II) MAJOR BUSINESS MODEL

1. Profit model

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

2. R&D model

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

3. Procurement model

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

4. Production model

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

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

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

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

5. Marketing and sales model

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

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

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

(III) INDUSTRY OVERVIEW

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

In 2025, the global semiconductor industry continued its growth, and supply chain synergies became evident. Influenced by the diversification of downstream application scenarios, different sub-sectors exhibited varying evolutionary patterns: driven by generative AI, data centers, autonomous driving and other areas' demand, computing and memory chips contributed the core momentum to the overall market size increase. Driven by the moderate boost from the iterative upgrading of smart terminals, the industry saw a gradual release of replacement demand for products such as consumer electronics smartphones, computers, and wearable devices. The automotive electronics sector experienced a rebound, coupled with a significant increase in demand for localized production across the industrial chain. Domestic wafer fabs achieved automotive-grade certification and realized rapid substitution.

From an industry perspective, the wafer foundry segment continues to highlight its strategic value. In the computing chip field, the demand for logic computing chips is experiencing explosive growth, driving continuous iteration of design tools, process technologies, and heterogeneous packaging technologies, thus building a comprehensive technological barrier encompassing IP cores, EDA toolchains, and process technologies; in the consumer electronics sector, the overall market is experiencing a moderate recovery, with products such as SoCs, sensors, memory chips and etc., continuously building competitive advantages through process optimization and cost control; in the automotive electronics and industrial control fields, due to functional safety certification systems and long-cycle verification requirements, a highly concentrated industrial ecosystem 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. The integrated circuit industry in China Mainland still has substantial growth potential in key areas such as high-end equipment, critical raw materials and parts, IC design capabilities, process development, and chip packaging.

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

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

SMIC is one of the leading IC wafer foundries in the world and also the front runner in Chinese Mainland, with leading manufacturing capability, manufacturing scale and comprehensive services. According to the global pure-play foundries' latest published sales in 2025, SMIC ranks 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 utilising existing technology nodes as horizontal development, in order to meet the differentiated needs of the huge end market.

At the same time, the technologies' breakthrough in new types of packaging, design services and photomask also empower the wafer foundry technologies iterations. In the field of new packaging technologies, a variety of systematic solutions effectively exceed the limitation of transistor linewidth, and further improve the compatibility of multi-chip integration. In the design services sector, DTCO (Design Technology Co-Optimization) is utilised to evaluate and adjust the coordination between IC design and manufacturing process, to effectively reduce the cost of semiconductor process development and 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 build up. The foundries' capacity scale effect and collaboration capabilities in local industry chain have become one of the important factors for customers' assessment of supply chain stability and completeness.

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

II. DISCUSSION AND ANALYSIS ON BUSINESS

In 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.

The Company's operation has demonstrated steady progress with improved quality and efficiency. The Company's operating performance improved steadily, maintaining its position as the world's second-largest pure-play wafer foundry. Capacity construction rolled out solidly, with leading overall capacity utilisation rate 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.

During the Reporting Period, the Group recorded revenue of US$9,326.8 million, representing a year-on-year increase of 16.2%. In particular, the wafer revenue amounted to US$8,796.4 million, representing a year-on-year increase of 17.5%.

III. ANALYSIS ON THE CORE COMPETITIVENESS DURING THE REPORTING PERIOD

(I) ANALYSIS ON THE CORE COMPETITIVENESS

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

1. Advantages in R&D platforms

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

2. Advantages in R&D team

Through years of IC R&D practices, the Company has established a high-quality core management team and a professional competent R&D team. The main members of the R&D team comprise 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 displayer 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 December 31, 2025, the Company had 14,511 patents in total, including 12,621 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 environmental protection systems

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

(II) CORE TECHNOLOGIES AND R&D PROGRESS

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

SMIC has 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 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 the year		Accumulative number	
	Number of applications	Number of rights obtained	Number of applications	Number of rights obtained
Invention patents	290	509	18,506	12,621
Utility model patents	5	38	1,897	1,890
Layout design rights	–	–	94	94
Total	295	547	20,497	14,605

3. Analysis of R&D costs

in USD'000

	Year ended December 31,		
	2025	2024	2025 as compared with 2024 (%)
Expensed R&D costs	**773,634**	765,279	1.1
Total R&D costs	**773,634**	765,279	1.1
Percentage of total R&D costs to revenue (%)	**8.3**	9.5	Decreased by 1.2 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 PDK (Process Design Kit) along with corresponding standard cell libraries, memory compilers, and other design toolkits have been released, and are being validated in multiple types of products.	To further improve the layout of platform IPs and expand the application market. To accelerate the platform and to reduce the level of power leakage by process iteration and optimization, meanwhile, to meet the demand for both two major product categories of low power leakage and low power consumption, and to reach mass production.	Chinese Mainland leadership	Mainly applied to various IoT, mobile communication and other industries to meet the needs of smartphones, digital TVs, set-top boxes, image processing and other products demand.
2	28nm SST e-Flash Platform R&D Project	The critical process development has been completed, establishing the entire process flow and demonstrating the basic function of both SRAM and flash bit cell.	To complete platform development, launch model and PDK with IP, and enable mass production to fulfill market gap in high-end MCU.	Chinese Mainland leadership	Mainly applied to high-end MCU scenarios such as vehicle domain controller and ADAS, etc., which require rapid response, low power consumption and large storage capacity.
3	65nm RF-SOI Technology Platforms Continuous R&D Project	The new-generation platform PDK has been released, delivering significantly enhanced performance compared to previous generation, and is now being introduced into new products for testing and validation.	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.
4	90nm BCD Technology Platform Continuous R&D Project	The new-generation BCD low-voltage and medium-voltage PDKs have been released respectively. The low-voltage platform further enhances performance, while the medium-voltage platform broadens voltage domain coverage. Both platforms are now in customer new product designs.	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	Product engagement for next generation automotive electronics system BCD platform has been completed. Next generation medium and high voltage BCD platform PDK has been released. The process and device development for SOI 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 development of the eNVM technology platform for next generation automotive electronics system has been completed, and PDK is under developing.	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	Mass production of next generation of medium size of display driver platform has been achieved. The process development of next generation of large size display driver platform has been completed, and PDK is under developing.	To continuously develop new devices and technology platforms, to release PDK, to introduce products, and to reach mass production. To continuously expand more market share in medium and large display driver field.	Chinese Mainland leadership	Mainly used in medium and large-sized screen display driver chips and car screen display driver chips.

5. R&D staff

Basic information

	2025	2024
Number of R&D staff of the Group (person)	**2,403**	2,330
Proportion of R&D staff to the total number of employees in the Group (%)	**12.0**	12.1
Total compensation of R&D staff (in USD'000)	**195,699**	173,108
Average compensation of R&D staff (in USD'000)	**81**	74

Education level

Education level	Number of persons by education
Doctorate	500
Master	1,336
Bachelor and below	567

Age structure

Age group	Number of persons by age
Aged below 30 (excluding 30)	994
Aged 30-40 (excluding 40)	1,028
Aged 40-50 (excluding 50)	352
Aged 50 and above	29

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

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

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

2. The risk of shortage or loss of technical talents

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

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

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

3. The risk of technical leakage

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

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

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

(II) OPERATING RISKS

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

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

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

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

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

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

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

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

3. The risk of supply chain

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

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

(III) FINANCIAL RISKS

1. The risk of performance fluctuations

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

2. The risk of impairment on assets

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

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

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

3. The risk of exchange rate and interest rate fluctuations

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

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

Details of the Group's related risk management are set out in Note 36 to the consolidated financial statements.

(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 remains a certain gap in technical capability, and the current market share is relatively limited.

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

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

(V) MACRO-ENVIRONMENTAL RISKS

1. The risk of macroeconomic fluctuations and industry cyclicity

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

2. The risk of geopolitics

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

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

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

(VI) LEGAL RISKS

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

The Company was established under the Companies Act of the Cayman Islands. In accordance with the Circular of the General Office of the State Council on Forwarding the Several Opinions of the CSRC on Launching the Pilot Program of Domestically Issuing Stocks or Depository Receipts by Innovation-oriented Enterprises (Guo Ban Fa [2018] No.21), the pilot red-chip companies' equity structure, corporate governance, and operation specifications may be governed by laws and regulations such as the Company Law of the place of incorporation overseas. As a red-chip company registered in the Cayman Islands, the Company is required to comply with the Companies Act of the Cayman Islands and the Articles of Association, and has enhanced the corporate governance system and operation specifications in accordance with the Hong Kong Listing Rules and SSE STAR Market Listing Rules. The Company's protection of investors' rights and interests 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 6 Corporate Governance, Environment and Society".

2. The risk of changes in laws and regulations

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

3. The risk of litigation and arbitration

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

(VII) IT RISKS

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

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

However, due to uncontrollable factors of the cyber 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), aiming to minimize personal injuries, operational disruptions and financial impacts.

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

V. MAIN OPERATION RESULTS DURING THE REPORTING PERIOD

During the Reporting Period, the Group recorded revenue of US$9,326.8 million, representing a year-on-year increase of 16.2%. The Group recorded a profit attributable to owners of the Company of US$685.1 million, representing a year-on-year increase of 39.0%. During the Reporting Period, the Group generated US$3,194.3 million in net cash from operating activities, representing a year-on-year increase of 0.6%; payments for property, plant and equipment, intangible assets and land-use right totaled US$8,403.5 million, representing a year-on-year increase of 9.6%.

(I) ANALYSIS OF PRINCIPAL BUSINESSES

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

in USD'000

	Year ended December 31,		
	2025	2024	2025 as compared with 2024 (%)
Revenue	**9,326,799**	8,029,921	16.2
Cost of sales	**(7,370,200)**	(6,581,953)	12.0
Gross profit	**1,956,599**	1,447,968	35.1
Research and development expenses	**(773,634)**	(765,279)	1.1
Selling and marketing expenses	**(42,963)**	(39,847)	7.8
General and administration expenses	**(526,237)**	(580,041)	-9.3
Finance income, net	**53,470**	260,211	-79.5
Other (losses)/gains, net	**(79,955)**	96,837	N/A
Income tax expense	**(84,313)**	(129,565)	-34.9
Net cash generated from operating activities	**3,194,303**	3,175,555	0.6
Net cash used in investing activities	**(6,495,352)**	(4,518,437)	43.8
Net cash generated from financing activities	**2,676,455**	1,608,336	66.4

(1) Revenue

The Group's revenue increased by 16.2% from US$8,029.9 million for last year to US$9,326.8 million for this year, primarily due to the increase in wafer shipment during this year. The wafer shipment quantity (standard logic 8-inch equivalent wafers) increased by 20.9% from 8,021 thousand for last year to 9,697 thousand for this year. The average selling price, calculated as the wafer revenue divided by total shipments of the wafers, was US$907 per wafer for this year, compared to US$933 per wafer for last year.

(2) Cost of sales

Cost of sales increased by 12.0% from US$6,582.0 million for last year to US$7,370.2 million for this year, primarily due to the increase in wafer shipment, the product mix change and the increase in depreciation.

(3) Gross profit

Gross profit increased by 35.1% from US$1,448.0 million for last year to US$1,956.6 million for this year, primarily due to the increase in wafer shipment, the increase in capacity utilisation rate and the product mix change for this year.

(4) Profit from operations for the year

Profit from operations for the year increased by 134.2% from US$473.9 million for last year to US$1,109.9 million for this year, 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$773.6 million for this year, compared to US$765.3 million for last year.

Selling and marketing expenses were US$43.0 million for this year, compared to US$39.8 million for last year.

General and administration expenses were US$526.2 million for this year, compared to US$580.0 million for last year.

(5) Profit for the year

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 during this year.

The change in other (losses)/gains, net was primarily due to the gain on disposal of an associate last year, which did not occur for this year. In addition, arbitration award related expense has incurred during this year.

The decrease in income tax expense was primarily due to the income tax arising from the disposal of an associate for last year, which did not occur for this year.

The Group had a profit of US$988.9 million for this year, compared to a profit of US$730.0 million for last year, representing an increase of 35.5%, which was mainly due to the impact of the factors described above.

(6) Cash flows

The change in net cash used in investing activities was mainly due to the increase in cash used in acquisition of plant and equipment, increase in cash payments for investment in financial assets, and the decrease in proceeds from the disposal of equity investments.

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

2. *Analysis of revenue and cost*

Please refer to the following tables for details of revenue and cost.

(1) Principal business by industry, by product, by region or by sales model

in USD'000

Principal business by industry

By industry	Revenue	Cost of sales	Gross profit margin (%)	Change in revenue as compared with last year (%)	Change in cost of sales as compared with last year (%)	Change in gross profit margin as compared with last year (%)
IC Industry	9,326,799	7,370,200	21.0	16.2	12.0	Increased by 3.0 percentage points

Principal business by product

By product	Revenue	Cost of sales	Gross profit margin (%)	Change in revenue as compared with last year (%)	Change in cost of sales as compared with last year (%)	Change in gross profit margin as compared with last year (%)
IC wafer foundry	8,796,414	7,000,978	20.4	17.5	13.6	Increased by 2.7 percentage points
Others	530,385	369,222	30.4	-2.3	-11.4	Increased by 7.1 percentage points

Principal business by sales model

By sales model	Revenue	Cost of sales	Gross profit margin (%)	Change in revenue as compared with last year (%)	Change in cost of sales as compared with last year (%)	Change in gross profit margin as compared with last year (%)
Direct sales	9,326,799	7,370,200	21.0	16.2	12.0	Increased by 3.0 percentage points

Revenue by region

	Year ended December 31,	
By region	2025	2024
China	85.6%	84.6%
America	11.6%	12.4%
Eurasia	2.8%	3.0%

Analysis on revenue of IC wafer foundry

	Year ended December 31,	
By application	2025	2024
Smartphone	23.1%	27.8%
Computer and Tablet	14.8%	16.6%
Consumer Electronics	43.2%	37.8%
Connectivity and IoT	7.9%	10.0%
Industrial and Automotive	11.0%	7.8%

	Year ended December 31,	
By size	2025	2024
8'' wafers	22.9%	22.7%
12'' wafers	77.1%	77.3%

(2) Analysis of production and sales volumes

Principal product	Unit	Production volume	Sales volume	Inventory	Change in production volume as compared with last year (%)	Change in sales volume as compared with last year (%)	Change in inventory as compared with last year (%)
Wafer	piece	10,126,337	9,696,824	1,596,016	19.7	20.9	36.8

The increase in inventory was primarily due to the pre-build of inventory.

(3) Cost analysis

in USD'000

By industry

By industry	Cost structure	Year ended 12/31/25	Accounting for total costs of 2025 (%)	Year ended 12/31/24	Accounting for total costs of 2024 (%)	Year ended 12/31/25 as compared with 12/31/24 (%)
IC industry	Cost of production	**7,370,200**	**100.0**	6,581,953	100.0	12.0

By product

By product	Cost structure	Year ended 12/31/25	Accounting for total costs of 2025 (%)	Year ended 12/31/24	Accounting for total costs of 2024 (%)	Year ended 12/31/25 as compared with 12/31/24 (%)
IC wafer foundry	Direct material	**457,125**	**6.2**	407,649	6.2	12.1
IC wafer foundry	Direct labor	**100,250**	**1.4**	104,838	1.6	-4.4
IC wafer foundry	Manufacturing expenses	**6,443,603**	**87.4**	5,652,762	85.9	14.0
Others	Cost of production	**369,222**	**5.0**	416,704	6.3	-11.4

(4) Major customers and suppliers

A. Information about the major customers of the Company

During the Reporting Period, sales to the largest customer and the five largest customers accounted for 8.0% and 35.8% of the revenue for the year, respectively. There were no related-party sales among such transactions to the five largest customers.

To the best of the Company's knowledge, in 2025, none of the Company's Directors or other shareholders (which to the knowledge of the Directors own 5% or more of the Company's issued share capital) or their respective associates had interests in any of the Group's five largest customers.

B. Information about the major suppliers of the Company

During the Reporting Period, purchases from the five largest raw materials suppliers accounted for 25.7% of the Company's overall raw materials purchases for the year. There were no related-party purchases among such transactions from the five largest raw materials suppliers.

3. Expenses

For details of changes in the Group's expenses during the Reporting Period, please refer to "V. (I) 1. Analysis of changes in relevant items in the income statement and cash flow statement" in this section.

4. Liquidity and capital sources

(1) Cash flows

For details of changes in items in the statement of cash flows during the Reporting Period, please refer to "V. (I) 1. Analysis of changes in relevant items in the income statement and cash flow statement" in this section.

(2) Net debt

in USD'000

	As of December 31,	
	2025	2024
Borrowings	**12,587,850**	10,964,459
Lease liabilities	**8,331**	26,280
Bonds payable	**–**	605,258
Total debt	**12,596,181**	11,595,997
Less:		
Cash and cash equivalents	**5,872,500**	6,364,189
Restricted cash	**–**	372,514
Financial assets at FVPL – current portion[1]	**380,857**	272,257
Financial assets at amortised cost[2]	**5,682,865**	7,954,060
Net debt	**659,959**	(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 debts amounted to US$12,596.2 million, consisting of long-term and short-term debts: including secured bank loans of US$6,662.2 million, unsecured bank loans of US$5,925.7 million, and lease liabilities of US$8.3 million. Of these, the amount of debts due within one year, including short-term borrowings and long-term borrowings maturing with one year, amounted to US$2,600.6 million. For details of debt, please refer to Note 17 and 30 to the consolidated financial statements.

(3) 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.

(4) Financial instruments used for hedging purposes

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

Details of the Group's exchange rate risk and interest rate risk are set out in "IV. RISK FACTORS" in this section. Details of the Group's related risk management are set out in Note 36 to the consolidated financial statements.

(II) ANALYSIS ON ASSETS AND LIABILITIES

1. *Assets and liabilities*

in USD'000

Items	As of 12/31/25	The closing balance to the total assets in 2025 (%)	As of 12/31/24	The closing balance to the total assets in 2024 (%)	12/31/25 as compared with 12/31/24 (%)	Explanations
Financial assets at fair value through profit or loss – non-current	**810,501**	**1.6**	427,373	0.9	89.6	Increase due to the increase in equity instruments investment in this year.
Financial assets at amortised cost – non-current	**1,532,265**	**2.9**	3,747,134	7.6	-59.1	Decrease mainly due to the decrease in long-term bank deposits maturing more than 1 year in this year.
Derivative financial instruments – net assets/(net liabilities)	**68,157**	**0.1**	(69,387)	(0.1)	N/A	The change was mainly due to the change in fair value of cross currency swap contracts in this year.
Trade and other receivables	**1,432,684**	**2.7**	840,153	1.7	70.5	Increase mainly due to the adjustment in the credit terms of some customers, which led to an increase in trade receivables, and the increase in value-added tax to be deducted in this year.
Contract liabilities	**599,378**	**1.1**	1,185,932	2.4	-49.5	Decrease mainly due to the decrease in advance receipts relevant to sale of goods in this year.
Bond payable – current	**–**	**–**	605,258	1.2	-100.0	Decrease due to the repayment of bond payable maturing within 1 year in this year.
Current tax liabilities	**33,462**	**0.1**	84,828	0.2	-60.6	Decrease mainly due to the corporate income tax caused by the disposal of an associate for the previous year, which was paid in this year.

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

(1) *Assets pledged as security*

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

(2) *Restricted cash*

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

3. *Other information*

(1) *Capital management*

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

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

in USD'000

	As of December 31,	
Gearing ratio	**2025**	2024
Net debt	**659,959**	(3,367,023)
Equity	**35,020,523**	31,869,658
Net debt to equity ratio	**1.9%**	-10.6%

(2) *Capitalised interest*

Capitalised interest is added to the cost of the underlying assets and is depreciated over as accounting policy. No interest was capitalised during this year and last year. For this year and last year, the Group recorded depreciation expenses relating to the capitalised interest of US$7.3 million and US$19.2 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

	Year ended December 31,		
	2025	2024	Change
Capital injection in associates	**125,777**	74,516	68.8%

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 12/31/25
Stocks	6,019	3	–	–	(6,006)	13	29
Private equity funds	132,067	5,450	–	1,391	(9,727)	2,760	131,941
Structural deposits and monetary funds	561,544	7,121	–	284,257	(473,138)	1,073	380,857
Derivative financial instruments – net assets/(net liabilities)	(69,387)	–	130,610	–	–	6,934	68,157
Other equity instruments	–	–	–	678,531	–	–	678,531
Total	630,243	12,574	130,610	964,179	(488,871)	10,780	1,259,515

(1) Descriptions of securities investment

in USD'000

Security type	Stock code	Investment cost as of 12/31/25	Source of funds	As of 1/1/25	Fair value gains during this period	Disposal during this period	Others	As of 12/31/25	Account
Domestic and foreign stocks	Listed Company A	1,140	Internal resources	25	3	–	1	29	Financial assets at fair value through profit or loss
Domestic and foreign stocks	Listed Company B	–		5,994	–	(6,006)	12	–	
Total		1,140		6,019	3	(6,006)	13	29	

(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 12/31/25	As of 1/1/25	Cumulative changes in fair value recognised in equity	Others	As of 12/31/25	The closing balance to equity attributable to owners of the Company (%)
Cross currency swap contracts	–	(62,554)	120,475	7,236	65,157	0.30
Interest rate swap contracts	–	4,814	1,262	(6,076)	–	–
Forward exchange contracts	–	(11,647)	8,873	5,774	3,000	0.02
Total	–	(69,387)	130,610	6,934	68,157	0.32

Explanation for principles regarding accounting policies and methods of hedging transactions during the Reporting Period, and if any significant change occurred as compared with the previous period	Hedge accounting is adopted during the Reporting Period. The portion of gains or losses from hedging instruments that are effective in hedging are directly recognised as other comprehensive income, while the portion that is ineffective in hedging is recognised as profit or loss for the current period. There was no significant change in the accounting policies and specific accounting principles for this period.
Explanation for actual gains or losses during the Reporting Period	Transactions of derivatives entered by the Company during the Reporting Period were all for hedging management purposes, and changes in fair value were recognised in other comprehensive income, with no actual impact on profit or loss for the current period.
Explanation of hedging effect	Please refer to the Announcement of Conducting Hedging Activities in 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.

(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 12/31/25	Participation role	Capital contribution ratio as of 12/31/25 (%)	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	–	508		8.92				Invest in integrated circuits and related industries	(2,867)	18,346
C	September 2016		RMB13,000,000	–	44		3.61				Invest in strategic emerging industries	807	6,659
D	May 2017		RMB30,000,000	–	1,623		3.00				Invest in integrated circuits and related industries	–	1,631
E	March 2018		RMB100,000,000	–	1,687		9.05				Invest in integrated circuits and related industries	(1,340)	14,951
F	April 2018		RMB165,000,000	–	1,604		10.21				Invest in integrated circuits and related industries	1,785	5,184
G	June 2018	Financial investment	RMB50,000,000	–	469	Limited partner	16.53	No	Financial assets at fair value through profit or loss	No	Invest in strategic emerging industries	(670)	4,216
H	August 2020		RMB50,000,000	–	1,440		30.12				Invest in integrated circuits industry	(2,810)	14,258
I	October 2021		RMB30,000,000	–	2,509		3.00				Invest in regional strategic emerging industries	(437)	266
J	November 2021		RMB200,000,000	–	28,430		24.84				Invest in strategic emerging industries	7,909	11,601
K	December 2021		RMB100,000,000	–	14,215		17.21				Invest in strategic emerging industries	3,185	3,185
L	December 2022		RMB100,000,000	1,391	7,108		20.75				Invest in strategic emerging industries	(120)	258
M	October 2023		RMB7,500,000	–	1,066		15.00				Invest in regional strategic emerging industries	8	8
N	May 2024		RMB200,000,000	–	8,529		19.02				Invest in integrated circuits and related industries	–	–
Total				1,391	69,248							5,450	84,148

None of the investments has a value of 5% or more of the Company's total assets as at December 31, 2025.

(IV) SIGNIFICANT ASSET AND EQUITY DISPOSAL

On June 5, 2025, the Company's wholly-owned subsidiary SMIC Holdings Corporation ("SMIC Holdings") and certain other shareholders of Ningbo Semiconductor International Corporation ("NSI") jointly signed the Share Issuance and Cash Payment for Asset Purchase Agreement with Hunan Goke Microelectronics Co., Ltd. ("GOKE"). GOKE proposed to acquire 94.366% equity in NSI through a combination of share issuance and cash payment, including the 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. Please refer to the "Announcement on the Sale of Equity Interest in a Participating Company" disclosed by the Company on June 5, 2025 for further details.

Due to the inability to reach consensus on related matters within the anticipated timeframe, on November 28, 2025, all parties to the transaction jointly signed the "Termination Agreement of the Share Issuance and Cash Payment for Asset Purchase Agreement," deciding to terminate the transaction. Following the termination, SMIC Holdings retains its 14.832% equity in NSI. The termination of the sale of the participating company's equity will not affect the Company's normal production and operations, will not have a material impact on its financial condition, and does not constitute any harm to the interests of the Company or its minority Shareholders. Please refer to the "Announcement on the Termination of the Sale of Equity Interest in NSI" disclosed by the Company on November 28, 2025 for further details.

(V) ANALYSIS OF PRINCIPAL CONTROLLED AND INVESTEE COMPANIES

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

in USD'000

Total assets	Equity	Revenue	Profit before tax	Profit for the year
50,809,999	32,334,004	9,315,152	1,206,451	1,119,923

For details of each of the major subsidiaries, please refer to Note 19 to the consolidated financial statements.

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

The Company has no acquisitions or disposals of major subsidiaries during the Reporting Period.

VI. DISCUSSION AND ANALYSIS OVER THE FUTURE DEVELOPMENT OF THE COMPANY

(I) INDUSTRY LANDSCAPE AND TRENDS

The wafer foundry enterprises continue to distinguish themselves with more advantages on productivity improvement, product yield assurance, cost control, economies of scale, process platform development cycles, and intellectual property securities. More and more design companies and a certain amount of IDMs tend to establish close and long-term partnership with wafer foundry enterprises, in order to cope with the intensifying industry competitions.

From the perspective of applications, with a new round of intelligent technology application moving towards industrialisations, the semiconductor industrial transformation trend is preliminarily established. The intelligent technology application trend, including but not limited to the fields of home appliance, education, scientific research, business, industry, transportation and medical, etc., needs a large amount of Logic, Analog, RF, Optoelectronic and Sensor devices. This mega trend will bring a new round of market growth for wafer foundry enterprises.

From the perspective of regional developing trend, the trend in localization within the semiconductor industry has become more and more obvious in recent years. Some countries and regions have been actively planning geographical layouts for localised capacity constructions, greatly encouraging local chains collaborations. These measures are to mitigate geopolitical restrictions impact to the globalised industry chains. Overall, the regional semiconductor industry development will obtain the opportunities from the advantages of near market, while also face the challenges of losing industrial resources mobility.

(II) DEVELOPMENT STRATEGIES OF THE COMPANY

The integrated circuit industry is a capital-intensive, technology-intensive, and talent-intensive high-tech industry, and integrated circuit manufacturing is the core link of the integrated circuit industry. SMIC is one of the leading foundries in the world and is also the front runner in integrated circuit manufacturing with leading process manufacturing capabilities, production capacity advantages and service supporting facilities in Chinese mainland.

SMIC adheres to the direction of internationalisation and marketization, is committed to the research and development and production capacity layout of high-quality specialty process technology platform, and is committed to continuous optimization and efficiency improvement of production, operation and related services, to provide better service to customers and achieve its own healthy growth and create long-term value for shareholders.

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

(III) BUSINESS PLAN

Looking ahead to 2026, the effects of industrial chain reshoring from overseas and domestic customers' new products replacing legacy overseas products will persist, creating sustained incremental growth opportunities for the domestic industrial chain. The robust demand for memory chips driven by AI has squeezed the supply for other application sectors such as mobile phones, particularly in the mid-to low-end market. Consequently, end-user companies in these segments are facing pressure from both tight supply and rising prices for memory chips. Even if end-user companies can pass on these cost increases to consumers via end product price rises, such moves will lead to a decline in demand for end products. Leveraging its technological reserves and leading advantages in segmented markets such as BCD, analog, memory, MCU and mid-to high-end display driver, together with customers' product layout, the Company is still well-positioned in the current industry development cycle. The Company will proactively address market demands to drive continued revenue growth in 2026.

Based on the premise that there are no significant changes in the external environment, the Company's guidance for the year 2026 are: The revenue growth is expected to be higher than industry average in the same markets, and the capital expenditure is expected to be roughly flat compared to that of 2025.

SECTION 5 • REPORT OF THE DIRECTORS

I. BUSINESS OVERVIEW

The business overview and the future developments of the Group during the year are described in detail in "II. Discussion and Analysis on Business" and "VI. Discussion and Analysis over the Future Development of the Company" in "Section 4 Management Discussion and Analysis".

The Group has implemented internal controls and other risk management measures designed to mitigate the principal risks which the Group faces in its operations and financial condition. For details, please refer to "IV. Risk Factors" in "Section 4 Management Discussion and Analysis".

We are committed to protecting the environment and have in place various environmental protection, safety and health policies, as well as obtaining international standards certifications. We have complied with all relevant laws and regulations. For details, please refer to "Section 6 Corporate Governance, Environment and Society". The Company will publish a separate environmental, social and governance report on the websites of the Hong Kong Stock Exchange, SSE and the Company in accordance with the relevant Hong Kong Listing Rules and SSE related requirements.

II. BOARD OF DIRECTORS

Members of the Board are elected or re-elected by the shareholders of the Company. The Board shall have the power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed by the Board in accordance with the preceding sentence shall hold office only until the first annual general meeting of the Company after his/her appointment and shall then be eligible for re-election at that meeting.

Please refer to "IV. Particulars of Directors and Senior Management" in "Section 6 Corporate Governance, Environment and Society" for details of members of the Board.

III. SUBSIDIARIES

Please refer to Note 19 to the consolidated financial statements for details of the Company's interests in major subsidiaries as of December 31, 2025.

IV. DIVIDENDS AND DIVIDEND POLICY

The Company has not declared or paid any cash dividends on the ordinary shares. For details, please refer to "XI. Profit Distribution Plan or Plan to Convert Capital Reserve into Share Capital" in "Section 6 Corporate Governance, Environment and Society".

V. SHARE CAPITAL

Please refer to Note 27 to the consolidated financial statements for details of movements in the share capital of the Company during the Reporting Period.

VI. DISTRIBUTABLE RESERVE

The Company's reserves available for distribution to shareholders as of December 31, 2025 amounted to US$6,858.2 million.

VII. ISSUANCE OF EQUITY SECURITIES

Please refer to "II. Issuance and Listing of Securities" in "Section 8 Changes in Shares and Information of Shareholders" for details of issuance of equity securities.

VIII. 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 December 31, 2025, there were no treasury shares held by the Company.

IX. EQUITY-LINKED AGREEMENTS

The Company has made various stock incentive plans which subsist as of December 31, 2025 as set out in Note 35 to the consolidated financial statements.

Save for the above, the Company has not entered into any equity-linked agreement, nor did any equity-linked agreement subsist as at December 31, 2025.

X. MATERIAL INVESTMENTS, ACQUISITIONS AND DISPOSALS

Please refer to "V. (III) Analysis on Investments" and "V. (IV) Significant Asset and Equity Disposal" in "Section 4 Management Discussion and Analysis" for details of the Company's material investments, acquisitions and disposals during the Reporting Period.

XI. CONNECTED TRANSACTIONS

Please refer to "V. Significant Related (Connected) Transactions" in "Section 7 Significant Events" for details of the Company's connected transactions.

XII. RELATED PARTY TRANSACTIONS

Save as "XI. Connected Transactions" in this section, the Group entered into several transactions with multiple parties that are considered as "related parties" under the applicable accounting standards, and these transactions are not regarded as connected transactions under the Hong Kong Listing Rules.

Please refer to Note 39 to the consolidated financial statements for details of related party transactions.

XIII. SUBSTANTIAL SHAREHOLDERS

Please refer to "III. Particulars of Shareholders and De Facto Controllers" in "Section 8 Changes in Shares and Information of Shareholders" for details.

XIV. TAX RELIEF

The Company is not aware of any relief from taxation available to the shareholders by reason of their holding of the Shares of the Company.

XV. ARRANGEMENT FOR DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in "IV. (IV) The Equity Incentives Granted to the Directors, Senior Management and Core Technicians during the Reporting Period" in "Section 6 Corporate Governance, Environment and Society", at no time during the Reporting Period was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

XVI. DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in "V. Significant Related (Connected) Transactions" in "Section 7 Significant Events", no Director or entity connected with the Directors had a material interest, directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the Reporting Period.

XVII. DIRECTOR'S SERVICE CONTRACTS

No Director proposed for re-election has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within 1 year without payment of compensation, other than statutory compensation.

XVIII. PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association of the Company, subject to the provisions under relevant laws and regulations, every Director shall be indemnified by the Company against all losses or liabilities which the Directors may sustain or incur in or about the conduct of the Company's business or affairs or in the execution or discharge of his/her duties, powers, authorities or discretions.

The Company has taken out insurance against the liability and costs resulted from defending proceedings which may be brought against the Directors.

XIX. EMOLUMENTS TO THE DIRECTORS

Please refer to "IV. (III) Emoluments of Directors, Senior Management and Core Technicians" in "Section 6 Corporate Governance, Environment and Society" for details.

XX. EMOLUMENTS TO THE KEY MANAGEMENT

Please refer to "IV. (III) Emoluments of Directors, Senior Management and Core Technicians" in "Section 6 Corporate Governance, Environment and Society" for details.

XXI. EMPLOYEES

Please refer to "X. Particulars of Employees at the End of the Reporting Period" in "Section 6 Corporate Governance, Environment and Society" for details.

XXII. REMUNERATION POLICY

Please refer to "X. Particulars of Employees at the End of the Reporting Period" in "Section 6 Corporate Governance, Environment and Society" for details.

XXIII. STOCK INCENTIVE SCHEMES

Please refer to "XII. Information about the Company's Stock Incentive Plans, Employee Equity Incentive Plan or Other Employee Incentive Measures and Their Impacts" in "Section 6 Corporate Governance, Environment and Society" for details.

XXIV. PRE-EMPTIVE RIGHTS

The Company confirms there are no statutory pre-emptive rights under the law of the Cayman Islands.

XXV. PUBLIC FLOAT

Based on publicly available information and within the Directors' knowledge as at the date of this annual report, more than 25% of the Company's issued share capital was held by the public at all times as prescribed by the Listing Rules.

XXVI. MAJOR SUPPLIERS AND CUSTOMERS

Please refer to "V. (I) Analysis of Principal Businesses" in "Section 4 Management Discussion and Analysis" for details of the Group's major suppliers and customers.

XXVII. COMPLIANCE WITH LAWS AND REGULATIONS

As far as the Board is aware, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operation.

XXVIII. AUDITORS

The financial statements of the Company have been audited by Ernst & Young.

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

Shanghai, China
March 26, 2026

I. INTRODUCTION OF CORPORATE GOVERNANCE

The Company is committed to remaining an exemplary corporate citizen and maintaining a high level of corporate governance in order to protect the interests of its shareholders. The Company is committed to complying with the Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the Hong Kong Listing Rules and has adopted a set of Corporate Governance Policy (the "CG Policy") since January 25, 2005 as its code of corporate governance, which is amended from time to time (latest amended on May 8, 2025) to comply with the CG Code. In addition, the Company has adopted or put in place various policies, rules and procedures in compliance with the provisions of the CG Policy. The Company had complied with all applicable Code Provisions set out in the CG Code during the year ended December 31, 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 SSE STAR Market, 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.

WHETHER THERE IS ANY MATERIAL DIFFERENCE BETWEEN THE REQUIREMENTS OF CORPORATE GOVERNANCE AND THE LAW, ADMINISTRATIVE REGULATION AND THE RELEVANT REGULATIONS OF THE CSRC ON LISTED COMPANY GOVERNANCE; IF THERE IS A MATERIAL DIFFERENCE, THE REASON SHOULD BE EXPLAINED

The Company is a red chip company established in the Cayman Islands and listed on the Hong Kong Stock Exchange and the SSE STAR MARKET. Its current corporate governance system is mainly formulated based on relevant laws, regulations and rules of the place of registration and listing of the Company, and compared with the current corporate governance model applicable to general A-share listed companies registered in China, there are certain differences. The details are as follows:

(I) THE RIGHTS OF INVESTORS TO OBTAIN ASSET RETURNS

According to the relevant laws of the Cayman Islands and the provisions of the Articles of Association, upon approval of the profit distribution plan by the general meeting of shareholders, the Company may distribute dividends out of the Company's profits (whether realised or unrealised), share premium or other assets as may be permitted under the Companies Act of the Cayman Islands, which is more flexible than general A-share listed companies registered in China. In addition, there is no substantial difference between the Company's system for obtaining asset returns by investors and the requirements of domestic laws and regulations.

(II) THE RIGHTS OF INVESTORS TO PARTICIPATE IN MAJOR DECISIONS

According to the Articles of Association, the remuneration of Directors of the Company, the issuance of general corporate bonds of the Company (excluding the issuance of securities that affect the Company's share capital such as convertible bonds), the Company's provision of guarantees to its consolidated enterprises (excluding those that constitute "connected persons" under the Hong Kong Listing Rules), the change in the use of the Company's proceeds (subject to applicable legal provisions) and other matters will be decided by the Board of Directors, whereas according to the requirements of the domestic market, the aforesaid matters of A-share listed companies are generally required to be submitted to the general meeting of shareholders for consideration.

Notwithstanding the above differences, according to the Articles of Association, the authority to consider major events of the Company, such as fundamental changes in the Company's business, changes in the total number of shares authorized to be issued and the total number of outstanding shares of the Company, amendments to the Articles of Association, re-election of Directors, determination of profit distribution and making up for losses, shall still be vested at the general meeting of shareholders.

In addition, there are certain differences between the Company's related (connected) transaction policy and the arrangements applicable to general domestic A-share listed companies, mainly due to the fact that the criteria for the Company's related (connected) transaction submitted to the general meeting of shareholders for consideration are implemented with reference to the Hong Kong Listing Rules.

According to the Articles of Association, the Directors of the Company shall be appointed and removed by the general meeting of shareholders (except where the appointment or removal is permitted by the Board of Directors in the Articles of Association), and he/she shall be loyal and diligent when deliberating on the operation and management of the Company, and shall safeguard the interests of the Company and all shareholders. Therefore, the division of duties and powers between the general meeting of shareholders and the Board of Directors in the Articles of Association does not prejudice investors' rights to participate in major decisions of the Company.

Apart from the differences in corporate governance as mentioned above, there are certain differences in the Company's other relevant arrangements as compared with the general domestic A-share listed companies in terms of merger, demerger, acquisition, liquidation and dissolution of the Company. However, the current corporate governance model of the Company can ensure that the Company's level of protection of investors' rights and interests is generally not lower than the requirements of domestic laws and regulations.

II. RED-CHIP STRUCTURE CORPORATE GOVERNANCE

DIFFERENCES WITH DOMESTIC LAWS AND REGULATIONS ON RETURN ON ASSETS, PARTICIPATION IN MAJOR DECISION-MAKING, DISTRIBUTION OF RESIDUAL PROPERTY

The rights of the Company's investors in receiving asset returns and participating in major decisions differ to some extent from the requirements of domestic laws and regulations. For details, please refer to "I. Introduction of Corporate Governance" in "Section 6 Corporate Governance, Environment and Society". There is no substantial difference in the rights of the Company's investors to obtain the distribution of residual property between the Company's Articles of Association and the requirements of domestic laws and regulations.

DIFFERENT PROVISIONS OR ARRANGEMENTS FOR THE DUTIES OF THE BOARD AND INDEPENDENT DIRECTORS RESULTED IN THEIR INABILITY TO PERFORM THEIR DUTIES OR EXPRESS THEIR OPINIONS IN ACCORDANCE WITH THE PROVISIONS OF THE COMPANY

The independent non-executive Directors of the Company perform their duties in accordance with the Hong Kong Listing Rules. The requirements of the Hong Kong Listing Rules in respect of the qualifications, terms of reference and meeting mechanism of the independent non-executive directors differ to a certain extent when compared with the requirements for independent directors under domestic laws and regulations, such as the "Measures for the Administration of Independent Directors of Listed Companies" of CSRC, but there is no substantial difference in terms of safeguarding the interests of the Company as a whole and the protection of the legitimate rights and interests of small and medium shareholders.

ADJUSTMENT OF APPLICATION OF INFORMATION DISCLOSURE REQUIREMENTS AND ONGOING SUPERVISION REGULATIONS OF SSE

For application matters applicable to the adjustment of the Company's information disclosure, please refer to the "Applications Applicable to Adjustment of Information Disclosure on the STAR Market of Semiconductor Manufacturing International Corporation and the Legal Opinion of AllBright Law Offices" dated February 5, 2021 published by the Company on the website of the SSE (https://www.sse.com.cn).

According to the "Implementation Measures for Continuous Supervision of Domestic Shares or Depository Receipts Issued by Innovative Enterprises upon Listing (Trial)" issued by CSRC, the Company has summarised and disclosed remunerations of senior executives in the annual report, without affecting the integrity of information disclosure.

The applicable matters of the Company's continuous regulatory adjustment shall be implemented in accordance with the special provisions of red chip enterprises in Section 1 of Chapter 13 of the Listing Rules of the Shanghai Stock Exchange on the Science and Technology Innovation Board, unless otherwise stipulated by laws and regulations.

III. SHAREHOLDER RIGHTS AND INVESTOR RELATIONS

(I) SHAREHOLDER RIGHTS

To convene an extraordinary general meeting

According to Article 57 of the Company's Articles of Association, members who individually or collectively hold not less than 10% of the voting rights, on a one vote per share basis, of the Company's Shares shall have the right to propose in writing the holding of an extraordinary general meeting to the Board.

To submit enquiries to the Board

Enquiries may be submitted to the Board by contacting either Board Secretary/Company Secretary, or directly at an annual general meeting or an extraordinary general meeting. Questions on the procedures for putting forward proposals at an annual general meeting may also be raised to Board Secretary/Company Secretary by the same means. For detailed contact information of the Company, please refer to "I. Basic Corporate Information" and "II. Contact Persons and Contact Methods" in "Section 3 Corporate Profile and Principal Financial Indicators".

To submit proposals at an annual general meeting

Shareholders who meet the requirements of Article 73 of the Company's Articles of Association or relevant laws and regulations, and comply with the notification provisions stated in the Articles of Association, may submit a written notice of relevant proposals to the Board Secretary/Company Secretary and present them at an annual general meeting of the Company. Shareholders can also enquire with the Board Secretary/Company Secretary about the procedures for submitting proposals at an annual general meeting.

(II) INVESTOR RELATIONS

The Company and the Board recognise the importance of maintaining open and frequent communications with its shareholders.

The key to effectively communicate with shareholders and investors is to release information about the Company in a timely manner. In addition to announcing annual and interim reports, the Company announces its quarterly financial results approximately 45 days after the end of each quarter. The Company holds public conference calls/webcasts regularly, during which the senior management reports the performance, the latest developments, and answers questions from participants. The Company also keeps communication with investors, fund managers, analysts and others through the Company's official website, WeChat official account, investor hotline and e-mail box, stock exchange investor relations interactive platform, announcements, general meetings of shareholders, investor briefing, roadshows and reverse roadshows, investor and brokerage research, brokerage conferences, promotional materials, media interviews, and other legally effective channels, platforms and methods.

The Company holds general meeting each year and the shareholder circular is available to all shareholders in accordance with the Hong Kong Listing Rules and the Articles of Association and other relevant provisions. The circular and the accompanying materials shall set forth information relevant to the proposed resolutions. Separate resolutions are proposed at these annual general meetings on each substantially separate issue, including the re-election of individual Directors. The Chairman of the general meeting will announce the result of the on-site voting on each resolution. The final poll results will then be published in accordance with the requirements of the Hong Kong Listing Rules and STAR Market Listing Rules. Directors, members of the management, as well as the Company's external auditors, are present to answer questions from the shareholders at the date of the general meeting.

The Board has reviewed the implementation and effectiveness of the shareholders' communication policy, including the multiple communication channels for shareholders in place and the steps taken to handle shareholders' enquiries as above mentioned, and considered that the shareholders' communication policy has been properly implemented and effective.

IV. PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT

(I) CHANGES IN SHAREHOLDING OF CURRENT AND RESIGNED DIRECTORS, SENIOR MANAGEMENT AND CORE TECHNICIANS AND THEIR EMOLUMENTS DURING THE REPORTING PERIOD

Unit: Share

Name	Position	Class of Director	Gender	Age[1]	Commencement date of the term[2]	Cessation date/ Re-election of the term[3]	Number of ordinary shares held at the beginning of the year[4]	Number of ordinary shares held at the end of the year[4]	Changes in shares held for the year	Reason for changes	Receiving remunerations from connected parties of the Company or not[5]
Liu Xunfeng	Chairman and Executive Director	Class II	Male	60	May 11, 2023	the date of 2027 annual general meeting	-	-	-	—	No
Lu Guoqing	Non-executive Director	Class I	Male	63	May 13, 2021	the date of 2026 annual general meeting	-	-	-	—	Yes
Chen Shanzhi	Non-executive Director	Class II	Male	56	June 23, 2009	the date of 2027 annual general meeting	-	-	-	—	Yes
Yang Lumin	Non-executive Director	Class III	Male	46	November 10, 2022	the date of 2028 annual general meeting	-	-	-	—	Yes
Huang Dengshan	Non-executive Director	Class I	Male	58	November 7, 2024	the date of 2028 annual general meeting	-	-	-	—	Yes
Fan Ren Da Anthony	Independent Non-executive Director	Class II	Male	65	June 22, 2018	the date of 2027 annual general meeting	-	-	-	—	No
Liu Ming	Independent Non-executive Director	Class III	Female	61	February 4, 2021	the date of 2028 annual general meeting	-	-	-	—	No
Wu Hanming	Independent Non-executive Director	Class I	Male	73	August 11, 2022	the date of 2026 annual general meeting	-	-	-	—	No
Chen Xinyuan	Independent Non-executive Director	Class III	Male	61	November 7, 2024	the date of 2028 annual general meeting	-	-	-	—	No
Zhao Haijun	Co-Chief Executive Officer	—	Male	62	October 16, 2017	—	-	-	-	—	No
Liang Mong Song	Co-Chief Executive Officer	—	Male	73	October 16, 2017	—	-	-	-	—	No
Guo Guangli	Senior Vice President, Board Secretary and Company Secretary	—	Female	56	November 11, 2020	—	-	-	-	—	No
Wu Junfeng	Senior Vice President, Person-in-charge of Finance	—	Male	52	February 9, 2023	—	-	-	-	—	No
Zhang Xin	Senior Vice President, Core Technician	—	Male	60	April 30, 2020	—	142,000	206,000	64,000	Vesting of STAR Market restricted shares	No
Jin Da	Senior Vice President, Core Technician	—	Male	50	June 30, 2022	—	40,000	72,000	32,000	Vesting of STAR Market restricted shares	No
Yan Dayong	Vice President, Core Technician	—	Male	47	June 30, 2022	—	-	28,000	28,000	Vesting of STAR Market restricted shares	No
Total							182,000	306,000	124,000		

Notes:

(1) Age is calculated as of December 31, 2025.

(2) The commencement date of the term refers to the earliest date of serving as a director, senior management and core technician in the Company.

(3) The relevant Director shall retire from office at the relevant annual general meeting and, if eligible, offer himself/herself from re-election as a Director of the Company.

(4) The number of ordinary shares held at the beginning or at the end of the year only refers to the A share holdings of the Company.

(5) The related parties of the Company refer to the related parties defined in the SSE STAR Market Listing Rules.

The Board of Directors

Executive Director

Liu Xunfeng

Chairman

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

Note: Above photos of Directors only include current Directors.

Name	Major working experience
The Board of Directors	
Liu Xunfeng *Chairman,* *Executive Director*	Dr. Liu Xunfeng serves as the Chairman of the Board and an executive director of the Company. He also serves as a director or Chairman of several subsidiaries of the Company. Dr. Liu concurrently serves as member of the 14th National Committee of the Chinese People's Political Consultative Conference. Dr. Liu has long tenured in large industrial group and has more than 30 years of experience in corporate management. He had successively served as the deputy chief engineer of the ethylene plant, deputy director of the investment engineering department, assistant to the general manager, and deputy general manager of SINOPEC Shanghai Petrochemical Co., Ltd., vice general manager of Shanghai Secco Petrochemical Company Limited, deputy general manager of Shanghai Chemical Industry Park Development Co., Ltd.(SCIP), deputy secretary of the Party Committee, president, secretary of the Party Committee and Chairman of Shanghai Huayi (Group) Co., Ltd., secretary of the Party Committee and Chairman of Shanghai Huayi Group Co., Ltd., Chairman of Shanghai Huayi Holding Group Co., Ltd., vice chairman and executive director of Semiconductor Manufacturing International Corporation, vice chairman of Shanghai Chemical Industry Park Development Co., Ltd.(SCIP), vice president of China Petroleum and Chemical Industry Federation. He has successively won the titles of Shanghai Industrial and Commercial Leader and Shanghai Outstanding Entrepreneur, etc.. Dr. Liu holds a Ph. D. in management science and engineering from Xi'an Jiaotong University, a Master's degree in business administration from China Europe International Business School, a Master's degree in chemical engineering from the Chemical Engineering Department of East China Institute of Chemical Technology (now known as East China University of Science and Technology), and he is a professorate senior engineer.
Lu Guoqing *Non-executive Director*	Mr. Lu Guoqing serves as a non-executive director of the Company. He is currently the external director of China Electronics Technology Group Corporation and China Academy of Machinery Science and Technology Group Co., Ltd. Mr. Lu has long tenured in technology research and development and enterprise management positions. He has served as the main person in charge of the enterprise for many years and has rich experience in operation and management. Mr. Lu served as the secretary of the Party Committee and chairman of the board of directors of China Information and Communication Technology Group Co., Ltd., secretary of the Party Committee, chairman of the board of directors and president of FiberHome Technologies Group Co., Ltd., chairman of the board of directors of Fiberhome Communication Technologies Co., Ltd., chairman of the board of directors of Wuhan Ligong Guangke Co., Ltd. Mr. Lu holds a Bachelor's degree in industrial instrumentation and automation from Tsinghua University and a Master's degree in management from Huazhong University of Science and Technology, and he is a professorate senior engineer.
Chen Shanzhi *Non-executive Director*	Dr. Chen Shanzhi serves as a non-executive director of the Company. Dr. Chen is the vice president, the chief engineer and the head of science and technology committee of China Information and Communication Technology Group Co., Ltd. Dr. Chen is also a fellow of IEEE, The Chinese Institute of Electronics, and China Institute of Communications. Dr. Chen has more than 30 years of experience in communication core technology breakthroughs, international standard development, and product development. Dr. Chen holds a Bachelor's degree from Xidian University, a Master's degree from China Academy of Posts and Telecommunications of the Ministry of Posts and Telecommunications, and a Ph.D. from Beijing University of Posts and Telecommunications.
Yang Lumin *Non-executive Director*	Mr. Yang Lumin serves as a non-executive director of the Company. Mr. Yang is currently the deputy secretary of the Party Committee, president and director of Sino IC Capital Co. Ltd. Mr. Yang worked in the International Finance Bureau, Investment Business Bureau, Personnel Bureau and Jiangsu Branch of China Development Bank, and China Development Bank Capital Co., Ltd. He also served on the board of directors of China Integrated Circuit Industry Investment Fund Co., Ltd. and China Integrated Circuit Industry Investment Fund (Phase II) Co., Ltd. Mr. Yang obtained a Master's degree in finance from Peking University and is a senior economist.
Huang Dengshan *Non-executive Director*	Mr. Huang Dengshan serves as a non-executive director of the Company. He also serves as a director of SMSC, a subsidiary of the Company. Since May 2015, Mr. Huang has been serving as the vice president of China Integrated Circuit Industry Investment Fund Co., Ltd. Since September 2019, he has been serving as the vice president of China Integrated Circuit Industry Investment Fund (Phase II) Co., Ltd. Since August 2024, he has been serving as the vice president of China Integrated Circuit Industry Investment Fund (Phase III) Co., Ltd. Mr. Huang served as the non-executive director of the Company from May 2021 to May 2023. Mr. Huang worked in the Budget Management Department, the Infrastructure Department and the Economic Development Department of the Ministry of Finance of the People's Republic of China from July 1989 to September 2014. Mr. Huang obtained a Bachelor's degree in Economics from Dongbei University of Finance and Economics.
Fan Ren Da Anthony *Independent* *Non-executive Director*	Dr. Fan Ren Da Anthony serves as an independent non-executive director of the Company. Dr. Fan is the chairman of the board and managing director of AsiaLink Capital Limited. Dr. Fan is also an independent non-executive director of Uni-President China Holdings Ltd. (0220.HK) and Shanghai Industrial Urban Development Group Limited (0563.HK), an executive director of Tenfu (Cayman) Holdings Company Limited (6868.HK) and a non-executive director of Hilong Holding Limited (1623.HK). Dr. Fan holds a Ph.D. in Economics. Dr. Fan is the founding president of The Hong Kong Independent Non-Executive Director Association.

Name	Major working experience
Liu Ming *Independent Non-executive Director*	Professor Liu Ming serves as an independent non-executive director of the Company. Professor Liu serves as a professor in Fudan University. She served as an assistant professor in University of Yantai, an associate professor, a professor in Institute of Microelectronics of the Chinese Academy of Sciences. Professor Liu has contributed to research in micro/nano-fabrication, NVM devices and circuits, and new computing during her more than 30 years career in the semiconductor industry. Professor Liu holds Bachelor and Master of Science degree in semiconductor from Hefei University of Technology, and Doctorate in material engineering from Beihang University.
Wu Hanming *Independent Non-executive Director*	Professor Wu Hanming serves as an independent non-executive director of the Company. Dr. Wu is an expert in microelectronics technology and currently serves as a professor and Dean of the Department of Informatics at Zhejiang University. He served as a senior engineer of Intel Corporation of the United States, a technical director, vice president of the R&D department and consultant of SMIC, an independent director of Piotech Inc. (688072.SH), and an independent director of NAURA Technology Group Co., Ltd. (002371.SZ). Dr. Wu has been working in China's integrated circuit industry for a long time and has made outstanding contributions. Dr. Wu was selected as the first "Beijing Scholar", and awarded the title of "the top 10 national outstanding scientists and engineers" and "national outstanding professional and technical talents", etc. He was also the chairman of the China Semiconductor Technology International Conference (CSTIC). Dr. Wu obtained a Bachelor's degree in theoretical physics from the Department of Modern Physics at the University of Science and Technology of China, a Master's degree in plasma science from the Chinese Academy of Sciences, and a Doctorate in plasma and magnetohydrodynamics from the Institute of Mechanics of the Chinese Academy of Sciences. He subsequently served as a visiting scholar in physics at the University of Texas in the United States and a postdoctoral fellow in the department of chemical engineering at the University of California.
Chen Xinyuan *Independent Non-executive Director*	Professor Chen Xinyuan serves as an independent non-executive director of the Company. Professor Chen is currently Professor of Accounting and Director of the School of Advanced Accounting and Auditing at Shanghai University of Finance and Economics, independent director of Shanghai Electric Group Company Limited (601727.SH), and is concurrently the director of the Guiding Committee on Education of Accounting of the Ministry of Education, the vice president of the Accounting Society of China and the president of the Accounting Society of Shanghai. He was formerly the vice president of the Shanghai University of Finance and Economics and the dean of the School of Accounting. Professor Chen has expertise in finance and accounting and corporate governance. He has been awarded the honorary titles of the first Outstanding Faculty Award of the Ministry of Education, the National "May 1" Labour Medal, Shanghai Model Worker, Shanghai Outstanding Communist Party Member, etc., and has been selected in the national "New Century Talents Project". Professor Chen obtained his master degree and doctorate degree in Economics (Accounting) from Shanghai University of Finance and Economics, and is a distinguished professor of the Ministry of Education's "Changjiang Scholars Program" and an expert with special allowances of the State Council.
Senior Management	
Liu Xunfeng	Biographical details are set out on page 41 of this annual report.
Zhao Haijun *Co-Chief Executive Officer*	Dr. Zhao Haijun serves as Co-Chief Executive Officer of the Company. Dr. Zhao also serves as a director of certain subsidiaries and affiliated companies of the Company. Dr. Zhao has more than 30 years of experience in semiconductor operations and technology development. Dr. Zhao served as an executive Director of the Company between 2017 and 2022, and served as the Chief Operating Officer and Executive Vice President of the Company, general manager of SMNC from 2010 to 2016. Dr. Zhao holds a Bachelor's and a Doctor's degree in Electronic Engineering from Tsinghua University and a Master of Business Administration (MBA) degree from the University of Chicago.
Liang Mong Song *Co-Chief Executive Officer*	Dr. Liang Mong Song serves as a Co-Chief Executive Officer of the Company. Dr. Liang has been engaged in the semiconductor industry for over 40 years. Dr. Liang owns over 450 patents and has published over 350 technical papers. Dr. Liang holds a doctor of philosophy degree from the department of electrical engineering and computer sciences at University of California, Berkeley. He is a fellow of the Institute of Electrical and Electronics Engineers.
Guo Guangli *Senior Vice President, Board Secretary and Company Secretary*	Ms. Guo Guangli serves as a senior vice president, Board Secretary and Company Secretary of the Company. Ms. Guo is a guest advisor of Central University of Finance and Economics. Ms. Guo served as the member of the Party Committee, chief accountant of Datang Telecom Technology Industry Group, the Chairman of Datang Telecom finance company, and also a member of the Sixth Session of the Review Committee of the Shanghai Stock Exchange. Ms. Guo has rich experience in corporate governance, financial management and investment and financing projects of capital market. Ms. Guo holds a Bachelor of law degree from Beihang University and a Master of accounting from the Central University of Finance and Economics. She is a Chinese Certified Public Accountant.

Name	Major working experience
Wu Junfeng *Senior Vice President, Person-in-charge of Finance*	Dr. Wu Junfeng serves as a senior vice president and Person-in-charge of Finance of the Company. He also serves as a director of certain subsidiaries of the Company. Dr. Wu is the doctoral tutor for Southwestern University of Finance, an expert of ACCA China Think Tank, an executive director of The Chinese Tax Institute, a contributing researcher of China Government Audit Research Center. Dr. Wu served as a member of the Standing Committee of the Party Committee, the chief accountant, the board secretary of China General Nuclear Power Corporation, the Chairman of CGN Finance Co., Ltd., a member of the leading group and the chief financial officer of New Hope Group Co., Ltd., and the Chairman of New Hope Finance Co., Ltd.; Dr. Wu has rich experience in financial management and capital market investment and financing projects. Dr. Wu holds a Ph.D. from Southwestern University of Finance and Economics. He is a member of ACCA, a Chinese Certified Public Accountant and an Advanced Level Accountant.
Core Technicians	
Zhao Haijun	Biographical details are set out on page 42 of this annual report.
Liang Mong Song	Biographical details are set out on page 42 of this annual report.
Zhang Xin *Senior Vice President*	Mr. Zhang Xin serves as a senior vice president of the Company. He also serves as a director or Chairman of several subsidiaries and affiliated companies of the Company. Mr. Zhang is currently Chairman of the Zhong Guan Cun IC Industry Alliance, and a member of the Expert Committee of the China Integrated Circuit Innovation Alliance (ICIA). Mr. Zhang has been working in the field of Integrated Circuit manufacturing for many years and has a long overseas working experience, serving successively as a high profile in TSMC and Global Foundries. Mr. Zhang received his Bachelor's and Master's degrees in Electronic Physics from the Department of Electronic Engineering at Tsinghua University.
Jin Da *Senior Vice President*	Mr. Jin Da serves as a senior vice president of the Company. Mr. Jin successively served in technical and management positions in research and development and multiple production departments of the Company. He has rich experience in the development of integrated circuit process technology. Mr. Jin holds a Bachelor's degree in materials engineering from Nanyang Technological University, Singapore, and a Master's degree in electrical engineering from the National University of Singapore.
Yan Dayong *Vice President*	Mr. Yan Dayong serves as a vice president of the Company. Mr. Yan successively served as the manager and director of process integration department, senior director and vice president of characteristic process research and development of the Company. He has rich experience in process integration and characteristic process technology research and development. Mr. Yan holds a Bachelor's degree and a Master's degree in engineering from the Department of Electronic Science and Technology of Xi'an Jiaotong University.

(II) POSITIONS OF CURRENT AND RESIGNED DIRECTORS AND SENIOR MANAGEMENT DURING THE REPORTING PERIOD

1. Positions in shareholder entities

Name	Name of shareholder entities	Position held in shareholder entities	Commencement date of term(note)	Cessation date of term
Lu Guoqing	China Information and Communication Technology Group Co., Ltd.	Secretary of the Party Committee and Chairman of the Board	February 2021	March 2025
Lu Guoqing	China Academy of Telecommunications Technology Co., Ltd.	Executive Director and General Manager	April 2021	May 2025
Lu Guoqing	Datang Telecom Technology & Industry Holdings Co., Ltd.	Executive Director and General Manager	April 2021	May 2025
Chen Shanzhi	China Information and Communication Technology Group Co., Ltd.	Vice General Manager	June 2018	–
Chen Shanzhi	China Academy of Telecommunications Technology Co., Ltd.	Vice General Manager	December 2017	–
Chen Shanzhi	Datang Telecom Technology & Industry Holdings Co., Ltd.	Senior Vice President	December 2009	–
Huang Dengshan	China Integrated Circuit Industry Investment Fund Co., Ltd.	Vice President	May 2015	–
Huang Dengshan	China Integrated Circuit Industry Investment Fund (Phase II) Co., Ltd.	Vice President	September 2019	–

2. Positions in other entities

Name	Name of other entities	Position held in other entities	Commencement date of term (note)	Cessation date of term
Lu Guoqing	China Electronics Technology Group Corporation	External Director	June 2025	–
Lu Guoqing	China Academy of Machinery Science and Technology Group Co., Ltd.	External Director	May 2025	–
Lu Guoqing	Wuhan Research Institute of Posts and Telecommunications	Secretary of the Party Committee, Chairman, General Manager	December 2017	April 2025
Lu Guoqing	FiberHome Technologies Group Co., Ltd.	Secretary of the Party Committee, Chairman, President	August 2016	June 2025
Yang Lumin	Yangtze Memory Technologies Holding Co., Ltd.	Director	September 2021	–
Yang Lumin	Yangtze Memory Technologies Co., Ltd.	Director	September 2021	–
Yang Lumin	Sino IC Capital Co., Ltd.	Director and President	February 2021	–
Huang Dengshan	China Integrated Circuit Industry Investment Fund (Phase III) Co., Ltd.	Vice President	August 2024	–
Fan Ren Da Anthony	Haitong Securities Co., Ltd.	Independent Non-executive Director	October 2023	March 2025
Fan Ren Da Anthony	Hilong Holding Limited	Non-executive Director	July 2022	–
Fan Ren Da Anthony	Tenfu (Cayman) Holdings Company Limited	Executive Director	May 2021	–
Fan Ren Da Anthony	Neo-Neon Holdings Limited	Independent Non-executive Director	August 2014	June 2025
Fan Ren Da Anthony	Technovator International Limited	Independent Non-executive Director	September 2011	June 2025
Fan Ren Da Anthony	Shanghai Industrial Urban Development Group Limited	Independent Non-executive Director	July 2010	–
Fan Ren Da Anthony	Uni-President China Holdings Ltd.	Independent Non-executive Director	September 2007	–
Fan Ren Da Anthony	AsiaLink Capital Limited	Chairman and Managing Director	October 2003	–
Fan Ren Da Anthony	CITIC Resources Holdings Limited	Independent Non-executive Director	August 2000	March 2025
Liu Ming	Fudan University	Professor	January 2021	–
Wu Hanming	Zhejiang University	Dean of the Department of Informatics	July 2025	–
		Dean of the School of Integrated Circuits (formerly the School of MicroNano Electronics)	January 2020	July 2025
Wu Hanming	Zhejiang ICsprout Semiconductor Co., Ltd.	Director	January 2021	–
Wu Hanming	University of Science and Technology of China	Dean of the National MicroNano Electronics School	April 2020	November 2025
Wu Hanming	NAURA Technology Group Co., Ltd.	Independent Director	December 2019	May 2025
Chen Xinyuan	Shanghai Electric Group Company Limited	Independent Director	December 2025	–
Chen Xinyuan	Shanghai University of Finance and Economics	Professor	January 1988	–
Zhao Haijun	Toppan Sensing Electronics (Shanghai) Co., Ltd.	Vice Chairman of the Board	June 2017	–
Zhao Haijun	Zhejiang Juhua Co., Ltd.	Director	November 2016	December 2025
Guo Guangli	China Fortune-Tech Capital Co., Ltd.	Director	March 2024	–

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

(III) EMOLUMENTS OF DIRECTORS, SENIOR MANAGEMENT AND CORE TECHNICIANS

1. Emoluments of Directors, senior management and core technicians

The Company has formulated Policy on Directors and Senior Management Remuneration, according to which, formal and transparent procedures are implemented to formulate remuneration packages for Directors and senior management. Remuneration level should be maintained at a reasonable level and sufficient to attract and retain Directors and senior management to run the Company successfully. No Directors or senior management should be involved in deciding his or her own remuneration.

The decision-making procedure for the remunerations of Directors and senior management	The remuneration of executive Directors shall be approved by the Compensation Committee and reported to the Board in accordance with the Company's executive director remuneration policy and structure; the remuneration of non-executive Directors shall be proposed by the Compensation Committee to the Board and approved by the Board; the remuneration of senior management shall be determined according to the remuneration management policy formulated by the Company upon the approval of the Compensation Committee.
Whether Directors evade from discussions on their remuneration at the Board	Yes
Details of the Compensation Committee issuing recommendations on remuneration matters for Directors and senior management	During the Reporting Period, members of Compensation Committee fully discussed about remuneration matters for Directors and senior management, and formed a consensus.
The basis for determining remunerations of Directors and senior management	Policy on Director and Senior Management Remuneration approved by the Board.
Actual payment of remunerations of Directors and senior management	During the Reporting Period, remunerations of Directors, senior management and core technicians of the Company were in line with relevant remuneration policy and appraisal standards of the Company, and were granted in strict compliance with appraisal results. There were no events in violation of the remuneration management policy of the Company. The actual payment of remunerations was consistent with that as disclosed by the Company.
Total actual remunerations received by all Directors and senior management during the Reporting Period	US$7.1 million
Total actual compensations received by core technicians during the Reporting Period	US$5.8 million
Performance metrics and achievement status for actual compensation received by all Directors and senior management at the end of the Reporting Period	Independent non-executive Directors receive allowances, and non-executive Directors do not receive salaries; therefore, they are not subject to performance evaluation; executive Directors and Co-Chief Executive Officer are evaluated based on their achievement of the Company's objectives; other senior management are evaluated based on their annual senior management performance. All performance targets were met this year.
Deferred payment arrangements for actual compensation received by all Directors and senior management at the end of the Reporting Period	Independent non-executive Directors receive allowances, and non-executive Directors do not receive salaries; therefore, they are not subject to relevant regulations; performance bonus for executive Directors and senior management are paid in installments with deferred payment arrangements.
Recovery status of withheld compensation for all Directors and senior management at the end of the Reporting Period	N/A

Note: Total remunerations before tax received from the Company during the Reporting Period of Directors, senior management and core technicians include basic salaries, bonus, allowances, subsidies, employee benefits and various insurance fees, provident funds and remunerations otherwise received from the Company, exclude share incentive received.

2. Remuneration to the Senior Management

The remuneration to the senior management for the year ended December 31, 2025 is as follows.

in USD'000

	2025
Salaries, bonus and benefits	6,847
State-managed pension(Note)	38
Total	6,885

Note: The employees of the Group in Chinese Mainland participate in the pension insurance and unemployment insurance scheme administered by the local government. The Group contributes on a monthly basis to these schemes based on certain percentages of the salaries of the employees. After retirement, the local government is responsible for paying pensions to the retired employees.

(IV) 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 12/31/2025	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	79.55	–	8.35	9/13/2018-9/12/2028
		5/31/2021	24.50	32,877	–	–	–	32,877	79.55	–	24.15	5/31/2021-5/30/2031
Liu Ming	Independent Non-executive Director	5/31/2021	24.50	187,500	–	–	–	187,500	48.00	–	24.15	5/31/2021-5/30/2031
Zhao Haijun	Co-Chief Executive Officer	9/7/2017	7.90	1,687,500	–	–	–	–	–	1,687,500	7.83	9/7/2017-9/6/2027
		5/25/2020	18.10	219,706	–	–	–	–	–	219,706	16.92	5/25/2020-5/24/2030
		5/31/2021	24.50	277,149	–	–	–	–	–	277,149	24.15	5/31/2021-5/30/2031
Liang Mong Song	Co-Chief Executive Officer	5/25/2020	18.10	659,117	–	–	–	–	–	659,117	16.92	5/25/2020-5/24/2030
				3,251,349	–	–	–	407,877		2,843,472		

2. Restricted Share Units ("RSUs") 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 12/31/2025	Held number as of 12/31/2025	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	48.66	–	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	–	–	24.15	3/1/2021-3/1/2025
		4/8/2022	0.031	200,769	200,769	–	–	–	100,384	53.60	100,385	100,385	16.80	3/1/2022-3/1/2026
		4/1/2023	0.031	31,912	31,912	–	–	–	31,912	46.10	–	–	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	100,385	16.80	3/1/2022-3/1/2026
		4/1/2023	0.031	31,912	31,912	–	–	–	31,912	46.10	–	–	18.60	4/1/2023-4/1/2025
				594,225	594,225	–	–	–	393,455		200,770	295,120		

(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 12/31/2025	Held number as of 12/31/2025	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	106,308	15.16	4/1/2024-4/1/2026
		4/1/2025	0.031	–	–	124,377	–	–	62,189	46.10	62,188	124,377	46.10	4/1/2025-4/1/2027
Fan Ren Da Anthony	Independent Non-executive Director	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	45,405	15.16	4/1/2024-4/1/2026
		4/1/2025	0.031	–	–	74,563	–	–	37,282	46.10	37,281	37,281	46.10	4/1/2025-4/1/2027
Liang Mong Song	Co-Chief Executive Officer	4/1/2024	0.031	227,029	113,514	–	–	–	68,109	46.10	45,405	45,405	15.16	4/1/2024-4/1/2026
		4/1/2025	0.031	–	–	74,563	–	–	37,282	46.10	37,281	37,281	46.10	4/1/2025-4/1/2027
				708,442	481,412	273,503	–	–	477,968		276,947	396,057		

Note: Please refer to "XII. Information about the Company's Stock Incentive Plans, Employee Equity Incentive Plan or Other Employee Incentive Measures and Their Impacts" in this section for details of the performance targets, the fair value of the RSUs at the date of grant and the accounting standard and policy 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 12/31/2025	Closing price of A Shares immediately before grant dates (RMB)	Vesting period
Zhang Xin	Senior Vice President, Core Technician	7/19/2021	20	64,000	–	–	–	64,000	56.94	–	54.03	7/20/2022-7/17/2026
Jin Da	Senior Vice President, Core Technician	7/19/2021	20	32,000	–	–	–	32,000	56.94	–	54.03	7/20/2022-7/17/2026
Yan Dayong	Vice President, Core Technician	7/19/2021	20	28,000	–	–	–	28,000	56.94	–	54.03	7/20/2022-7/17/2026
				124,000	–	–	–	124,000		–		

Note: Please refer to "XII. Information about the Company's Stock Incentive Plans, Employee Equity Incentive Plan or Other Employee Incentive Measures and Their Impacts" in this section for the principle terms of the above-mentioned stock incentive plans.

4. The interests and rights of Directors and chief executives required to be disclosed under the Hong Kong Listing Rules

As at December 31, 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 Hong Kong Securities and Futures Ordinance ("SFO")), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), and as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

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

Notes:

(1) Based on 8,000,408,035 Shares in issue as of December 31, 2025.

(2) As of December 31, 2025, the interests held by Directors and Co-CEOs were all in Hong Kong Shares. For details of the 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.

(V) EVALUATION MECHANISM FOR SENIOR MANAGEMENT AND THE ESTABLISHMENT AND IMPLEMENTATION OF INCENTIVE MECHANISM DURING THE REPORTING PERIOD

The Compensation Committee under the Board is responsible for formulating the remuneration policy of the Company's senior management personnel. In addition to the basic salary, the Company's senior management personnel are granted short-term and long-term incentives linked to the Company's performance. The appraisal spirit of the Compensation Committee under the Board is strictly implemented adhering to performance orientation by performing appraisal on senior management personnel on an annual basis.

V. OVERVIEW OF THE BOARD

(I) THE RESPONSIBILITY OF THE BOARD

As the core institution of corporate governance, the Board bears key decision-making and supervisory responsibilities. The Board is responsible to the shareholders of the Company, overseeing and managing the Company's affairs, and making decisions that are in line with the best interests of the Company. The Board exercises its powers directly or through its subordinate committees, participates in and is responsible for establishing the overall strategy of the Company, setting corporate objects and targets, and supervising the implementation process. The Board is responsible for supervising the Company's financial performance and accounting preparation, developing corporate governance systems and policies, and reviewing the Company's internal control system. The management of the Company is responsible for the implementation of the overall strategy of the Company and its daily operations and management. Each board member can consult or communicate with the senior management regarding the operations or financial situation of the Company.

(II) THE COMPOSITION OF THE BOARD

As at the date of this report, the Board has 9 members, including 1 Chairman (executive Director), 4 non-executive Directors and 4 independent non-executive Directors. There are no relationships among members of the Board. The personal information of each Director is set out in "IV. Particulars of Directors and Senior Management" in this section, and published on the Company's website.

Independent non-executive Directors account for at least one-third of the total number of Board members. On an annual basis, each independent non-executive Director confirms his or her independence to the Company, and the Company considers these Directors to be independent (as defined under Rule 3.13 of the Hong Kong Listing Rules).

Members of the Board have different professional backgrounds, and they actively provide their valuable experiences to the Board to promote the best interests of the Company and shareholders. Independent non-executive Directors are committed to ensuring that the Board safeguards the interests of all shareholders of the Company and ensures independence and objectivity.

(III) THE CHAIRMAN AND THE EXECUTIVE OFFICER

For the year ended December 31, 2025, the roles of Chairman and Co-Chief Executive Officers are segregated. The role of Chairman is performed by Dr. Liu Xunfeng and the roles of Co-Chief Executive Officers are performed by Dr. Zhao Haijun and Dr. Liang Mong Song.

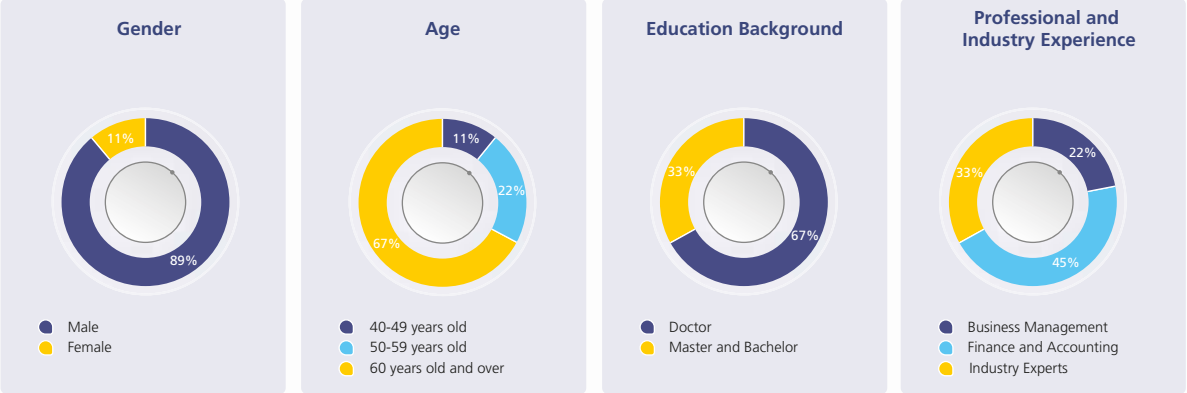
(IV) PROCEDURE REGARDING THE APPOINTMENT AND RE-ELECTION OF DIRECTORS

In accordance with the Company's Article of Associations and related regulations, the Company has adopted the standard procedure regarding the appointment of Directors, setting forth the process by which individuals are appointed as members of the Board. Under the policy, the Board will consider, among other factors: (1) the skills, qualifications, experience, background and nationality of the nominee, including other directorships held in listed companies in the last three years and other major appointments; (2) any shares, class or number of shares in the Company held or beneficially owned by the nominee (if any); (3) board diversity; and (4) any other information relating to the nominee required to be disclosed in accordance with the rules of the Hong Kong Stock Exchange and the Shanghai Stock Exchange. The Board will decide whether to appoint such nominee to fill a casual vacancy on the Board or as an addition to the existing Directors, and then to appoint such nominee into one of the three classes of Directors as stipulated in the Articles of Association of the Company.

Directors appointed by the Board shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election at that meeting. Directors may hold office until the expiration of their respective term upon an election passed at a general meeting by holders of a majority of the Company's issued shares being entitled to vote in person or by proxy at such meeting. The Board is divided into three classes with one class of Directors eligible for re-election at each annual general meeting of the Company. Each class of Directors (including all non-executive Directors) serves a term of three years.

(V) BOARD DIVERSITY POLICY

The Board has adopted a Board Diversity Policy. The Board considers that a diversity of perspectives is beneficial to the Company and believes that a diversity of perspectives can be achieved through the consideration of factors such as a diversity of skills, professional and industry experience, cultural and educational background, ethnicity, length of service, gender and age. Board appointments will also be made on the principle of meritocracy and objective criteria, taking into account factors based on the Company's business model and specific needs from time to time. The Nomination Committee of the Board will give consideration to this policy when identifying qualified candidates to become members of the Board. The Board will review the Board Diversity Policy on a regular basis to ensure its effectiveness. During the Reporting Period, the Nomination Committee added one female member, the Company has met the diversity requirement under the Hong Kong Listing Rules. Directors of different genders exist in both the Board and the Nomination Committee.



(VI) DIRECTORS' TRAINING AND DEVELOPMENT

All Directors should keep abreast of the responsibilities as a director, and of the conduct and business activities of the Company.

The Company is responsible for arranging its Directors to take adequate training and is responsible for the training expenses. Each newly appointed Director is provided with training with respect to such Director's responsibilities under the Hong Kong Listing Rules and the SSE STAR Market Listing Rules, as well as the Company's corporate governance policies and practices. The Company also provides each Director with ethics & compliance training, arranges director trainings organized by relevant PRC institutions, and regularly distributes securities regulatory updates to Directors regarding interpretations of new regulations and regulatory guidance for the SSE STAR Market and HKSE. The Board Secretary/Company Secretary maintains the training records of all Directors. In 2025, the Directors complied with Code Provision C.1.1 of the CG Code through participation in the above-mentioned continuous professional development and reading relevant materials and journals to develop and refresh their knowledge and skills.

(VII) COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LIST ISSUERS

The Company has developed 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 Management System and Implementation Rules for Insiders of the Company and the Model Code throughout the year ended December 31, 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.

(VIII) MECHANISMS TO ENSURE INDEPENDENT VIEWS AND INPUT ARE AVAILABLE TO THE BOARD

The Company has established mechanisms to ensure independent views and input are available to the Board. The mechanisms may be covered in the following aspects: (1) independent non-executive director's nomination process (e.g. independent non-executive director's time commitments and qualification), (2) number of independent non-executive directors and their time contribution, (3) evaluation of independent non-executive directors' contribution, and (4) other channels where independent views are available (e.g. directors' access to external independent professional advice to assist performance of their duties).

The Chairman of the Board holds meetings with the independent non-executive Directors without the presence of other Directors at least once a year.

The Board has reviewed the implementation and effectiveness of such mechanisms in 2025.

(IX) CORPORATE GOVERNANCE FUNCTIONS

Pursuant to the Company's Corporate Governance Policy as amended in May 2025, the Board (or any of its committees) is responsible for performing the following corporate governance duties:

- to develop and review the Company's policies and practices on corporate governance;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- to review the Company's compliance with the CG code and disclosure in the Corporate Governance Report.

During the year ended December 31, 2025, the aforesaid corporate governance functions had been carried out by the Board pursuant to the Corporate Governance Policy.

(X) PROCEEDINGS OF THE BOARD

The Board meets at least four times a year at approximately quarterly intervals and on such other occasions as may be required to discuss and vote upon significant issues affecting the Company. The Board Secretary/Company Secretary assists the Chairman in preparing the agenda for the Board meetings and also assist the Board in complying with applicable laws, rules and regulations. The relevant papers for the Board meetings are dispatched to Board members in accordance with the CG Code. Directors may include matters for discussion in the agenda if the need arises. Upon the conclusion of the Board meeting, minutes are circulated to all Directors for their review and comments prior to their approval of the minutes at the following or subsequent Board meeting. Furthermore, the Board has established the procedures pursuant to which a Director, upon reasonable request, may seek independent professional advice at the Company's expense in order for such Director to discharge his duties. Transactions in which any Directors are considered to have a conflict of interest which the Board has determined to be material are dealt with by physical Board meetings rather than written resolutions and the interested Directors are not counted in the quorum of such Board meetings and shall abstain from voting on the relevant matters.

VI. PERFORMANCE OF DUTIES BY DIRECTORS

(I) ATTENDANCE OF DIRECTORS AT BOARD MEETINGS AND GENERAL MEETINGS

For the year ended December 31, 2025, the Directors' attendance at the Board meetings and general meetings are set out below:

		Attendance at Board meetings						Attendance at the general meetings
Name of Director	Independent Director or not	Required attendance for the year (times)	Attendance in person (times)	Attendance by proxy (times)	Absence (times)	Attendance by way of teleconference (times)	Any failure in attending in person for two consecutive meetings	Attendance (times)/Required attendance (times)
Liu Xunfeng	No	9	9	0	0	0	No	1/1
Lu Guoqing	No	9	4	2	5	0	No	1/1
Chen Shanzhi	No	9	8	6	1	0	No	1/1
Yang Lumin	No	9	7	4	2	0	No	1/1
Huang Dengshan	No	9	5	1	4	0	No	1/1
Fan Ren Da Anthony	Yes	9	8	4	1	0	No	1/1
Liu Ming	Yes	9	8	5	1	0	No	1/1
Wu Hanming	Yes	9	4	2	5	0	No	1/1
Chen Xinyuan	Yes	9	9	3	0	0	No	1/1

Number of Board meetings held in the year	9
Including: Number of physical meetings	3
Number of meetings held by way of teleconference	0
Number of meetings held in combination of physical meetings and teleconference	6

VII. SPECIAL COMMITTEES OF THE BOARD OF DIRECTORS

The Board has established four special committees, including the Audit Committee, the Compensation Committee, the Nomination Committee and the Strategic Committee. Each special committee performs its respective duties and authorities entrusted by the Board in accordance with the charters of each special committee. The Company has disclosed the charters of the Audit Committee, the Compensation Committee and the Nomination Committee on the websites of the Company and the Hong Kong Stock Exchange in accordance with the requirements of the Hong Kong Listing Rules.

(I) AUDIT COMMITTEE

The responsibilities of the Audit Committee

The Audit Committee shall be mainly responsible for (1) supervising the accounting and financial reporting system and procedures of the Company; (2) reviewing the Company's financial statements and related disclosures; (3) supervising and evaluating the work of the Company's internal audit department and external auditors; (4) supervising the Company's risk management and internal control system.

The Audit Committee has reviewed the annual results of the Group for the year ended December 31, 2025.

Performance of the Audit Committee

As of the publication date of this annual report, the members of the Company's audit committee (the "Audit Committee") are Professor Chen Xinyuan (chairman of the Audit Committee), Dr. Fan Ren Da Anthony, Professor Liu Ming and Professor Wu Hanming.

During the year ended December 31, 2025, the Audit Committee held a total of 4 meetings and made 4 written resolutions. Details of the Directors' attendance at the Audit Committee meetings and the main proposals reviewed are set forth below:

Audit Committee	Actual attendance/ Required attendance (times)
Independent Non-executive Directors	
Chen Xinyuan	4/4
Fan Ren Da Anthony	4/4
Liu Ming	4/4
Wu Hanming	4/4

The reviewed proposals mainly include:

- 2024 annual report and 2025 interim report
- quarterly financial results announcements and guidance
- proposal for re-appointment of Ernst & Young to provide non-audit services
- the Audit Committee's annual duty performance report in 2024
- the Company's assessment report on the performance of accounting firms in 2024
- re-appointment of auditors in 2025
- conducting hedging activities in 2025
- internal audit reports for 2024 and 2025 interim
- quarterly external auditor's report and 2025 audit plan
- 2024 internal control evaluation report
- 2025 risk management report
- report on the provision of asset impairment for the first three quarters of 2025
- The draft report on the acquisition of 49% of equity interests in SMNC through the issuance of RMB Shares and related party transaction and its review report on the pro forma financial statements of the Company

(II) COMPENSATION COMMITTEE

The responsibilities of the Compensation Committee

The Compensation Committee is mainly responsible for evaluating and reviewing (1) the compensation plan of the Company's Directors and senior management and (2) the Company's share scheme matters.

Performance of the Compensation Committee

As of the publication date of this annual report, the members of the Company's compensation committee (the "Compensation Committee") are Dr. Fan Ren Da Anthony (chairman of the Compensation Committee), Mr. Lu Guoqing, Professor Liu Ming and Professor Chen Xinyuan.

During the year ended December 31, 2025, the Compensation Committee held a total of 3 meetings. Details of the Directors' attendance at the Compensation Committee meetings and the main proposals reviewed are set forth below:

Compensation Committee	Actual attendance/ Required attendance (times)
Independent Non-executive Directors	
Fan Ren Da Anthony	3/3
Liu Ming	3/3
Chen Xinyuan	3/3
Non-executive Director	
Lu Guoqing	3/3

The reviewed proposals mainly include:

- annual performance bonus and the Hong Kong Stock grant for executive Directors and senior management
- the Hong Kong Stock grant plan for employees
- non-executive directors bonus plan
- proposal on compensation for Directors' re-election

Summary of material matters relating to the share scheme reviewed by the Compensation Committee

Grant RSUs under the 2024 Equity Incentive Plan

There were 2,876,943 RSUs granted to 434 grantees (including Directors and senior management of the Group) by the Company under the 2024 Equity Incentive Plan on April 1, 2025. The vesting period of all or part of RSUs granted is shorter than 12 months because such grant of RSUs formed part of the grantees' remuneration and such grant was subject to the fulfillment of the relevant performance targets for the year 2024 and such conditions had been fulfilled as at the grant date. The Compensation Committee approved such arrangements and believed that such arrangements aligns with the purpose of the 2024 Equity Incentive Plan as it retains and motivates the relevant grantees (including Directors and senior management) of the Group for their contributions to the growth and profits of the Company.

Performance Target

The grant of RSUs 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 relative basis.

Clawback Mechanism

Any unvested RSUs will automatically lapse immediately under all circumstances, including but not limited to: (i) the relevant grantee's employment or service with the Group terminates for any reason, save for retirement, death, and disability and other special circumstances; (ii) the portion of the awards subject to vesting which had not been vested due to the failure to achieve certain vesting condition; or (iii) the portion of the awards subject to vesting which had not been vested due to violation of the internal code of the Group and had been subject to internal disciplinary action.

For details of the above-mentioned grant, please refer to the announcement of the Company on the website of HKSE (https://www.hkexnews.hk) dated April 1, 2025.

(III) NOMINATION COMMITTEE

The responsibilities of the Nomination Committee

The Nomination Committee shall be mainly responsible for (1) identifying and recommending candidates suitable for serving as Directors; (2) making recommendations to the Board on the appointment and succession of Directors; (3) ensuring the Company has a Board of an effective size, structure and composition.

Nomination Policy

This policy sets out the principles which guide the Nomination Committee of the Company to identify and evaluate a candidate suitably qualified to become a director of the Board and make recommendations to the Board on the selection of candidates nominated for directorships with reference to the formulated criteria. The Board is ultimately responsible for selection and appointment of new Directors.

Nomination Criteria

The Nomination Committee shall consider a number of factors in making nominations in accordance with the relevant requirements under the Hong Kong Listing Rules, including but not limited to the following:

- Skills and Experience: The candidate should possess the skills, knowledge and experience which are relevant to the operations of the Company and its subsidiaries.
- Diversity: Candidates should be considered on merit and against objective criteria, with due regard to the diversity perspectives set out in the Board Diversity Policy of the Company and the balance of skills and experience in board composition.
- Commitment: The candidate should be able to devote sufficient time to attend board meetings and participate in induction, trainings and other board associated activities. In particular, if the proposed candidate will be nominated as an independent non-executive director ("INED") and will be holding his/her seventh (or more) listed company directorship, the Nomination Committee should consider the reason given by the candidate for being able to devote sufficient time to the Board.
- Standing: The candidate must satisfy the Board, Hong Kong Stock Exchange and SSE that he/she has the character, experience and integrity, and is able to demonstrate a standard of competence commensurate with the relevant position as a director of the Company.
- Independence: The candidate to be nominated as an INED must satisfy the independence criteria set out in Rule 3.13 of the Hong Kong Listing Rules.

Nomination Procedures

1. If the Nomination Committee determines that an additional or replacement director is required, the Committee may take such measures that it considers appropriate in connection with its identification and evaluation of a candidate.
2. The Nomination Committee may propose to the Board a candidate as a nominee for election to the Board.
3. The Board may appoint the candidate as director to fill a casual vacancy or as an addition to the Board or recommend.
4. The shareholders of the Company approve the election of candidate, who stands for election at the next following annual general meeting, as a director.

Performance of the Nomination Committee

As of the publication date of this annual report, the members of the Company's nomination committee (the "Nomination Committee") are Dr. Liu Xunfeng (chairman of the Nomination Committee), Mr. Huang Dengshan, Professor Liu Ming, Professor Wu Hanming and Professor Chen Xinyuan.

During the year ended December 31, 2025, the Nomination Committee held 1 meeting. Details of Directors' attendance at the Nomination Committee meetings and the main proposals reviewed are set forth below:

Nomination Committee	Actual attendance/ Required attendance (times)	Note
Executive Director		
Liu Xunfeng	1/1	
Non-executive Director		
Huang Dengshan	1/1	
Independent Non-executive Directors		
Liu Ming	0/0	Appointed as a member of the Nomination Committee on May 8, 2025
Wu Hanming	1/1	
Chen Xinyuan	1/1	
Fan Ren Da Anthony	1/1	Ceased to serve as a member of the Nomination Committee on May 8, 2025
The reviewed proposals mainly include:		
• re-election of Directors		

(IV) STRATEGIC COMMITTEE

The responsibilities of the Strategic Committee

The purpose of the Strategic Committee is to assist the Board and the management of the Company to evaluate and consider various strategic alternatives. The main responsibilities of the Strategic Committee include, among other things: (1) evaluate and consider any strategic alternative of the Company; (2) make recommendations to the Board on major matters of the Company and major investment and financing options; (3) contribute and participate in discussions with potential strategic partners with respect to strategic alternative; and (4) make recommendations to the Board and the management of the Company with respect to strategic alternative.

Performance of the Strategic Committee

As of the publication date of this annual report, the members of the Company's strategic committee (the "Strategic Committee") are Dr. Chen Shanzhi (chairman of the Strategic Committee), Mr. Yang Lumin, Professor Liu Ming and Professor Wu Hanming.

During the year ended December 31, 2025, the Strategic Committee held 1 meeting. Details of Directors' attendance at the Strategic Committee meeting and the main proposals reviewed are set forth below:

Strategic Committee	Actual attendance/ Required attendance (times)
Non-executive Directors	
Chen Shanzhi	1/1
Yang Lumin	1/1
Independent Non-executive Directors	
Liu Ming	1/1
Wu Hanming	1/1
The reviewed proposals mainly include:	
• evaluated the Compamy's strategic planning	
• made recommendations to the Board and the Company's management on strategic planning	

VIII. DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for the preparation of the financial statements of the Company and the Group. The Directors, having made appropriate enquiries, consider that the Group has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

The statement by the auditors of the Company regarding their reporting responsibilities is set out in the independent auditor's report.

IX. COMPANY SECRETARY

As of the publication date of this report, Ms. Guo Guangli acts as the Company Secretary of the Company. The biographical detail of Ms. Guo Guangli is set out in "V. (I) Changes in Shareholding of Current and Resigned Directors, Senior Management and Core Technicians and Their Emoluments during the Reporting Period" of this section.

The Company Secretary reports to the Chairman of the Board. All Directors have access to the Company Secretary, who is responsible for assisting the Board in complying with applicable procedures regarding compliance matters. The Company Secretary continuously updates all Directors on the latest development of the Hong Kong Listing Rules and other applicable regulatory requirements to assist the Company's compliance with and maintenance of good corporate governance practices.

Pursuant to Rule 3.29 of the Hong Kong Listing Rules, Ms. Guo Guangli had taken no less than 15 hours of relevant professional training for the year ended December 31, 2025.

X. PARTICULARS OF EMPLOYEES AT THE END OF THE REPORTING PERIOD

(I) PARTICULARS OF EMPLOYEES

Number of in-service employees of the Company	–
Number of in-service employees of major subsidiaries	19,952
Total number of in-service employees	19,952
The number of retired employees whose expenses are borne by the Company and major subsidiaries	–

Composition of professions

Type of profession	Number of persons by profession
Operation and production staff	16,113
Research and development staff	2,403
Marketing and sales staff	253
Platform and support staff	1,183
Total	19,952

Education level

Type of education level	Number of persons
Doctorate	849
Master	7,117
Bachelor	7,155
Junior college and below	4,831
Total	19,952

Gender level

Gender	Percentage (%)
Male	66.6
Female	33.4

The Company firmly believes that employees are the core driving force of sustainable development. The Group provides every employee with the freedom and space to develop in a safe and stable workplace that has an equal and diversified working atmosphere. Meanwhile, adhering to the people-oriented philosophy, the Group cares for the well-being of the employees, continues to improve welfare system, builds training systems, and sets up various employee communication channels. The Group recruits excellent talents extensively from all over the world through diversified recruitment channels, providing employment opportunities for talents with or without disabilities from different countries, ethnic groups, and cultural backgrounds. The Group encourages gender diversity across its workplace with maintaining workplace gender equality while building talent teams and firmly believes that a diversified talent pipeline will help for fuel innovative capacity into corporate development, improve scientific research efficiency and better meet the complex and diverse customer demands, thus driving the business growth.

During the Reporting Period, the Board was not aware of any mitigating factors or circumstances which make achieving gender diversity across the workforce (including senior management) more challenging or less relevant.

(II) REMUNERATION POLICY

The Group pays employees in the form of fixed salary and performance incentives, based on the positions, abilities and performance of employees. Among them, the fixed salary is the part that employees enjoy according to their position, and attendance, etc. The performance incentives shall be issued according to the company's business achievement and the individual performance, and it will be assessed according to the company policy. According to the relevant national and local regulations, the Group pays social insurance and housing provident fund for employees on the job, and also provides employees with rich benefits, including company welfare paid annual leave, commercial insurance, welfare rental, meal allowance, etc.

(III) TRAINING PROGRAMS

Adhering to the talent management concept of "creating the future with SMIC", the Company is committed to creating a talent training and development system with the characteristics of the integrated circuit industry and highlighting corporate values. It focused on management and professional technical talents, implemented hierarchical and classified training, and developed a talent team with excellent leadership and strong professional and technical capabilities, which laid a solid talent foundation for the realisation of the Company's long-term goals and achieved the common development of the industry, the Company and employees.

The Company built an international, professional, and systematic talent training and development system with reference to domestic and foreign first-class enterprises, established a Company's key and core talent pool by defining talent standards, building a talent evaluation mechanism and promoting talent inventory, while providing targeted training programs and courses for talents with different characteristics. In 2025, the Company conducted diversified training projects and courses in combination with offline teaching, online learning and team building. Training was completed over 500,000 person-time, with online and offline coverage rate achieving 100%.

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

(I) FORMULATION, IMPLEMENTATION AND ADJUSTMENT OF CASH DIVIDEND POLICIES

1. Formulation and adjustment of profit distribution policy

To further improve the profits distribution mechanism, ensure the stability of the Company's profit distribution policy, enhance the transparency and operability of profit distribution decisions and protect the rights and interests of shareholders, the Company considered and approved the "Profit Distribution Policy of Semiconductor Manufacturing International Corporation" at an extraordinary general meeting held on June 1, 2020 in accordance with relevant provisions of relevant laws, regulations and regulatory documents, including the Securities Law of the People's Republic of China, the Notice of CSRC on Further Implementation of Cash Dividends of Listed Companies, Guidelines No.3 on the Supervision and Administration of Listed Companies – Distribution of Cash Dividends of Listed Companies and the SSE STAR Market Listing Rules, in combination with the Memorandum of Association and Articles of Association of Semiconductor Manufacturing International Corporation and the Company's own conditions.

2. Implementation of the profit distribution

During the Reporting Period, the Company strictly followed the Company's profit distribution policy.

(II) SPECIAL EXPLANATION OF CASH DIVIDEND POLICY

Whether it is in line with the provisions of the Company's Articles of Association or requirement of resolutions of the general meeting of shareholders	Yes
Whether the standard and proportion of dividends are clear	Yes
Whether the relevant decision-making procedures and system are complete	Yes
Whether the independent Directors have performed their duties and played their roles	Yes
Whether small and medium shareholders have opportunities to fully express their opinions and demands, whether their legitimate rights have been adequately protected	Yes

(III) PROVIDED THAT THE COMPANY HAS MADE PROFITS AND ITS PROFITS DISTRIBUTABLE TO ORDINARY SHAREHOLDERS ARE POSITIVE DURING THE REPORTING PERIOD, BUT NO CASH PROFIT DISTRIBUTION PLAN FOR ORDINARY SHARES HAS BEEN PROPOSED, THE COMPANY SHALL DISCLOSE IN DETAIL THE REASONS THEREFOR AND THE PLAN FOR THE USE OF UNDISTRIBUTED PROFITS

The Company expects to maintain a significant capital expenditure in 2026, which is expected to exceed 20% of the Company's latest audited net assets. As to the high demand for funding, the Company needs to reserve sufficient funds to meet the expansion of production capacity and the development of core business, fully ensuring the stable operation and healthy development of the Company.

Undistributed profits are mainly used for capacity expansion and the development of the Company's core business.

(IV) CASH DIVIDEND FOR THE LAST THREE FINANCIAL YEARS

in USD'000

Profit for the year attributable to owners of the Company in the consolidated financial statement for the latest financial year	685,131
Retained earnings in the parent's financial statement for the latest financial year	6,858,206
Cumulative cash dividend amount over the last three financial years (tax inclusive) (1)	–
Cumulative amount repurchased and cancelled over the last three financial years (2)	–
Aggregate amount of cash dividend and amount repurchased and cancelled over the last three financial years (3)=(1)+(2)	–
Average profit for the year attributable to owners of the Company for the last three financial years (4)	693,468
Cash dividend payout ratio over the last three financial years (%)(5)=(3)/(4)	–
Cumulative R&D costs over the last three financial years	2,246,188
Proportion of cumulative R&D costs to cumulative revenue over the last three financial years (%)	9.5

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

(I) THE OVERALL INFORMATION OF STOCK INCENTIVE

1. Stock incentive plans during the Reporting Period

Name of plan	Incentive method	Number of target shares (share)[1]	Percentage of target shares (%)[2]	Number of participants[3]	Percentage of participants (%)[4]	Price of target shares granted[5]
2014 Stock Option Plan	Stock option	320,737,712	4.01	1,995	10.00	HKD13.35
2014 Equity Incentive Plan	Restricted Share Units	80,184,428	1.00	2,399	12.02	HKD0.031
2021 STAR Market Restricted Share Incentive Scheme	Type II Restricted Shares	75,650,400	0.95	4,616	23.14	RMB20
2024 Equity Incentive Plan	Restricted Share Units	596,812,206	7.46	469	2.35	HKD0.031

Notes:

(1) The number of target shares is the maximum number of ordinary shares can be granted under the stock incentive plans;

(2) The percentage of target shares is the proportion of the target shares to the total share capital of the Company as at the end of the Reporting Period;

(3) The number of participants is the total number of participants after deducting the duplicate participants;

(4) The percentage of participants is the proportion of the number of participants to the number of persons of the Company as at the end of the Reporting Period;

(5) The price of target shares granted is the weighted average price of the accumulated target shares granted under the plan as of the end of the Reporting Period. For details of price for each grant under the respective plan, please refer to "IV. (IV) The Equity Incentives Granted to the Directors, Senior Management and Core Technicians during the Reporting Period" and the below disclosure under this section.

2. Implementation progress of the stock incentive during the Reporting Period

Unit: Share

Name of plan	Number of Stock Incentives granted at the beginning of the year	Number of newly granted Stock Incentives during the Reporting Period	Number of Stock Incentives to be vested/ exercised during the Reporting Period	Number of vested/ exercised Stock Incentives during the Reporting Period	Grant price/ exercise price	Number of Stock Incentives granted at the end of the year	Number of vested/ exercised Stock Incentives at the end of the year
2014 Stock Option Plan	66,879,993	–	15,182,801	6,021,105	Note[1]	66,879,993	36,257,624
2014 Equity Incentive Plan	71,928,257	–	3,268,614	3,268,614	HKD0.031	71,928,257	57,382,927
2021 STAR Market Restricted Share Incentive Scheme	63,049,849	–	11,208,220	11,203,420	RMB20	62,195,389	61,099,549
2024 Equity Incentive Plan	8,784,806	2,876,943	3,964,219	3,964,219	HKD0.031	11,661,749	8,336,751

Note:

(1) The details of grant prices of each period are set out in the following information: 2014 Stock Option Plan.

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 585,542,511 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 the year, 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 0.23%.

During the year, 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 0.06%.

During the year, 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. For the performance targets for the RSUs granted during this period, please refer to "VII. (II) Compensation Committee" in this section.

Please refer to Note 4 and 35 to the consolidated financial statements for the relevant accounting standards and policies adopted for options and RSUs and 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 year ended December 31, 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 12/31/2025	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	–	–	–	1,083,695	43.17	1,564,225	10.40	5/23/2018-5/22/2028
5/25/2020	18.10	3,918,174	–	–	–	1,532,058	47.46	2,386,116	16.92	5/25/2020-5/24/2030
11/23/2020	23.00	1,664,633	–	64,036	–	738,270	43.74	862,327	22.75	11/23/2020-11/22/2030
5/31/2021	24.50	2,456,453	–	8,318	–	1,185,123	48.56	1,263,012	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	–	30,118	–	986,682	46.92	1,283,629	22.35	11/19/2021-11/18/2031
Total		14,895,812	–	120,888	–	5,613,228		9,161,696		

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.

Summary of the 2014 Stock Option Plan is as follows:

Purpose

The purposes of the 2014 Stock Option Plan are to attract, retain and motivate employees and Directors of the Company; to provide a means of long-term incentives for their contributions to the growth and profits of the Company; and to allow such employees and Directors to participate in such growth and profitability.

Participants

The Company's 2014 Stock Option Plan is administered by the Company's Compensation Committee. The Company's 2014 Stock Option Plan provides for the grant of options to the Company's employees, officers or Directors, or to a trust established in connection with any employee benefit plan of the Company.

Options granted under the 2014 Stock Option Plan may not be transferred in any manner other than by will or by the laws of descent and distribution, or pursuant to a domestic relations order or as determined by the Compensation Committee.

Maximum number of shares

The number of ordinary shares available for issue under the 2014 Stock Option Plan shall not, in aggregate, exceed 320,737,712 ordinary shares (as adjusted according to the impact of the Share Consolidation), representing 4.01% of the issued ordinary shares as at the date of the annual report.

Total number of shares available for issue

As at the date of the annual report, the total number of shares available for issue under the 2014 Stock Option Plan was 9,161,696 shares, representing approximately 0.11% of the issued shares of the Company.

Maximum entitlement of each participant

The total number of options (including both exercised and outstanding) granted in any 12-month period to each participant may not exceed at any time 1% of the then issued and outstanding ordinary shares.

Exercise period

The stock options granted shall be exercised within ten years from the grant date, subject to changes under the Hong Kong Listing Rules, as determined by the Compensation Committee of the Company.

Vesting period

Options granted under the 2014 Stock Option Plan vest over a four-year period.

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.

Acceptance and payments

2014 Stock Option Plan does not provide for any payment upon application or acceptance of an option.

Exercise price and the determination basis

The exercise price of stock options must be at least equal to the fair market value of the ordinary shares on the date of grant. Such fair market value will be the higher of (i) the closing price of the shares on the Hong Kong Stock Exchange's daily quotation sheet on the applicable date of grant (which must be a business day), and (ii) the average closing price of the shares on the Hong Kong Stock Exchange (as stated in the relevant daily quotation sheets of the Hong Kong Stock Exchange) for the five business days immediately preceding the date of grant subject to such changes from time to time to applicable Hong Kong Listing Rules, as determined by the Compensation Committee.

Remaining life of the scheme

The 2014 Stock Option Plan will terminate ten years from the date of registration of the Plan with the PRC State Administration of Foreign Exchange, unless it is terminated earlier by the Board. The Board may amend or terminate the 2014 Stock Option Plan at any time without necessary of asking for shareholders' approval of the amendment unless required by applicable law. As the 2024 Equity Incentive Plan has taken effect on November 10, 2023, the 2014 Stock Option Plan was terminated on the same date.

(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 year ended December 31, 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 12/31/2025	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	–	347,042	53.69	–	22.35	3/1/2021-9/27/2025
4/8/2022	0.031	2,478,876	–	73,779	–	1,236,523	53.59	1,168,574	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	–	–	–	111,674	67.19	111,676	17.40	8/29/2022-9/27/2026
4/1/2023	0.031	1,161,682	–	18,018	–	1,073,443	47.80	70,221	18.60	10/9/2022-1/16/2027
Total		4,706,691	–	108,560	–	3,174,264		1,423,867		

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.

Summary of the 2014 Equity Incentive Plan is as follows:

Purpose

The purposes of the 2014 Equity Incentive Plan are to attract, retain and motivate employees and Directors of the Company, to provide a means of long-term incentives for their contributions to the growth and profits of the Company, and to allow such employees and Directors to participate in such growth and profitability.

Participants

The Company's 2014 Equity Incentive Plan is administered by the Company's Compensation Committee. The Company's 2014 Equity Incentive provides for the grant of awards to the Company's employees, officers or Directors, or to a trust established in connection with any employee benefit plan of the Company.

Awards granted under the 2014 Equity Incentive Plan may not be transferred in any manner other than by will or by the laws of descent and distribution, or pursuant to a domestic relations order or as determined by the Compensation Committee.

Maximum number of shares

The aggregate number of the ordinary shares available for award under the 2014 Equity Incentive Plan may not exceed 80,184,428 ordinary shares (as adjusted according to the impact of the Share Consolidation), representing 1.00% of the issued ordinary shares as at the date of the annual report.

Total number of shares available for issue

As at the date of the annual report, the total number of shares available for issue under the 2014 Equity Incentive Plan was 1,423,867 shares, representing approximately 0.02% of the issued shares of the Company.

Maximum entitlement of each participant

The total number of RSUs (including both vested and outstanding) granted in any 12-month period to each participant may not exceed at any time 1% of the then issued and outstanding ordinary shares.

Vesting period

Awards granted under the 2014 Equity Incentive Plan vest over a four-year or three-year period. Awards may vest based on time or achievement of performance conditions.

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.

Acceptance and payments

Save as the purchase price below, the 2014 Equity Incentive Plan does not provide for any payment upon application or acceptance of RSUs.

Purchase price and the determination basis

The purchase price of HKD0.031 per share awarded by vesting of the RSUs was determined by the Compensation Committee of the Company and subject to the applicable Cayman Islands laws.

Remaining life of the scheme

The Board may amend or terminate the 2014 Equity Incentive Plan at any time without necessary of asking for shareholders' approval of the amendment unless otherwise required by applicable law. As the 2024 Equity Incentive Plan has taken effect on November 10, 2023, the 2014 Stock Option Plan was terminated on the same date.

(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 year ended December 31, 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 12/31/2025	Closing price of A Shares immediately before grant dates (RMB)	Vesting period
7/19/2021	20	10,446,880	–	–	615,000	9,831,880	56.94	–	54.03	7/20/2022-7/17/2026
6/21/2022	20	2,706,840	–	–	239,460	1,371,540	66.46	1,095,840	45.68	6/22/2023-6/18/2027
Total		13,153,720	–		854,460	11,203,420		1,095,840		

Summary of the 2021 STAR Market Restricted Share Incentive Scheme is as follows:

Purpose

The purposes of the scheme are to improve the Company's long-term incentive mechanism, attract and retain outstanding personnel, fully mobilise the enthusiasm of the Company's employees, effectively bond the interests of shareholders, the Company and core teams together, enable all parties to jointly pay attention to the long-term development of the Company.

Scope of awardees

The total number of awardees for the first grant and reserved grant proposed under the Scheme represents approximately 23.14% of the Company's employees as of December 31, 2025. The Awardees include Directors, senior management, core technicians, middle and senior business management and key technical and business staff of the Company.

Source of the restricted shares to be granted

The form of incentive adopted under the Scheme is Type II Restricted Shares. The source of all Restricted Shares under the Scheme will be A-share ordinary listed on the STAR market of the Shanghai Stock Exchange shares to be issued by the Company to the awardees.

Number of restricted shares to be granted

The total amount of restricted shares available for award under the Scheme will not exceed 75,650,400 A-share ordinary shares, representing approximately 0.95% of the total issued share capital of the Company as at the date of the annual report. Among them, 67,535,200 restricted shares were granted as the first grant, representing approximately 90.00% of the total number of restricted shares under the Scheme and approximately 0.84% of the total issued share capital of the Company as at the date of the annual report. 8,115,200 restricted shares were reserved for the reserved grant, representing approximately 10.00% of the total number of restricted shares under the Scheme and approximately 0.10% of the total issued share capital of the Company as at the date of the annual report.

Total number of shares available for issue

As at the date of the annual report, the total number of shares available for issue under the 2021 STAR Market Restricted Share Incentive Scheme was 1,095,840 shares, representing approximately 0.01% of the issued shares of the Company.

Maximum entitlement of each awardee

The cumulative amount of the Company's shares granted to each awardee through all valid equity incentive plans shall not exceed 1% of the total share capital of the Company.

Attribution arrangements under the scheme

The restricted shares granted under the scheme may be vested in tranches as per the agreed proportions of 30%, 25%, 25%, 20% upon the awardees satisfying the corresponding vesting conditions. A vest date must be a trading day within the validity period of the scheme, and shall not fall within the lock-up periods.

Acceptance and payment

Save as the grant price below, the 2021 STAR Market Restricted Share Incentive Scheme does not provide for any payment upon application or acceptance of the Restricted Shares granted.

Grant price and the determination basis

The grant price of the restricted shares for the first grant shall be RMB20 per Share. An awardee who has satisfied the conditions for grant and attribution may purchase A-share ordinary shares issued by the Company at such price. The grant price of the restricted shares for the reserved grant shall be the same as the grant price of the restricted shares for the first grant, i.e. RMB20 per share. The grant price was determined by comprehensive methodology which included the then average trading price of the RMB Shares listed on the STAR Market, the relevant PRC regulations and requirements on price determination and the incentive needs of the Company at the material time. For details of the determination basis, please further refer to the Company's circular dated June 8, 2021.

Validity period of the scheme

The validity period of the scheme will commence from the grant date of the first grant, until the date on which all restricted shares granted to awardees have been vested or lapsed, such period shall not exceed 72 months.

Performance assessment requirements at the Company level

The Company has selected the average revenue and the average EBITDA from 2018 to 2020 as the performance basis, and the growth rate of the definite proportion of the cumulative revenue and the cumulative EBITDA in 2021, 2022, 2023 and 2024 to the performance basis, the target value shall not be less than 22%, 152%, 291% and 440% respectively, the trigger value is not less than 19%, 145%, 276% and 415%.

Assessment model of comprehensive weight and stepped vesting is set accordingly, and the company-level vesting ratios in each year are comprehensively calculated based on the coefficients corresponding to the completion of the above two indicators.

Performance assessment requirements at awardee's individual level

The assessment result of an awardee consists of two parts: personal punishment verification and personal performance assessment. Then, the number of shares for the year actually attributed to the Awardee will be determined as per the corresponding individual attribution ratio in the following assessment rating table:

Punishment verification results	No punishment record of demerit or above	Punishment record of demerit or above
Individual attribution ratio	100%	0%

Performance assessment results	A	B	C	C-	D\E
Individual attribution ratio	100%	100%	100%	80%	0%

For details of the STAR Market Incentive Scheme, please refer to the 2021 STAR Market Restricted Share Incentive Scheme (Draft) dated May 20, 2021 and the Announcement on Adjustment of Matters related to the 2021 STAR Market Restricted Share Incentive Scheme dated July 20, 2021 published on the website of SSE (https://www.sse.com.cn/).

(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 year ended December 31, 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 12/31/2025	Closing price of Hong Kong Shares immediately before grant dates (HKD)	Vesting period
4/1/2024	0.031	3,925,642	–	114,457	–	2,320,650	46.15	1,490,535	15.16	4/1/2024-4/1/2026
4/1/2025	0.031	–	2,752,566	45,349	–	1,376,383	46.10	1,330,834	46.10	4/1/2025-4/1/2027
Total		3,925,642	2,752,566	159,806	–	3,697,033		2,821,369		

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.

Summary of the 2024 Equity Incentive Plan is as follows:

Purpose

The purposes of the 2024 Equity Incentive Plan are to attract, retain and motivate employees and Directors of the Company, to provide a means of long-term incentives for their contributions to the growth and profits of the Company, and to allow such employees and Directors to participate in such growth and profitability.

Participants

The Company's 2024 Equity Incentive Plan is administered by the Company's Compensation Committee. The Company's 2024 Equity Incentive provides for the grant of awards to the Company's employees, officers or Directors, or to a trust established in connection with any employee benefit plan of the Company.

Awards granted under the 2024 Equity Incentive Plan may not be transferred in any manner other than by will or by the laws of descent and distribution, or pursuant to a domestic relations order or as determined by the Compensation Committee.

Maximum number of shares

The aggregate number of the ordinary shares available for award under the 2024 Equity Incentive Plan may not exceed 596,812,206 ordinary shares (as adjusted according to the impact of the Share Consolidation), representing 7.46% of the issued ordinary shares as at the date of the annual report.

Total number of shares available for issue

As at the date of the annual report, the total number of shares available for issue under the 2024 Equity Incentive Plan was 588,475,455 shares, being the total number of (i) 2,932,944 shares to be issued upon 2,932,944 RSUs granted but not yet vested and (ii) 585,542,511 shares to be issued upon 585,542,511 RSUs that may be granted, which represented approximately 7.36% of the issued shares of the Company.

Maximum entitlement of each participant

The total number of RSUs (including both vested and outstanding) granted in any 12-month period to each participant may not exceed at any time 1% of the then issued and outstanding ordinary shares.

Vesting period

Awards granted under the plan shall vest no earlier than the first anniversary of the date on which the Award is granted. However, subject to the terms of the plan and the relevant rules under the compensation committee charter, the Compensation Committee may determine a shorter vesting period for such award at its discretion.

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.

Acceptance and payments

An award of RSUs shall consist of a promise of the Company to pay or deliver one or more Hong Kong Share(s) on a specified date for a consideration equivalent to the aggregate par value of the number of Hong Kong Share(s) granted to the eligible participants (the "Consideration") and the provision of services or such minimum payment as may be required by the applicable laws and rules or for such other consideration as the Compensation Committee may specify in connection with the grant. The Consideration shall be payable upon the acceptance of the grant of the RSUs but in any event no later than the date of vesting of the RSUs.

Purchase price and the determination basis

The 2024 Equity Incentive Plan does not provide any purchase price for each Hong Kong Share awarded.

Remaining life of the scheme

The 2024 Equity Incentive Plan will terminate ten years from the date of registration of the plan with the PRC State Administration of Foreign Exchange, unless it is terminated earlier by the Board. The Board may amend or terminate the 2024 Equity Incentive Plan at any time without necessary of asking for shareholders' approval of the amendment unless required by applicable law. As at the date of the annual report, the remaining life of the 2024 Equity Incentive Plan is approximately 7 years and 7 months.

3. Completion of stock incentive assessment indicators and the share-based payment recognised during the Reporting Period

in USD'000

Name of plan	Completion of assessment indicators at the Company level during the Reporting Period	Total share-based payment recognised during the Reporting Period
2014 Stock Option Plan	N/A	(94)
2014 Equity Incentive Plan	N/A	2,910
2021 STAR Market Restricted Share Incentive Scheme	100%	9,444
2024 Equity Incentive Plan	N/A	15,779
Total		28,039

(II) 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	Inquiry 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

Summary of the event	Inquiry index
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
On July 21,2025, the Board of Directors of the Company considered and approved the Proposal on the Fourth Attribution Period of the First Grant that Complies with the Attribution Conditions under the Company's 2021 STAR Market Restricted Share Incentive Scheme, the Proposal on the Third Attribution Period of the Reserved Grant that Complies with the Attribution Conditions under the Company's 2021 STAR Market Restricted Share Incentive Scheme and the Proposal on Lapsed Part of Restricted Shares under the 2021 STAR Market Restricted Share Incentive Scheme by way of written resolutions.	For details, please see the Announcement on the Fourth Attribution Period of the First Grant and the Third Attribution Period of the Reserved Grant that Complies with the Attribution Conditions under the Company's 2021 STAR Market Restricted Share Incentive Scheme (2025-017), and the Announcement on Lapsed Part of Restricted Shares under the 2021 STAR Market Restricted Share Incentive Scheme (2025-018), as disclosed on the website of the Shanghai Stock Exchange (www.sse.com.cn) on July 22, 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: September 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: September 2, 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: September 12, 2025

Summary of the event	Inquiry index
On September 12, 2025, the Company completed the registration of shares of the Fourth Attribution Period of the First Grant and the Third Attribution Period of the Reserved Grant under the Company's 2021 STAR Market Restricted Share Incentive Scheme.The date of listing and circulation of the vested shares is September 18, 2025.	For details, please see the Announcement of the Company on the Vesting Results of the Fourth Vesting Period of the First Grant and the Third Vesting Period of the Reserved Grant of the 2021 STAR Market Restricted Share Incentive Scheme and Listing of Shares(2025-027), as disclosed on the website of the Shanghai Stock Exchange (www.sse.com.cn) on September 16, 2025, and Next day disclosure return on the Hong Kong Stock Exchange: September 15, 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: September 30, 2025
Issue of ordinary shares pursuant to exercise of options granted under the 2014 Stock Option Plan 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: October 2, 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: October 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: November 25, 2025
Issue of ordinary shares pursuant to exercise of Restricted Share Units granted under the 2024 Equity Incentive Plan by Directors of the Company.	Next day disclosure return on the Hong Kong Stock Exchange: November 28, 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.	Next day disclosure return on the Hong Kong Stock Exchange: December 1, 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: December 11, 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.	Next day disclosure return on the Hong Kong Stock Exchange: December 12, 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.	Next day disclosure return on the Hong Kong Stock Exchange: December 19, 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.	Next day disclosure return on the Hong Kong Stock Exchange: December 24, 2025

XIII. CONSTRUCTION AND IMPLEMENTATION OF INTERNAL CONTROL SYSTEM DURING THE REPORTING PERIOD

Pursuant to Basic Standards for Enterprise Internal Control and supporting guidelines, along with other regulatory requirements on internal control, and in accordance with the Company's internal control policies and assessment measures, the Board has assessed the effectiveness of the Company's internal controls for 2025. This assessment was based on both ongoing and ad hoc monitoring of internal controls. For details, please refer to the 2025 Internal Control Assessment Report disclosed by the Company on the Shanghai Stock Exchange website (www.sse.com.cn) on March 27, 2026.

(I) RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for ensuring the establishment and maintenance of appropriate and effective risk management and internal control systems for the Group. It exercises ongoing oversight over the management's design, implementation and monitoring of these systems. The internal audit department is responsible for analyzing and assessing the adequacy and effectiveness of the Company's risk management and internal control systems. Under the Corporate Governance Code issued by the Hong Kong Stock Exchange, the management has confirmed to the Board that the Company's risk management and internal control systems are effective. The Group's risk management and internal control systems are designed to ensure the achievement of business objectives in operations, reliability and completeness of financial reporting and compliance with applicable laws and regulations. They are also designed to manage, rather than completely eliminate, risks impacting the Group's ability to achieve its business objectives. Accordingly, these systems can only provide reasonable but not absolute assurance that the financial statements do not contain a material misstatement or omission.

The Board supervises the management's designing, implementing and monitoring the risk management and internal control systems to ensure the effectiveness of these systems. The implementation methods of the management are as follows:

- identifying risks, such as operational risk, strategy risk, market risk, legal risk and financial risk, etc.;
- assessing the identified risks by considering the impacts (including financial, reputation, business continuity & operational) and likelihoods of their occurrence; and
- designing, operating and monitoring internal control systems, and evaluating the effectiveness of implementation to mitigate and control such risks.

The Audit Committee under the Board has reviewed the effectiveness of risk management and internal control systems of the Group once a year and has required strengthening the comprehensive anti-fraud mechanism ensured that the risk management and internal control systems in place are effective.

(II) INTERNAL AUDIT

Internal audit is an independent and objective supervisory, evaluative, and advisory function. By applying systematic and standardized methodologies, it examines and assesses the appropriateness and effectiveness of business operations and internal controls, thereby enhancing corporate governance, increasing value, and achieving operational objectives. The Internal Audit Department is responsible to the Board and reports its work to the Audit Committee of the Board. The Internal Audit Department shall be subject to the supervision and guidance of the Audit Committee during its supervision and inspection processes. Based on the Company's strategic implementation and key priorities, the Internal Audit Department adopts a risk-oriented approach to identify audit priorities and formulate the annual audit plan. Subsequently, the annual audit plan, budgetary requirements, and staffing proposals are submitted to the Audit Committee and Chairman for approval.

Responsibilities of the internal audit include:

- Establishing and improving the Company's internal audit mechanism, and refining the internal audit system framework;
- Formulating the annual audit plan and organizing its implementation;
- Inspecting and evaluating the completeness, reasonableness, and operational effectiveness of internal control systems across all internal departments and controlled subsidiaries;
- Auditing the legality, compliance, authenticity, and completeness of accounting records, other economic documentation, financial transactions, and related economic activities across all internal departments and controlled subsidiaries;
- Conducting special management audits for critical business operations and major projects based on strategic and risk-oriented approaches;
- Supervising the rectification and implementation of issues identified through audits;
- Assisting in establishing and improving the anti-fraud mechanisms, while monitoring and examining potential fraudulent activities during internal audits;
- Reporting to the Audit Committee at least quarterly, covering (but not limited to) internal audit plan progress and identified issues;
- Submitting internal audit reports to the Audit Committee following the end of the fiscal year and half-year period. All internal control deficiencies and implementation issues discovered must be faithfully reflected in these reports. Follow-up actions shall be conducted post-reporting to ensure relevant departments have promptly implemented appropriate corrective measures.

The Internal Audit Department maintains an independent status within the Company and is not be involved in the day-to-day operation management of the Company. The Internal Audit Department is granted the authority necessary to perform its duties, including but not limited to accessing relevant records, reviewing relevant systems, and contacting relevant personnel.

(III) INSIDE INFORMATION

The Company formulated the Management System and Implementation Rules for Insiders, which clarify the scope and confidentiality requirements of insider information, as well as the range and management methods of insiders. The Company will update the relevant systems from time to time in accordance with the requirements of applicable laws and regulations.

XIV. THE MANAGEMENT AND CONTROL ON THE COMPANY'S SUBSIDIARIES DURING THE REPORTING PERIOD

The Company implements group integrated management, and uniformly manages the Company's standardized operation, personnel management, financial management, operation management, major event reporting and other matters.

XV. EXPLANATION OF THE INTERNAL CONTROL AUDIT REPORT

Disclosure of Internal Control Audit Report: Yes

Type of Opinion in Internal Control Audit Report: Unqualified Opinion

Whether a non-standard internal control audit opinion was issued for the Reporting Period or last year: No

XVI. ETHICS COMPLIANCE

The Company's Code of Business Conduct and Ethics ("Ethics Code") applies to all employees, directors, contractors, consultants, agents and business partners, to ensure the Company's compliance with all applicable laws, regulations and standards of business conduct. The Company's Ethics Code is committed to anti-corruption, anti-fraud, compliance with public interest, protection of intellectual property, safety and environmental protection, etc.

The Company has established an independent Ethics Compliance Office ("ECO"), which is responsible for ethics compliance management and independent investigation, providing channels for reporting any potential violation on anonymous basis.

The ECO is responsible for formulating ethics compliance related policies and procedures, monitoring and ensuring that the professional ethics and business practices of the Company and its employees comply with the Company's Ethics Code, managing and maintaining the hotline clues, timely investigating any clues of fraud, pursuing legal liability if violations of laws or crimes are suspected. The ECO is also responsible for organizing ethics compliance training for employees to improve their awareness, and promoting ethics hotline.

XVII. STATEMENT FROM THE BOARD ON THE ESG

RESPONSIBILITY OF THE BOARD

As a responsible corporate citizen, SMIC fully recognises the importance of environment, social and governance ("ESG") on the path to a shared development, and joins hands with all stakeholders to make the world a better place. SMIC's Board undertakes the ultimate responsibility for the ESG governance system, and is accountable for developing the Company's ESG strategy, goal setting and progress, as well as ESG performance.

An ESG Steering Committee is set under the Board to be responsible for the Company's ESG management. It formulates ESG strategy, objectives and direction by analyzing the internal and external environments, and deliberating corporate development strategy. The ESG Steering Committee leads and guides the ESG Committee in discussing, planning and promoting ESG-related issues, supervises ESG implementation across functional departments, so as to ensure legally compliant operation, and assists the Company in achieving ESG goals, reflecting how the Company cares for people, the environment and society. The ESG Steering Committee reviews the annual ESG Report and submits it to the Board for approval.

ISSUE ANALYSIS

Keeping abreast of the external environment and peer performance, the ESG Committee communicates closely with our internal and external stakeholders, identifies and assesses material issues, develops working plans based on ESG objectives, and reviews relevant progress regularly.

The ESG Committee is responsible for identifying, managing, overseeing and controlling the Company's ESG-related risks, as well as facilitating the decision-making of the Board by providing risk analysis. The Board of Directors is responsible for overseeing material issues.

DAILY IMPLEMENTATION

An ESG Office has been set up at SMIC to optimize the ESG information collection system. Based on the nature of our business, the ESG Office analyses and formulates corresponding strategies, goals and action plans to promote a company-wide ESG strategy and integrate it into our daily operation, thereby continuously improving our ESG governance ability.

XVIII. OVERALL ESG WORK ACHIEVEMENTS

(I) ESG PRACTICES WITH INDUSTRY CHARACTERISTICS DURING THE YEAR

SMIC places a high priority on ESG information disclosure, adhering to industry-relevant ESG information disclosure standards. The Company prepares and publishes comprehensive ESG reports in alignment with international standards and industry guidelines, such as the Global Reporting Initiative (GRI) Sustainability Reporting Standards issued by the GRI and the Guidelines for Social Responsibility in the Electronics and Information Industry issued by China Electronics Standardization Association. Furthermore, SMIC actively supports and complies with the Responsible Business Alliance Code of Conduct, which is designed to ensure a safe working environment across the electronics supply chain, respectful and responsible treatment of employees, and environmentally accountable production processes.

SMIC is actively engaged in ESG-related initiatives within the industry, contributing to the green development of the semiconductor sector. For instance, the Company has actively embraced the United Nations Sustainable Development Goals, positioning green development as a core driver of its sustainable growth. Beyond its commitment to technological innovation and operational efficiency, SMIC takes energy conservation, emission reduction, and environmental protection as integral responsibilities, embedding these principles into every aspect of its daily operations.

Additionally, SMIC actively participates in industry seminars and collaborative exchanges, working with partners across the supply chain to reflect on past experiences and chart a roadmap for the industry's future. In these forums, SMIC actively shares its ESG practices and achievements while learning from the best practices of other companies, collectively advancing the ESG performance of the semiconductor industry.

(II) ESG RATING PERFORMANCE DURING THE YEAR

ESG rating system	ESG rating agencies	Rating results of the Company for the current year
HSI ESG Index	Hang Seng Indexes Company Limited	A+
Wind ESG	Wind Information Co., Ltd.	A
China Securities Index	China Securities Index Co., Ltd.	A
CNI Index	Shenzhen Securities Information Co., Ltd.	AAA

(III) TRACKING BY ESG THEMED INDEX FUNDS DURING THE YEAR

During the year, SMIC was included in the Hang Seng Corporate Sustainability Index, CSI 300 ESG Index and others. Funds tracking the relevant indices include Hang Seng Corporate Sustainability Index Fund, CSI 300 ESG Benchmark ETF and others.

XIX. 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

XX. PERFORMANCE OF SOCIAL RESPONSIBILITIES

(I) PRINCIPAL BUSINESS SOCIAL CONTRIBUTION AND INDUSTRY KEY INDICATORS

1. Principal business social contribution

In terms of logic IC, SMIC is representing the leading level of independent R&D of integrated circuit manufacturing technology in Chinese Mainland. In terms of specialty technologies, SMIC has successively launched the leading specialty technologies for segmented market in Chinese Mainland, and cooperated closely with customers, effectively understood the demands and development of end-user companies and the entire system industry, and has done its best to meet customer demand.

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

With excellent R&D technical strength, strong manufacturing capability, well-established supporting service system, and rich market practical experience, SMIC has formed prominent brand effects, obtained sound industry recognition, and accumulated a wide range of domestic and foreign customer resources. The Company has carried out in-depth cooperation with many well-known IC design companies and system manufacturers at home and abroad, and has won general recognition and good feedback from customers.

2. Industry key indicators

(1) Number of intellectual property

By the end of 2025, SMIC filed 20,403 patent applications in total, of which 14,511 were granted. SMIC is leading the Chinese Mainland semiconductor industry in terms of the numbers of applied and granted patents.

(2) Shipments, wafer production capacity

In 2025, the Group's shipments were 9,697 thousand standard logic 8-inch equivalent wafers; the monthly capacity reached 1,058,750 standard logic 8-inch equivalent wafers by the end of 2025.

(II) PROMOTION OF SCIENTIFIC AND TECHNOLOGICAL INNOVATION

SMIC consistently regards technological innovation as the core driving force for high-quality corporate development. We have formulated clear and effective innovation strategies and objectives, and established a systematic R&D management process and framework. While maintaining continuous investment in R&D resources and driving technological breakthroughs, we place great emphasis on identifying and managing various types of risks during the R&D process. Targeted risk management strategies are developed to effectively reduce the likelihood of potential risks arising in the course of R&D and innovation. To continuously strengthen our innovation and R&D management capabilities, we have implemented advanced product and process quality planning and control procedures, and built an open innovation management system that integrates internal cultivation, external collaboration, and practical innovation activities.

SMIC continues to maintain a high level of R&D investment, improve R&D management processes and team development, and actively create diversified technology application platforms, thereby safeguarding the Company's technological advancement with efficient and professional innovation capabilities. During the Reporting Period, the number of R&D personnel accounted for 12% of the Groups total employees, and total R&D expenditure reached USD774 million, representing 8.3% of revenue. As of the end of the Reporting Period, SMIC had cumulatively obtained 14,511 authorized patents, including 12,621 invention patents and 1,890 utility model patents; the Company had also received 94 layout design rights in total.

Please refer to "III. Analysis on the Core Competitiveness During the Reporting Period" in "Section 4 Management Discussion and Analysis" for details of core technologies and R&D progress.

(III) COMPLIANCE WITH SCIENTIFIC AND TECHNOLOGICAL ETHICS

As an integrated circuit manufacturing enterprise, SMIC's primary business is to provide chip manufacturing services to customers. During the Reporting Period, SMIC fully recognized the importance of science and technology ethics in its work and strictly adhered to relevant norms in all R&D and business activities. The Company's main business does not involve any scientific research activities in areas that are sensitive from the perspective of science and technology ethics.

(IV) DATA SECURITY AND PRIVACY PROTECTION

SMIC places great importance on information security and customer privacy protection. It strictly complies with the requirements of relevant national laws and regulations such as the *Cybersecurity Law of the People's Republic of China*. By establishing a comprehensive internal management system and conducting a wide range of safety education and training activities, SMIC ensures efficient and controllable management in all aspects, including information collection, security maintenance, and data processing.

SMIC has established a comprehensive information security protection system, which encompasses independent and secure data storage facilities and network environments, ensuring strict monitoring and management of information usage throughout the production process. Moreover, SMIC extends the scope of information security management to all third – party partners, including suppliers, customers, and visitors, thereby achieving physical security, data security, production area security, and personal information security. Meanwhile, SMIC has constructed a thorough confidential information technology protection and monitoring system, including data classification protection strategies, zoned storage management, collection procedures, regular inspection mechanisms, real – time monitoring measures, and audit procedures, to fully safeguard the security and compliance of confidential information.

(V) TYPE AND CONTRIBUTIONS OF PUBLIC CHARITY ACTIVITIES ENGAGED

Type	Amount/Number	Descriptions
Public Welfare Projects		
Funds	RMB2,459 thousand	SMIC Liver Transplant Program for Children
Number of beneficiaries (persons)	283	
Rural Revitalization		
Funds	RMB255 thousand	Support for rural education

1. SPECIFIC CONDITIONS OF PUBLIC CHARITY ACTIVITIES ENGAGED

Public charity

In 2013, SMIC launched the "SMIC Liver Transplant Program for Children" charity project. The project collaborating with suppliers has donated a total of more than RMB55 million over the past thirteen years. By the end of 2025, 1,226 children from the Chinese Mainland had been helped.

SMIC's responsibility in the community

We have always placed great importance on collaborative progress with the communities where we operate. By launching a variety of community programs and activities within our own campuses, we actively fulfill our responsibilities to our neighboring communities. Meanwhile, the Group encourages employees to participate in community development in various forms, including supporting local charitable organizations, serving as volunteers for community projects, and taking part in beach cleanup activities, jointly contributing to community development and environmental protection.

Support for education

The Company regards support for education as an important part to fulfill social responsibility. Through investing in the establishment of high-quality schools, we prioritize meeting the educational needs of employees' children. With quality educational resources and competitive fees, we also serve more children from non-employee families, sharing the benefits of our development. The Company and employees actively engage in external education-related public welfare activities. For example, teachers and students from SMIC High School Department went to the Daliang Mountains to promote English study exchange between students of two regions, and supported equal access to education and growth through practical actions.

2. SPECIFIC CONDITIONS OF POVERTY ALLEVIATION AND RURAL REVITALIZATION

Rural Assistance

The Company has always been deeply committed to rural development and the well-being of local communities, with a particular focus on addressing the practical needs of left-behind children and elderly residents. This year, in collaboration with the Beijing Red Cross, we carried out targeted assistance in the Aba region of Sichuan Province. We donated a total of 13 cubic meters of care packages, including clothing, toys, and books, to extend a helping hand and deliver warmth through concrete actions. These efforts contribute to rural revitalization and reflect our genuine commitment to social care and corporate responsibility. In addition, we actively respond to the principles of resource recycling and digital inclusion, and continue to donate fully functional second-hand computer monitors to charitable organizations. These donations provide essential hardware support to regions with relatively limited educational resources, embodying our corporate responsibility by promoting technology for good and facilitating resource sharing.

(VI) PROTECTION OF THE INTEREST OF SHAREHOLDERS AND CREDITORS

In order to effectively protect the legitimate rights and interests of shareholders and investors, in accordance with the requirements of applicable laws, regulations and regulatory documents, the Company has formulated the Articles of Association, the Rules of Procedures for General Meetings (《股東大會議事規則》), the Management System for Information Disclosure (《信息披露事務管理制度》) and the Management System for Investor Relations (《投資者關係管理制度》), in order to ensure the good communication among the Company and shareholders and investors, continue to improve the corporate governance structure, establish and improve the internal control system, implement a solid financial policy, standardise the Company's operating, increase shareholders', investors' and creditors' understanding, trust and recognition of the Company, further improve the level of corporate governance, maximise the Company's value and protect the legitimate rights and interests of shareholders, investors and creditors.

Furthermore, in order to strengthen the Company's market value management, promote the enhancement of the Company's investment value, increase investor returns, and safeguard investor interests, the Company has formulated the Market Value Management System (《市值管理制度》) in accordance with the China Securities Regulatory Commission's "Regulatory Guidelines for Listed Companies No. 10 – Market Value Management" and other relevant laws and regulations. This system was approved by the Board through a written resolution on March 27, 2025, and has taken effect on the date of approval and been implemented on an ongoing basis.

(VII) PROTECTION OF THE INTEREST OF EMPLOYEES

SMIC has always regarded safeguarding employee rights as a cornerstone of corporate responsibility and strictly complies with relevant international and domestic laws and regulations. Building upon this foundation, we actively develop a more comprehensive rights protection system aligned with the Company's strategic development goals, striving to achieve mutual growth and shared value between employees and the Company.

SMIC provides a comprehensive and competitive salary and benefit system. This system encompasses not only market-competitive compensation, such as wages, bonuses, and stock options containing both short-term and long-term incentives, but also covers comprehensive social insurance and supplementary commercial insurance, paid leave, and a diverse range of other welfare benefits.

Employee health & safety

SMIC consistently prioritizes employee health and safety. Since its inception, the Company has strictly adhered to internationally recognized Occupational Health and Safety Management System standards (ISO 45001). We have implemented a three-tier defense framework encompassing "Root Cause Prevention-Critical Issue Resolution-Continuous Improvement" to scientifically identify, assess, and control occupational health and safety risks. To enhance the digitalization and intelligence of safety management, we officially launched the SMIC Headquarters Emergency Command Center, enabling real-time integration of comprehensive management platform data and efficient emergency coordination across all facilities. To comply with Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, we organize regular occupational health examinations for employees exposed to occupational hazard factors. Each SMIC fabrication site is equipped with fully furnished and resource-sufficient health centers. As part of further strengthening employee care, we have introduced special initiatives such as the "Love Care Card" program and the "SMIC Cloud Clinic." In terms of mental health, the Company offers psychological wellness courses spanning from onboarding through the entire career lifecycle, delivering multi-perspective and multi-role support for employee mental well-being.

Employee Benefits

To safeguard employees work experience and quality of life, SMIC comprehensively addresses staff living needs. In addition to comfortable residential campuses, we provide convenient shuttle bus services and nutritious catering options. We organize numerous employee care activities and recreational sports events, dedicated to creating a pleasant and harmonious leisure environment for employees beyond work hours.

Employee shareholding

Number of employees holding shares (person)	3,450
Proportion of employee shareholding in the total number of employees (%)	17.29
Number of shares held by employees (million shares)	124.97
Proportion of employee shareholding in total share capital (%)	1.56

Note: The number of employees and the number of shares held by employees are the number of active employees of the Company vested under stock incentives plans and the total number of shares held by themselves as at the end of the year, excluding the shares of the Company held by employees in the secondary market.

(VIII) PROTECTION OF THE RIGHTS AND INTERESTS OF SUPPLIERS, CUSTOMERS, AND CONSUMERS

SMIC has always upheld the principles of win-win cooperation and transparency, establishing and deepening strategic partnerships with global supplier partners. We have put in place a full lifecycle management system for suppliers, continuously enhancing the overall capability of the supply chain, effectively reducing procurement risks, and ensuring stable and compliant material supply. In areas such as supplier qualification, evaluation, and strategic allocation, the Company has formulated clear management measures to guarantee quality stability in the production supply process, systematically elevating the overall standard of the supply chain.

SMIC consistently practices a customer-oriented corporate value system. In all aspects of product design, manufacturing, and after-sales service, we strictly comply with relevant domestic and international laws and regulations, adhere to responsible marketing practices, and make every effort to protect consumer safety and product compliance. The Company has established professional service teams across multiple locations, including Shanghai, Beijing, Tianjin, Shenzhen, Taiwan (China), California (USA), Munich (Germany), Milan (Italy), and Tokyo (Japan), dedicated to providing high-quality, localized support. In addition, we have implemented a comprehensive complaint tracking and resolution system, ensuring that all customer complaints are promptly investigated by the relevant departments, with continuous efforts to improve customer satisfaction.

(IX) PRODUCT SAFETY ASSURANCE

To ensure that products meet the highest standards, SMIC has established stringent product quality inspection criteria and product recall procedures. We adhere to the Hazardous Substance Process Management System (QC 080000), implementing comprehensive controls over health and safety risks throughout the product lifecycle. This ensures that our products comply with both domestic and international regulations, as well as customer requirements.

(X) INTELLECTUAL PROPERTY PROTECTION

SMIC attached great importance to the protection of intellectual property rights, and established a professional team for intellectual property protection and management. In accordance with laws and regulations, based on the actual situation, combined with the progress of technological innovation and the needs of the market environment, the Company flexibly formulated intellectual property protection strategies suitable for the Company's development, so as to protect and utilise technological innovation achievements reasonably while continuously improving its own competitiveness, and protect the high-quality development of the Company.

(XI) OTHER SITUATION IN TERMS OF SOCIAL RESPONSIBILITY

SMIC strictly complies with all legal provisions in corporate governance, financial accounting and information disclosure. Our business practices are also ethical, safe, environmental friendly, and fair to our employees, in accordance with the laws, rules, and regulations applicable in the countries where we operate. In addition to obeying applicable legal duties and obligations, we continue to practice and strive for corporate social responsibility. Through our CSR Program (https://www.smics.com/en/site/responsibility_social), we hope to promote social, environmental, and ethical responsibility according to internationally recognised standards.

To achieve the following goals:

- Declare our support for the Responsible Business Alliance (Formerly the Electronic Industry Citizenship Coalition) ("RBA") Code of Conduct (https://www.smics.com/en/site/responsibility_criterion) and will actively pursue conformance to the Code and participation by our suppliers.

- Uphold the human rights of our staff and the highest standards of business integrity, as required by the RBA Code, the SMIC Code of Business Conduct & Ethics (https://www.smics.com/uploads/ethic_codebusiness.pdf), SMIC Human Resources policies, and all other SMIC policies.

- Strive to maintain a safe workplace for our employees and a healthy environment for the public while minimising adverse effects on the community, environment, and natural resources, consistent with our Environmental Protection, Safety & Health Policy and our related ISO and other international certifications (https://www.smics.com/en/site/about_HSE).

- Develop and maintain management systems to implement this CSR Policy with continual improvement as part of a holistic CSR Program. See our latest ESG Report at: https://www.smics.com/en/site/responsibility_report_honor.

In the practices of fulfilling CSR, we comply with the laws applicable in the place where we operate and align with the leading international standards for our industry. Our CSR practices have led to the Company to be awarded with HSI ESG rating A+, while continuing to be included in the Hang Seng Corporate Sustainability Index. Given our outstanding performance in environmental, social and governance aspects, SMIC has been newly included in the HSI ESG Enhanced Index and HSI ESG Enhanced Select Index. For details, please refer to https://www.hsi.com.hk.

XXI. OTHER CORPORATE GOVERNANCE

(I) INVESTOR RELATIONS AND PROTECTION

Type	Times	Relevant information
Convening the earnings calls/webcasts	4	Hold earnings calls/webcasts regularly to facilitate shareholders and investors to have a more comprehensive and timely in-depth understanding of the Company's operating performance, and answer questions from investors, fund managers and analysts.
Conducting investor relations management activities by virtue of new media	19	Distribute annual report and quarterly earnings report summary (four times a year), press releases of participation in industrial exhibitions and public welfare activities, etc., through the Company's WeChat public account.
Setting up investor relations column on the official website	Yes	Set up the investor relations section on the Company's official website to comprehensively display information of interest to investors, fund managers, analysts, etc.

Specific details of investor relations management and protection

SMIC has established a department of investor relations, with specialized staff dedicated to carrying out investor relations management work. The Company facilitates the exercise of shareholders' rights, strengthens communication with investors, and enhances investors' understanding and recognition of the Company through information disclosure, interactive communication, and handling of requests etc., in order to improve the Company's governance and overall value as well as to realize the goal of respecting, rewarding and protecting our investors.

Other ways to communicate with investors

SMIC carries out investor relations management work through multiple channels, platforms and methods. We maintain communication with investors, fund managers, analysts and others through the Company's official website, WeChat official account, investor hotline and e-mail box, stock exchange investor relations interactive platform, announcements, general meetings of shareholders, investor briefing, roadshows, reverse roadshows, Investor and broker research, brokerage conferences, promotional materials, media interviews, and other legally effective channels, platforms and methods.

(II) TRANSPARENCY OF INFORMATION DISCLOSURE

In order to standardize the information disclosure, promote the standardized operation, and safeguard the legitimate rights and interests of the shareholders of the Company, especially the public shareholders, the Company has formulated and revised the Management System for Information Disclosure (《信息披露事務管理制度》) (latest revised on November 13, 2025) and the Management System for Investor Relations (《投資者關係管理制度》) (latest revised on November 7, 2024) from time to time on April 30, 2020, in accordance with the Administrative Measures for Information Disclosure of Listed Companies (《上市公司信息披露管理辦法》) and other relevant laws, regulations and normative documents to ensure that shareholders and investors can obtain timely, truthful, accurate and complete materials and information related to the Company.

(III) PARTICIPATION OF INSTITUTIONAL INVESTORS IN CORPORATE GOVERNANCE

During the Reporting Period, institutional investors expressed their views through voting at general meeting of shareholders held by the Company and increased their monitoring of the Company's management. In addition, the Company also increased institutional investors' participation in corporate governance by maintaining continuous two-way communication, listening carefully, engaging in substantive dialogue on business performance and strategy, and collecting their suggestions on corporate governance, ESG and etc.

(IV) OPERATION OF ANTI-COMMERCIAL BRIBERY AND ANTI-CORRUPTION MECHANISMS

SMIC integrates integrity and compliance management into daily operations. The ECO is established to take full responsibility for formulating and effectively implementing policies related to ethics and compliance, preventing and managing compliance risks. Through regular risk assessments and audits, the Company ensures its legal and compliant operations. Meanwhile, the Company strengthens compliance training to enhance employees' compliance awareness and capabilities, and promotes the ethics whistle-blowing hotline. To reinforce the prevention and control of integrity risks, the Company conducts an annual assessment on risks such as commercial bribery and occupational embezzlement and formulates corresponding prevention and control measures and training plans based on the assessment results to ensure the integrity and compliance of its operations.

I. PERFORMANCE OF UNDERTAKINGS

(I) UNDERTAKINGS OF THE DE FACTO CONTROLLER OF THE COMPANY, SHAREHOLDERS, RELATED PARTIES, ACQUIRER AND THE COMPANY DURING OR SUBSISTING TO THE REPORTING PERIOD

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

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

Background of the undertaking	Type of the undertaking	Undertaking party	Details of the undertaking	Time of the undertaking	Term of the undertaking	Whether there is a term for performance	Whether performed timely and strictly	Specific reasons for the failure to timely honor the undertaking	Further plans in the event of failing to timely honor the undertaking
	Others (commitment on the diluted immediate returns from this restructuring and the corresponding remedial measures)	Shareholders of the Company with shareholding of more than 5%	See Note 19	September 8, 2025	Effective for a long time	No	Yes	N/A	N/A
	Others (commitment on the ownership of the equity interests in the target company held)	Counterparties	See Note 20	December 29, 2025	During the period until the completion of this transaction	No	Yes	N/A	N/A

Note 1:

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

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

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

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

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

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

Note 2:

Commitments by the Company

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

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

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

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

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

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

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

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

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

Commitments by Directors and senior management personnel

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

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

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

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

Note 3:

Commitments by the Company

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

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

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

Note 4:

Commitments by the Company

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

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

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

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

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

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

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

Note 5:

Commitments by the Company

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

Commitments by Directors and senior management personnel

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

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

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

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

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

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

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

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

Note 6:

Commitments by the Company

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

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

Note 7:

Commitments by the Company

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

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

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

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

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

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

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

Commitments by substantial shareholders

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

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

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

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

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

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

Commitments by domestic shareholders indirectly holding over 5% of shares

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

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

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

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

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

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

Commitments by Directors and senior management personnel

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

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

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

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

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

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

Note 8:

Commitments by the Company

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

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

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

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

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

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

2. If the Company fails to fulfill the Shareholders Commitments fully and effectively for reasons except force majeure, the Company hereby 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.

Note 9:

Commitments by the Company

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

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

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

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

Commitments by Directors and senior management personnel

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

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

Note 10:

Commitments by the Counterparties

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

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

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

Note 11:

Commitments by the Company

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

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

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

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

Commitments by the Directors and senior management of the Company

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

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

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

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

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

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

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

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

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

Commitments by the Counterparties

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

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

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

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

Commitments by the target company

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

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

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

Note 12:

Commitments by the Company

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

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

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

Commitments by the Directors and senior management of the Company

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

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

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

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

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

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

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

Commitments by the Counterparties

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

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

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

Commitments by the target company

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

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

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

Note 13:

Commitments by the Company

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

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

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

Commitments by the Directors and senior management of the Company

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

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

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

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

Commitments by the Counterparties

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

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

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

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

Commitments by the target company

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

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

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

Note 14:

Commitments by the Directors and senior management of the Company

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

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

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

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

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

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

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

Note 15:

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

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

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

Note 16:

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

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

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

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

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

Note 17:

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

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

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

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

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

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

Note 18:

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

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

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

Note 19:

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

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

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

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

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

Note 20:

Commitments by the Counterparties

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

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

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

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

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

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

II. THE APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRMS

in USD'000

	Current appointment
Name of domestic accounting firm	Ernst & Young Hua Ming LLP (Special General Partnership)
Remuneration of domestic accounting firm	560
Number of years of audit by domestic accounting firm	5 years
Name of certified public accountants of the domestic accounting firm	Meng Dong, Gu Fan
Accumulated term of auditing service of certified public accountants of domestic accounting firm	Meng Dong (5 years), Gu Fan (3 years)
Name of overseas accounting firm	Ernst & Young
Remuneration of overseas accounting firm	840
Number of years of audit by overseas accounting firm	5 years
Name of certified public accountant of the overseas accounting firm	Ng Cheung
Term of auditing of certified public accountant of the overseas accounting firm	5 years

	Name	Remuneration
Accounting firm for internal control audit	Ernst & Young Hua Ming LLP (Special General Partnership)	140

III. MATERIAL LITIGATION AND ARBITRATION

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

IV. 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") (now renamed as "3DG Holdings (International) Limited"), 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 of the date of this report, the Court of First Instance had not made any binding decisions against Dr. Fan Ren Da Anthony brought by the SFC.

V. SIGNIFICANT RELATED (CONNECTED) TRANSACTIONS

(I) NON-EXEMPT CONNECTED TRANSACTIONS DISCLOSED IN ACCORDANCE WITH THE REQUIREMENTS OF HONG KONG LISTING RULES

1. Acquisition of the 49% Equity Interests in SMNC Involving Issuing RMB Shares under Specific Mandate

On September 8, 2025, the Company entered into an acquisition agreement with the China IC Fund, Beijing Semiconductor Manufacturing and Equipment Equity Investment Center (Limited Partnership)* (北京集成電路製造和裝備股權投資中心(有限合夥)) ("Semi Investment Center"), Beijing E-Town International Investment and Development Co., Ltd.* (北京亦莊國際投資發展有限公司) ("E-Town Capital"), Zhongguancun Development Group Co., Ltd.* (中關村發展集團股份有限公司) ("ZGC Development"), and Beijing Industrial Development Investment Management Co., Ltd.* (北京工業發展投資管理有限公司) ("Beijing Industrial Investment") (collectively referred to as the "Counterparties"), pursuant to which, (i) the Company conditionally agreed to purchase and the Counterparties conditionally agreed to sell a total of 49% equity interests in SMNC held by the Counterparties (the "Proposed Acquisition"); and (ii) the Company proposed to pay the total consideration for the Proposed Acquisition by way of issuance of the consideration shares (the "Consideration Shares"), i.e. the issuance of RMB Shares.

On December 29, 2025, the Company entered into a supplemental agreement with the Counterparties, pursuant to which, the final consideration for the Proposed Acquisition and the number of the Consideration Shares proposed to be issued have been determined by the parties.

The Proposed Acquisition is conducive to further improving the Company's asset quality and promoting the Company's long-term development. For details regarding the Proposed Acquisition, please refer to the Company's announcements dated September 8, 2025 and December 29, 2025, respectively and the circular of the Company dated January 28, 2026 published on the website of HKSE (https://www.hkexnews.hk).

Implications under the Hong Kong Listing Rules

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

As at the date of the Proposed Acquisition, as (i) China IC Fund holds 32% equity interests in SMNC; and (ii) E-Town Capital holds 24.51% equity interests in SMBC, a subsidiary of the Company, each of China IC Fund and E-Town Capital is a connected person of the Company at the subsidiary level. Accordingly, the transaction contemplated under the Proposed Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules. As the Proposed Acquisition involves issue of RMB Shares by the Company under the Specific Mandate, the Proposed Acquisition does not constitute an exempt connected transaction and hence the Company is subject to the reporting, announcement and Independent shareholders' approval requirements.

2. New JV Agreement and the New Capital Injection and Share Expansion Agreement in relation to SMSC

On December 29, 2025, SMIC Holdings entered into a new JV agreement (the "New JV Agreement") and a new capital injection and share expansion agreement (the "New Capital Injection and Share Expansion Agreement") with China IC Fund, China IC Fund II, China IC Fund III, Shanghai Integrated Circuit Industry Investment Fund Co., Ltd.* (上海集成電路產業投資基金股份有限公司) ("Shanghai IC Fund"), Shanghai Integrated Circuit Industry Investment Fund (Phase II) Co., Ltd.* (上海集成電路產業投資基金(二期)有限公司) ("Shanghai IC Fund II"), Shanghai Taixin Dingji Enterprise Development Co., Ltd.* (上海泰新鼎吉企業發展有限公司) ("Taixin Dingji"), and Shanghai SCI Pioneer IC Private Equity Investment Fund Partnership (Limited Partnership)* (上海國投先導集成電路私募投資基金合夥企業(有限合夥)) ("Pioneer IC Fund"), to amend the previous joint venture agreement, pursuant to which: (i) the registered capital of SMSC will be increased from US$6.5 billion to US$10.0773 billion; and (ii) SMSC will be owned as to 41.561%, 9.392%, 14.885%, 8.361%, 7.939%, 11.253%, 5.545% and 1.063% by SMIC Holdings, China IC Fund, China IC Fund II, China IC Fund III, Shanghai IC Fund, Shanghai IC Fund II, Taixin Dingji and Pioneer IC Fund, respectively.

The capital contribution will be conducive to reducing the asset-liability ratio of SMSC and establishing a more robust financial structure for the Group. For details regarding this capital contribution, please refer to the Company's announcement dated December 29, 2025 published on the website of HKSE (https://www.hkexnews.hk).

Implications under the Hong Kong Listing Rules

As SMIC Holdings is entitled to appoint the majority of the directors in SMSC's board of directors and those directors can veto certain material matters discussed in the board meeting of SMSC at its sole discretion, the Company has actual control over SMSC through SMIC Holdings and therefore SMSC is a subsidiary of the Company. As at the date of the capital injection, China IC Fund, China IC Fund II, Shanghai IC Fund and Shanghai IC Fund II holds 14.562%, 23.077%, 12.308% and 11.538% of the equity interests in SMSC, respectively, thus they are the substantial shareholders (as defined in the Hong Kong Listing Rules) of SMSC and connected persons of the Company at the subsidiary level. Accordingly, the New JV Agreement, the New Capital Injection and Share Expansion Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

As one or more of the applicable percentage ratios in relation to the New JV Agreement, the New Capital Injection and Share Expansion Agreement and the transactions contemplated thereunder exceeds 5% but are less than 25%, the New JV Agreement, the New Capital Injection and Share Expansion Agreement and the transactions contemplated thereunder constitute a discloseable transaction of the Company under the Chapter 14 of the Hong Kong Listing Rules.

As (i) the Board has approved the New JV Agreement, the New Capital Injection and Share Expansion Agreement as well as the transactions contemplated thereunder; and (ii) the Board (including the independent non-executive Directors) has confirmed that the terms of the New JV Agreement, the New Capital Injection and Share Expansion Agreement and the transactions contemplated thereunder are fair and reasonable, and are on normal commercial terms and better and in the interests of the Company and its Shareholders as a whole, the Company is only subject to reporting and announcement requirements, but is exempted from the circular, the independent financial advice and independent shareholders' approval requirements pursuant to Rule 14A.101 of the Hong Kong Listing Rules.

(II) NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS DISCLOSED UNDER THE HONG KONG LISTING RULES

Datang Holdings Framework Agreement – 2025 to 2027

Datang Holdings is the holding company of Datang HK, which is a substantial shareholder of the Company. Datang Holdings is therefore an associate of Datang HK and hence a connected person of the Company under Chapter 14A of the Hong Kong Listing Rules.

On February 11, 2025, the Company entered into a renewed framework agreement with Datang Holdings for a term of three years commencing on January 1, 2025 and ended on December 31, 2027 (the "Datang Holdings Framework Agreement"), pursuant to which the Group and Datang Holdings (including its related companies) agreed to engage in business collaboration including but not limited to wafer processing service. For details of the transactions under the Datang Holdings Framework Agreement, please refer to the announcement of the Company dated February 11, 2025 published on the website of HKSE (https://www.hkexnews.hk).

In 2025, the annual cap and actual transaction amounts generated by the Group under the Datang Holdings Framework Agreement are set out below.

Transactions	Annual caps in 2025 (USD in million)	Actual amount during the Reporting Period (USD in million)
The revenue generated by the Group under the Datang Holdings Framework Agreement	36	17

Conclusion

The Company has confirmed that the execution and enforcement of the agreement under the continuing connected transactions disclosed above in the section headed "(II) Non-exempt Continuing Connected Transactions Disclosed under the Hong Kong Listing Rules" have followed the relevant pricing principles of such continuing connected transactions. None of the transaction amounts exceeded the annual caps in 2025.

The independent non-executive Directors of the Company have confirmed to the Board that they have reviewed all non-exempt continuing connected transactions and are of the view that:

(a) those transactions were entered into in the ordinary and usual course of business of the Group;

(b) those transactions were conducted on normal commercial terms or better; and

(c) those transactions were conducted in accordance with the relevant agreement governing them on terms that were fair and reasonable and in the interests of the shareholders of the Company as a whole.

Auditor review of continuing connected transactions

The auditor of the Company was engaged to report on the Group's continuing connected transactions in accordance with the Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued its unqualified letter containing its conclusions in accordance with Rule 14A.56 of the Hong Kong Listing Rules and confirmed that the aforesaid continuing connected transactions:

(a) have been approved by the Board;

(b) were in all material respects, in accordance with the pricing policies of the Group if the transactions involved the provision of goods or services by the Group;

(c) were entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and

(d) have not exceeded the annual caps.

(III) RELATED PARTY TRANSACTIONS IN RELATION TO DAILY OPERATION

Matters that have been disclosed in temporary 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 HKSE (https://www.hkexnews.hk).

The actual amounts during the Reporting 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 during the Reporting Period (USD in million)
Datang Holdings and its related parties	Sales of goods and services	36	17

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

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

Summary of the event	Inquiry index
The Company intends to acquire a 49.00% equity interest in SMNC held by China IC Fund, Semi Investment Center, E-Town Capital, ZGC Development, and Beijing Industrial Investment, through the issuance of RMB Shares. This transaction is not expected to constitute a major asset reorganization or a backdoor listing but will constitute a related (connected) transaction. From September 1, 2025 to September 8, 2025, the Company suspended trading to plan for the issuance of RMB Ordinary Shares (A-shares) to acquire assets and conduct a related (connected) transaction. On September 8, 2025, the Company convened a board meeting to consider and approve resolutions, including the "Proposal on the 'Plan for the Issuance of Shares by Semiconductor Manufacturing International Corporation to Acquire Assets and Conduct a Related Transaction' and Its Summary." On December 29, 2025, the Company convened a board meeting to consider and approve resolutions, including the "Proposal on the 'Report (Draft) on the Issuance of Shares by Semiconductor Manufacturing International Corporation to Acquire Assets and Conduct a Related Transaction' and Its Summary." On February 12, 2026, the Company convened an extraordinary general meeting and reviewed and approved the relevant proposals for the issuance of shares to acquire assets and conduct a related transaction. On February 25, 2026, the Company's application for issuing shares to acquire assets and conduct a related transactions were accepted by the SSE.	For details, please refer to the relevant announcements dated August 30, 2025, September 9, 2025, December 30, 2025, February 13, 2026 and February 26, 2026 published on the website of the SSE (https://www.sse.com.cn), as well as the relevant announcements dated August 29, 2025, September 8, 2025, December 29, 2025, February 12, 2026 and February 25, 2026 published on the website of HKSE (https://www.hkexnews.hk).

(V) SIGNIFICANT RELATED TRANSACTIONS FOR JOINT FOREIGN INVESTMENT

Matters that have been disclosed in temporary announcements and have no developments or changes in subsequent implementation

Summary of the event	Inquiry index
On December 29, 2025, SMIC Holdings entered into the New JV Agreement and the New Capital Injection and Share Expansion Agreement with China IC Fund, China IC Fund II, China IC Fund III, Shanghai IC Fund, Shanghai IC Fund II, Taixin Dingji and Pioneer IC Fund, to amend the previous joint venture agreement, pursuant to which: (i) the registered capital of SMSC will be increased from US$6.5 billion to US$10.0773 billion; and (ii) SMSC will be owned as to 41.561%, 9.392%, 14.885%, 8.361%, 7.939%, 11.253%, 5.545% and 1.063% by SMIC Holdings, China IC Fund, China IC Fund II, China IC Fund III, Shanghai IC Fund, Shanghai IC Fund II, Taixin Dingji and Pioneer IC Fund, respectively.	For details, please refer to the Announcement on Signing of the New JV Agreement and the New Capital Injection and Share Expansion Agreement and Related Transactions for SMSC dated December 30, 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 Discloseable Transaction and Connected Transaction – Entering into the New JV Agreement and the New Capital Injection and Share Expansion Agreement in Relation to SMSC dated December 29, 2025 published on the website of HKSE (https://www.hkexnews.hk).

VI. 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	4,989,481
Total balance of guarantees to subsidiaries as at the end of the Reporting Period (B)	6,665,108

Aggregate guarantees of the Company (including those provided for subsidiaries)	
Aggregate guarantees (A+B)	6,665,108
Percentage of aggregate guarantees to equity attributable to owners of the Company (%)	31.1
Including:	
Amount of guarantees provided for shareholders, de facto controller and related parties (C)	–
Amount of debt guarantees directly or indirectly provided for guaranteed parties with gearing ratio over 70% (D)	90,266
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)	90,266

(II) ENTRUSTED CASH ASSET MANAGEMENT

1. Entrusted wealth management

in USD'000

Type	Risk Profile	Outstanding balance	Amounts overdue but not yet recovered
Structural deposits	low risk	309,661	–
Monetary funds	low risk	57,232	–

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	11,203,420	–	–	13,054,649	24,258,069	8,000,408,035	100.00
1. RMB Ordinary Shares	1,988,359,129	24.93	11,203,420	–	–	–	11,203,420	1,999,562,549	24.99
2. Overseas-listed foreign shares(2)	5,987,790,837	75.07	–	–	–	13,054,649	13,054,649	6,000,845,486	75.01
II. Total shares	7,976,149,966	100.00	11,203,420	–	–	13,054,649	24,258,069	8,000,408,035	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

(1) The change of the Company's A-share capital is due to the registration completion of 11,203,420 Restricted Shares vested during the fourth vesting period of the first grant and the third attribution period of the reserved grant of the 2021 STAR Market Restricted Share Incentive Scheme of the Company on September 12, 2025. For details, please refer to the announcement of the company on the website of SSE (https://www.sse.com.cn) dated September 16, 2025.

(2) During the Reporting Period, the number of Hong Kong shares increased by 13,054,649 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 for the most recent year and period

During the Reporting Period, the Company's share capital increased due to the vesting of STAR Market restricted shares and the new shares issued under the Hong Kong share incentive plans. The change has no significant impact on financial indicators, such as earnings per share and net assets per share.

(II) 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 December 31, 2025, there were no treasury shares held by the Company.

II. ISSUANCE AND LISTING OF SECURITIES

(I) ISSUANCE OF SECURITIES DURING THE REPORTING PERIOD

Unit: Share

Type of shares and derivative securities	Issue date	Issue price	Issue amounts	Listing date	Amounts approved for listing	Ending date for transaction
RMB Ordinary Shares (A Shares)	September 12, 2025	RMB20	11,203,420	September 18, 2025	11,203,420	/

The above table only lists the issuance of the Company's A Shares. For details on the changes in the total number of the Company's shares, please refer to "I. Changes in Shares" in this section.

(II) CHANGES IN THE TOTAL NUMBER OF SHARES AND SHAREHOLDER STRUCTURE OF THE COMPANY AND CHANGES IN THE COMPANY'S ASSET AND LIABILITY STRUCTURE

For details on the changes in the total number of the Company's shares, please refer to "I. Changes in Shares" in this section.

III. PARTICULARS OF SHAREHOLDERS AND DE FACTO CONTROLLERS

(I) TOTAL NUMBER OF SHAREHOLDERS

Total number of shareholders of ordinary shares as of the end of the Reporting Period[1]	322,045
Total number of shareholders of ordinary shares as at the end of the month preceding the day when the annual report was disclosed[2]	319,066

Notes:

(1) As at the end of the Reporting Period, 322,045 registered shareholders consist of 312,092 shareholders holding A Shares and 9,953 shareholders holding Hong Kong Shares.

(2) As of February 28, 2026, 319,066 registered shareholders consist of 309,227 shareholders holding A Shares and 9,839 shareholders holding Hong Kong Shares.

(II) SUBSTANTIAL SHAREHOLDERS' INTERESTS

As of December 31, 2025, based on the notice of disclosure of interests and public information, the following persons (other than the Directors and chief executives of the Company) had interests or short positions in 5% or more of the issued shares and underlying shares which are required to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or which are recorded in the register required to be kept by the Company under Section 336 of the SFO:

Unit: Share

Name of shareholders	Long/short position	Nature of interests	Number of ordinary shares held		Derivatives	Total interests (shares)	Percentage of total interests to total issued share capital[1]
			Held directly	Held indirectly			
China Information and Communication Technology Group Co., Ltd.	Long Position	Beneficial owner/interest of corporation controlled	72,470,855[2]	1,125,042,595[2]	–	1,197,513,450	14.97%
China Integrated Circuit Industry Investment Fund Co., Ltd.	Long Position	Beneficial owner/interest of corporation controlled	357,343,396[3]	382,902,023[3]	–	740,245,419	9.25%

Notes:

(1) Based on 8,000,408,035 shares in issue as of December 31, 2025.

(2) Based on the notice of the disclosure of interests dated April 7, 2025 filed by CICT, 1,125,042,595 shares are held by Datang Holdings (Hongkong) Investment Company Limited which is a wholly-owned subsidiary of Datang Telecom Technology & Industry Holdings Co., Ltd., which in turn is wholly-owned by CICT. In addition, CICT directly holds 72,470,855 ordinary shares denominated in RMB, for a total of 1,197,513,450 shares.

(3) Based on the notice of the disclosure of interests dated December 29, 2025 filed by China IC Fund, 357,343,396 shares are interested by China IC Fund and the 382,902,023 shares are held by Xinxin (Hongkong) Capital Co., Ltd., a wholly-owned subsidiary of Xunxin (Shanghai) Investment Co., Ltd., which in turn is wholly-owned by China IC Fund.

(4) Based on the notice of the disclosure of interests dated January 7, 2026 filed by China IC Fund, 357,343,396 shares are interested by China IC Fund and the 359,700,023 shares are held by Xinxin (Hongkong) Capital Co., Ltd., a wholly-owned subsidiary of Xunxin (Shanghai) Investment Co., Ltd., which in turn is wholly-owned by China IC Fund.

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

1. As of the end of the Reporting Period, the Company had issued 6,000,845,486 shares in Hong Kong, accounting for approximately 75.01% of the total share capital of the Company and 1,999,562,549 shares in SSE STAR Market, accounting for approximately 24.99% of the total share capital of the Company.

2. The Company's register of members in Hong Kong consists of HKSCC NOMINEES LIMITED and other registered shareholders, among which, shares held by HKSCC NOMINEES LIMITED on behalf of non-registered shareholders account for approximately 99.8% of the Company's Hong Kong Shares; shares held by other registered shareholders account for approximately 0.2% 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 382,902,023 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.

4. Nature of A shareholders is reported according to the nature of holders of shares as set out in the A Share register of China Clearing.

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	Pledged, marked or frozen		Nature of shareholders
					Status of shares	Number	
HKSCC NOMINEES LIMITED	237,375,542	4,479,200,864	55.99	–	Unknown	–	Unknown
Datang Holdings (Hongkong) Investment Company Limited	8,190,000	1,125,042,595	14.06	–	Nil	–	Overseas legal person
Xinxin (Hongkong) Capital Co., Ltd.	(234,312,781)	382,902,023	4.79	–	Nil	–	Overseas legal person
China Integrated Circuit Industry Investment Fund (Phase II) Co., Ltd.	–	127,458,120	1.59	–	Nil	–	Others
China Information and Communication Technology Group Co., Ltd.	–	72,470,855	0.91	–	Nil	–	State-owned legal person
China Merchants Bank Co., Ltd. – ChinaAMC SSE STAR 50 Exchange Traded Funds* (華夏上證科創板50成份交易型開放式指數證券投資基金)	(50,080,245)	64,509,310	0.81	–	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)	(8,575,987)	60,320,949	0.75	–	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)	(369,529)	36,987,194	0.46	–	Nil	–	Others
CITIC Securities Company Limited-Harvest SGX-STEM Chip Traded Open-end Index Securities Investment Fund* (嘉實上證科創板芯片交易型開放式指數證券投資基金)	7,679,327	33,463,630	0.42	–	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)	(1,408,559)	32,990,677	0.41	–	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 and number of shares	
		Type	Number
HKSCC NOMINEES LIMITED	4,479,200,864	Overseas listed foreign shares	4,479,200,864
Datang Holdings (Hongkong) Investment Company Limited	1,125,042,595	Overseas listed foreign shares	1,125,042,595
Xinxin (Hongkong) Capital Co., Ltd.	382,902,023	Overseas listed foreign shares	382,902,023
China Integrated Circuit Industry Investment Fund (Phase II) Co., Ltd.	127,458,120	RMB Ordinary Shares	127,458,120
China Information and Communication Technology Group Co., Ltd.	72,470,855	RMB Ordinary Shares	72,470,855
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)	64,509,310	RMB Ordinary Shares	64,509,310
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)	60,320,949	RMB Ordinary Shares	60,320,949
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)	36,987,194	RMB Ordinary Shares	36,987,194
CITIC Securities Company Limited-Harvest SGX-STEM Chip Traded Open-end Index Securities Investment Fund* (嘉實上證科創板芯片交易型開放式指數證券投資基金)	33,463,630	RMB Ordinary Shares	33,463,630
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)	32,990,677	RMB Ordinary Shares	32,990,677

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

1. Datang HK is a wholly-owned subsidiary of CICT.
2. Xinxin HK is a wholly-owned subsidiary of China IC Fund.
3. Zhang Xin (張新), Xu Wenli (徐文立), 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.
4. As the fund manager, Sino IC Capital Co., Ltd. manages China IC Fund and China IC Fund II in accordance with the respective entrusted management agreements.
5. China IC Fund and China IC Fund II have some of the same shareholders.

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

(IV) STRATEGIC INVESTORS OR GENERAL LEGAL PERSONS BECOMING TOP 10 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.	

IV. CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER

During the Reporting Period, the shareholding of any single shareholder of the Company is below 30%. The number of Directors nominated by each shareholder is less than 1/2 of the total number of Directors. There are no circumstances in which a single shareholder may determine the selection of more than half of the Company's Board by actually controlling the voting rights of the Company's shares, or has a significant impact on the resolutions of the general meeting, and there is no relationship or concerted relationship between the substantial shareholders of the Company. Therefore, the Company does not have a controlling shareholder or a de facto controller.

V. OTHER LEGAL PERSON SHAREHOLDERS HOLDING 10% OR MORE OF SHARES

Name of legal person shareholder	Person in charge or legal representative of the unit	Date of establishment	Organization code	Registered capital	Principal activities or management activities
China Information and Communication Technology Group Co., Ltd.	He Shuping	August 15, 2018	91420100MA4L0GG411	RMB30 billion	Information and Communication
Datang Holdings (Hongkong) Investment Company Limited	Shao Xiaoxia	December 3, 2008	N/A	HKD1,000	Investment Holding

Note: For details of shareholding, please refer to "III. (II) Substantial shareholders" in this section.

SECTION 9

FINANCIAL REPORT

INDEPENDENT AUDITOR'S REPORT

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚湧英皇道979號
太古坊一座27樓

Tel 電話：+852 2846 9888
Fax 傳真：+852 2868 4432
ey.com

To the shareholders of Semiconductor Manufacturing International Corporation
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Semiconductor Manufacturing International Corporation (the "Company") and its subsidiaries (the "Group") set out on pages 103 to 160, which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs") as issued by the International Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the *Code of Ethics for Professional Accountants* (the "Code") issued by the Hong Kong Institute of Certified Public Accountants, as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Fair value measurement of a joint venture and associates' portfolio investments	
Acting as a limited partner, the Group has invested in a number of portfolio investments through several investment funds, which were accounted for as investments in a joint venture or associates using equity method. The investment funds measured their portfolio investments at fair value. The valuation of such portfolio investments is primarily based on a combination of adoption of applicable valuation methodology and application of appropriate assumptions in the valuation. The Group has applied various valuation techniques to determine the fair values of portfolio investments. These valuation techniques, particularly those requiring significant unobservable inputs, usually involve management's judgement and assumptions. Valuation results can vary significantly when different valuation techniques and assumptions are applied. Due to the significance of the balance of the investment funds, the quantity of the Group's joint venture and associates' portfolio investments, the degree of complexity involved in valuing portfolio investments and the significant degree of judgement exercised by management in determining the valuation methodology and assumptions used in the valuation process, fair value measurement of a joint venture and associates' portfolio investments is considered a key audit matter. Relevant disclosures are included in Note 4, Note 5 and Note 20 to the consolidated financial statements.	Our audit procedures included, among others, Obtaining an understanding of the management's internal control and assessment process of fair value measurement of a joint venture and associates' portfolio investments, evaluating the design and operating effectiveness of key controls over the valuation of fair value measurement of a joint venture and associates' portfolio investments; Evaluating the Group's methodology valuing the investment funds and the significant assumptions used with the assistance of our valuation specialists, and testing the accuracy of mathematical calculation applied in the valuation models. We performed the following procedures on a sample basis: • for portfolio investments that traded in active markets, we assessed the fair values by comparing the fair value of the investments with publicly available market data; • for portfolio investments that had recent equity transactions, we assessed the fair values by reading the recent investment agreements, understanding the relevant investment terms and comparing the fair values of investments with the transaction prices specified in the related agreements; • for portfolio investments that did not have direct open market value or recent equity transaction, we assessed the appropriateness of the valuation methodology (e.g., market approach) adopted and the key assumptions in the valuation based on our industry knowledge as well as the information of comparable companies.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting standards as issued by IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ng Cheung (practising certificate number: P04900).

Ernst & Young
Certified Public Accountants

Hong Kong
March 26, 2026

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

For the year ended December 31, 2025

(In USD'000, except per share data)

	Notes	2025	2024
Revenue	6	**9,326,799**	8,029,921
Cost of sales		**(7,370,200)**	(6,581,953)
Gross profit		**1,956,599**	1,447,968
Research and development expenses		**(773,634)**	(765,279)
Selling and marketing expenses		**(42,963)**	(39,847)
General and administration expenses		**(526,237)**	(580,041)
Impairment losses on financial assets, net	36	**(4,315)**	(107)
Other operating income	7	**500,487**	411,206
Profit from operations		**1,109,937**	473,900
Interest income		**398,080**	546,061
Finance costs	8	**(373,111)**	(297,111)
Foreign exchange gain		**28,501**	11,261
Other (losses)/gains, net	9	**(79,955)**	96,837
Share of profit or loss of associates and a joint venture		**(10,195)**	28,610
Profit before tax		**1,073,257**	859,558
Income tax expense	10	**(84,313)**	(129,565)
Profit for the year	11	**988,944**	729,993
Other comprehensive income			
Items that may be reclassified to profit or loss in subsequent periods			
Exchange differences on translating foreign operations		**32,684**	(8,481)
Cash flow hedges	28	**127,580**	(92,569)
Total comprehensive income for the year		**1,149,208**	628,943
Profit for the year attributable to:			
Owners of the Company		**685,131**	492,748
Non-controlling interests		**303,813**	237,245
		988,944	729,993
Total comprehensive income for the year attributable to:			
Owners of the Company		**845,450**	391,704
Non-controlling interests		**303,758**	237,239
		1,149,208	628,943
Earnings per share			
Basic	14	**$0.09**	$0.06
Diluted	14	**$0.09**	$0.06

SEMICONDUCTOR MANUFACTURING INTERNATIONAL CORPORATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of December 31, 2025

(In USD'000)

	Notes	2025	2024
Assets			
Non-current assets			
Property, plant and equipment	16	**32,557,778**	28,092,037
Right-of-use assets	17	**374,956**	432,148
Intangible assets	18	**20,397**	24,268
Investments in associates	20	**1,309,570**	1,252,507
Investment in a joint venture	20	**79**	13
Deferred tax assets	10	**35,212**	29,212
Financial assets at fair value through profit or loss	21	**810,501**	427,373
Financial assets at amortised cost	21	**1,532,265**	3,747,134
Restricted cash	23	**–**	372,514
Other assets		**5,521**	327
Total non-current assets		**36,646,279**	34,377,533
Current assets			
Inventories	24	**3,629,802**	2,958,350
Prepayment and prepaid operating expenses		**67,518**	56,394
Trade and other receivables	25	**1,432,684**	840,153
Financial assets at fair value through profit or loss	21	**380,857**	272,257
Financial assets at amortised cost	21	**4,150,600**	4,206,926
Derivative financial instruments	22	**87,151**	66,054
Cash and cash equivalents	23	**5,872,500**	6,364,189
		15,621,112	14,764,323
Assets classified as held-for-sale	26	**3,917**	19,392
Total current assets		**15,625,029**	14,783,715
Total assets		**52,271,308**	49,161,248

SEMICONDUCTOR MANUFACTURING INTERNATIONAL CORPORATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of December 31, 2025

(In USD'000)

	Notes	2025	2024
Equity and liabilities			
Capital and reserves			
Ordinary shares	27	**32,002**	31,905
Share premium	27	**14,394,785**	14,266,359
Other reserves	28	**154,677**	142,470
Retained earnings	29	**6,858,206**	6,173,075
Equity attributable to owners of the Company		**21,439,670**	20,613,809
Non-controlling interests		**13,580,853**	11,255,849
Total equity		**35,020,523**	31,869,658
Non-current liabilities			
Borrowings	30	**9,994,773**	8,038,148
Lease liabilities	17	**838**	7,751
Deferred tax liabilities	10	**60,207**	73,627
Deferred income	32	**377,903**	374,801
Derivative financial instruments	22	**–**	37,576
Total non-current liabilities		**10,433,721**	8,531,903
Current liabilities			
Trade and other payables	33	**2,965,981**	3,280,365
Contract liabilities	6	**599,378**	1,185,932
Borrowings	30	**2,593,077**	2,926,311
Lease liabilities	17	**7,493**	18,529
Bonds payable	31	**–**	605,258
Deferred income	32	**188,930**	198,645
Accrued liabilities	34	**409,749**	361,954
Derivative financial instruments	22	**18,994**	97,865
Current tax liabilities		**33,462**	84,828
Total current liabilities		**6,817,064**	8,759,687
Total liabilities		**17,250,785**	17,291,590
Total equity and liabilities		**52,271,308**	49,161,248

SEMICONDUCTOR MANUFACTURING INTERNATIONAL CORPORATION
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended December 31, 2025

(In USD'000)

	Ordinary shares (Note 27)	Share premium (Note 27)	Equity-settled employee benefit reserve (Note 28)	Foreign currency translation reserve (Note 28)
As at January 1, 2024	31,786	14,117,072	120,981	(137,325)
Profit for the year	–	–	–	–
Other comprehensive income for the year	–	–	–	(8,475)
Total comprehensive income for the year	–	–	–	(8,475)
Issue of shares under share incentive plans	119	149,287	(97,209)	–
Share-based compensation	–	–	44,846	–
Share of other capital reserve of associates	–	–	–	–
Capital injection from non-controlling interests	–	–	–	–
Dilution of interests in subsidiaries	–	–	–	–
Distribution to non-controlling interests	–	–	–	–
Subtotal	119	149,287	(52,363)	–
As at December 31, 2024 and January 1, 2025	31,905	14,266,359	68,618	(145,800)
Profit for the year	–	–	–	–
Other comprehensive income for the year	–	–	–	32,739
Total comprehensive income for the year	–	–	–	32,739
Issue of shares under share incentive plans	97	128,426	(82,021)	–
Share-based compensation	–	–	25,772	–
Share of other capital reserve of associates	–	–	–	–
Capital injection from non-controlling interests	–	–	–	–
Dilution of interests in subsidiaries	–	–	–	–
Distribution to non-controlling interests	–	–	–	–
Subtotal	97	128,426	(56,249)	–
As at December 31, 2025	32,002	14,394,785	12,369[1]	(113,061)[1]

[1] These reserve accounts comprise the other reserves of US$154,677 thousand (December 31, 2024: US$142,470 thousand) in the consolidated statement of financial position.

SEMICONDUCTOR MANUFACTURING INTERNATIONAL CORPORATION
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2025

(In USD'000)

Cash flow hedges reserve (Note 28)	Others	Retained earnings (Note 29)	Equity attributable to owners of the Company	Non-controlling interests	Total equity
14,300	288,961	5,680,327	**20,116,102**	10,729,514	**30,845,616**
–	–	492,748	**492,748**	237,245	**729,993**
(92,569)	–	–	**(101,044)**	(6)	**(101,050)**
(92,569)	–	492,748	**391,704**	237,239	**628,943**
–	–	–	**52,197**	–	**52,197**
–	–	–	**44,846**	5,660	**50,506**
–	17,481	–	**17,481**	–	**17,481**
–	–	–	**–**	281,865	**281,865**
–	(8,521)	–	**(8,521)**	8,521	**–**
–	–	–	**–**	(6,950)	**(6,950)**
–	8,960	–	**106,003**	289,096	**395,099**
(78,269)	297,921	6,173,075	**20,613,809**	11,255,849	**31,869,658**
–	–	685,131	**685,131**	303,813	**988,944**
127,580	–	–	**160,319**	(55)	**160,264**
127,580	–	685,131	**845,450**	303,758	**1,149,208**
–	–	–	**46,502**	–	**46,502**
–	–	–	**25,772**	2,267	**28,039**
–	5,564	–	**5,564**	–	**5,564**
–	–	–	**–**	1,923,866	**1,923,866**
–	(97,427)	–	**(97,427)**	97,427	**–**
–	–	–	**–**	(2,314)	**(2,314)**
–	(91,863)	–	**(19,589)**	2,021,246	**2,001,657**
49,311[1]	206,058[1]	6,858,206	**21,439,670**	13,580,853	**35,020,523**

SEMICONDUCTOR MANUFACTURING INTERNATIONAL CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended December 31, 2025

(In USD'000)

	Notes	2025	2024
Operating activities			
Profit for the year		**988,944**	729,993
Adjustments for:			
Income tax expense	10	**84,313**	129,565
Depreciation and amortisation	11	**3,810,010**	3,223,063
Equity-settled share-based payment expense	11	**28,039**	50,506
Interest income		**(398,080)**	(546,061)
Finance costs	8	**373,111**	297,111
Gain on disposal of property, plant and equipment and assets classified as held-for-sale		**(26,400)**	(18,513)
Loss/(gain) on deemed disposal and disposal of associates	9	**19,133**	(95,668)
Recognition of impairment losses	11	**91,872**	74,269
Fair value gains, net and dividend income from financial assets	9	**(12,588)**	(2,090)
Net (gain)/loss on foreign exchange from non-operating activities		**(77,836)**	13,930
Share of profit or loss of associates and a joint venture		**10,195**	(28,610)
Others		**2,055**	7,204
		4,892,768	3,834,699
Adjustments for the movements in working capital:			
(Increase)/decrease in trade and other receivables		**(579,236)**	323,804
Increase in inventories		**(759,009)**	(296,590)
Decrease in restricted cash relating to operating activities		**–**	46
(Increase)/decrease in other operating assets		**(16,318)**	49,642
Decrease in trade and other payables		**(179,568)**	(88,874)
Decrease in contract liabilities		**(586,554)**	(867,290)
(Decrease)/increase in deferred income		**(6,613)**	93,738
Increase in other operating liabilities		**47,795**	75,976
Cash generated from operations		**2,813,265**	3,125,151
Interest paid		**(216,867)**	(205,958)
Interest received		**671,949**	304,667
Income taxes paid		**(74,044)**	(48,305)
Net cash generated from operating activities		**3,194,303**	3,175,555

SEMICONDUCTOR MANUFACTURING INTERNATIONAL CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended December 31, 2025

(In USD'000)

	2025	2024
Investing activities		
Acquisition of financial assets at fair value through profit or loss	**(964,192)**	(807,401)
Proceeds from sale of financial assets at fair value through profit or loss	**495,866**	795,377
Acquisition of financial assets at amortised cost	**(1,912,852)**	(855,710)
Proceeds from maturity of financial assets at amortised cost	**4,358,779**	2,939,764
Acquisition of property, plant and equipment	**(8,399,826)**	(7,664,215)
Proceeds from disposal of property, plant and equipment and assets classified as held-for-sale	**15,376**	29,205
Acquisition of intangible assets	**(3,645)**	(5,592)
Acquisition of land-use right	**–**	(84)
Proceeds from disposal of land-use right	**32,765**	–
Capital injection in associates	**(125,777)**	(74,516)
(Payments for)/proceeds from sale of equity interests in associates and a joint venture	**(14,344)**	1,006,426
Dividends received from associates	**6,458**	2,985
Guarantee deposits refunded	**–**	24,136
Proceeds from settlement of derivative financial instruments	**16,040**	91,188
Net cash used in investing activities	**(6,495,352)**	(4,518,437)
Financing activities		
Proceeds from borrowings	**6,475,526**	3,412,203
Repayment of borrowings	**(5,121,097)**	(1,873,404)
Repayment of the principal portion of the lease liabilities	**(17,314)**	(32,345)
Repayment of bonds	**(600,000)**	–
Proceeds from issue of shares under share incentive plans	**46,502**	52,197
Capital injection from non-controlling interests	**1,923,866**	281,865
Distribution to non-controlling interests	**(2,314)**	(6,950)
Payments for settlement of derivative financial instruments	**(28,714)**	(225,230)
Net cash generated from financing activities	**2,676,455**	1,608,336
Net (decrease)/increase in cash and cash equivalents	**(624,594)**	265,454
Cash and cash equivalents at the beginning of the year	**6,364,189**	6,215,058
Effects of exchange rate changes on cash and cash equivalents	**132,905**	(116,323)
Cash and cash equivalents at the end of the year	**5,872,500**	6,364,189

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 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 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. The subsidiaries and their activities are set out in Note 19.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) as issued by the International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain equity investments, monetary funds and derivative financial instruments which have been measured at fair value. Assets classified as held-for-sale are stated at the lower of their carrying amounts and fair values less costs to sell as further explained in Note 4.

These financial statements are presented in United States dollars ("USD") and all values are rounded to the nearest thousand except when otherwise indicated.

BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries (the "Group") for the year ended December 31, 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

IFRS ACCOUNTING STANDARDS MANDATORILY EFFECTIVE FOR THE YEAR

The Group has adopted amendments to IAS 21 *Lack of Exchangeability* for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

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 in and the functional currencies of overseas subsidiaries, joint ventures and associates for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

IFRS ACCOUNTING STANDARDS MANDATORILY EFFECTIVE FOR THE YEAR *(continued)*

In addition, the IASB has issued amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37 *Disclosures about Uncertainties in the Financial Statements*, which added illustrative examples in the corresponding IFRS Accounting Standards. These examples reflect existing requirements in the corresponding IFRS Accounting Standards to report the effects of uncertainties in the financial statements using climate-related examples. Therefore, the amendments do not have an effective date or transitional provisions. The Group has considered the guidance in these illustrative examples.

IFRS ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Group has not applied the following new and amended IFRS Accounting Standards, which have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and amended IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	*Presentation and Disclosure in Financial Statements*[2]
IFRS 19 and its amendments	*Subsidiaries without Public Accountability: Disclosures* [2]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[1]
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IAS 21	*Translation to a Hyperinflationary Presentation Currency*[2]
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[1]

(1) Effective for annual periods beginning on or after January 1, 2026
(2) Effective for annual/reporting periods beginning on or after January 1, 2027
(3) No mandatory effective date yet determined but available for adoption

Further information about those IFRS Accounting Standards that are expected to be applicable to the Group is described below.

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which is renamed as IAS 8 Basis of Preparation of Financial Statements. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 Statement of Cash Flows, IAS 33 Earnings per Share and IAS 34 Interim Financial Reporting. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after January 1, 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements.

Amendments to IFRS 9 and IFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 9 and IFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of the initial application. Earlier application is permitted. The amendments to IFRS 9 and IFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group's financial statements.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

IFRS ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE *(continued)*

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB. However, the amendments are available for adoption now.

Amendments to IAS 21 *Translation to a Hyperinflationary Presentation Currency* require the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments also require an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy to restate the comparative amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of IAS 29 Financial Reporting in Hyperinflationary Economies, to the foreign operation's comparative figures. The amendments introduce certain additional disclosures. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to IFRS Accounting Standards – Volume 11 set out amendments to IFRS 1, IFRS 7 (and the accompanying Guidance on implementing IFRS 7), IFRS 9, IFRS 10 and IAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 7 *Financial Instruments:* Disclosures: The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the Guidance on implementing IFRS 7 for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the Guidance on implementing IFRS 7 does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IFRS 9 *Financial Instruments:* The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in IFRS 16 and an extinguishment of a lease liability in accordance with IFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IFRS 10 *Consolidated Financial Statements:* The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IAS 7 *Statement of Cash Flows:* The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

4. MATERIAL ACCOUNTING POLICIES

INVESTMENTS IN ASSOCIATES AND A JOINT VENTURE

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and a joint venture are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates and a joint venture is included in the consolidated statement of profit or loss and other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint venture are eliminated to the extent of the Group's investments in the associates or a joint venture, except where unrealised losses provide evidence of an impairment of the assets transferred. Upon the acquisition of the ownership interest in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

4. MATERIAL ACCOUNTING POLICIES *(continued)*

FAIR VALUE MEASUREMENT

The Group measures its derivative financial instruments, monetary funds and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

REVENUE RECOGNITION

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than 1 year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception.

When the contract contains a financing component which provides the Group with a significant financial benefit for more than 1 year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is 1 year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

Revenues are recognised when, or as, the control of the goods or services is transferred to the customer. Depending on the terms of the contract and the laws applicable, control of the goods and services may be transferred over time or at a point in time. Control of the goods and services is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods and services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods and services.

4. MATERIAL ACCOUNTING POLICIES *(continued)*

REVENUE RECOGNITION *(continued)*

Revenue from contracts with customers (continued)

Contracts with customers may include multiple performance obligations. For such arrangements, the Group allocates revenue to each performance obligation based on its relative standalone selling price. The Group generally determines standalone selling prices based on the prices charged to customers. If the stand-alone selling price is not directly observable, it is estimated using expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information. Assumptions and estimations have been made in estimating the relative selling price of each distinct performance obligation, and changes in judgements on these assumptions and estimates may impact the revenue recognition.

Sale of goods

The Group manufactures semiconductor wafers for its customers based on the customers' designs and specifications pursuant to manufacturing agreements and/or purchase orders. The Group also sells certain semiconductor standard products to customers. Revenue from the sale of wafer is recognised at the point in time when control of the asset is transferred to the customer.

Customers have the right of return within 1 year pursuant to warranty provisions. The Group typically performs tests of its products prior to shipment to identify yield rate per wafer. Occasionally, product tests performed after shipment may identify yields rate below the level agreed with the customer. In those circumstances, the customer arrangement may provide for a reduction to the price paid by the customer or for the costs to return products and ship replacement products to the customer. The Group estimates the amounts of sales returns and the cost of replacement products based on the historical trend of returns and warranty replacements relative to sales as well as consideration of any current information regarding specific known product defects at customers that may exceed historical trends.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group satisfies performance obligation under the contract (i.e., transfers control of the related goods or services to the customer).

Rendering of services

Revenue from the rendering testing services is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the Group does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the services.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the Reporting Period in which they are incurred.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

FOREIGN CURRENCIES

These consolidated financial statements are presented in United States dollars ("USD"), which is the Company's functional currency and the Group's presentation currency.

Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the Reporting Period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

The functional currencies of certain subsidiaries, joint ventures and associates are currencies other than the United States dollar. As at the end of the Reporting Period, the assets and liabilities of these entities are translated into United States dollars at the exchange rates prevailing at the end of the Reporting Period and their statements of profit or loss are translated into United States dollars at the average exchange rates that for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates that approximate to those prevailing at the dates of the transactions are used. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests.

On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

4. MATERIAL ACCOUNTING POLICIES *(continued)*

BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

EVENT AFTER THE REPORTING PERIOD

If the Group receives information after the Reporting Period, but prior to the date of authorisation for issue, about conditions that existed at the end of the Reporting Period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the Reporting Period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the Reporting Period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

GOVERNMENT FUNDING

Government funding is recognised at their fair value where there is reasonable assurance that the funding will be received and all attaching conditions will be complied with. When the funding relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the funding relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

OTHER EMPLOYEE BENEFITS

Retirement benefits

The Group's Chinese employees are entitled to a retirement benefit based on their salary and their length of service in accordance with a state-managed pension plan. The PRC government is responsible for the pension liability to these retired staff. The Group is required to make contributions to the state-managed retirement plan at a rate equal to 14.0% to 16.0% of the monthly basic salary of current employees. The Group has no further payment obligations once the contributions have been paid and there are no forfeited contributions that may be used by the Group. The costs are recognised in profit or loss or in underlying assets as they become payable.

SHARE-BASED PAYMENT ARRANGEMENTS

The Company operates share option schemes. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled transactions is expensed on a graded vesting basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve. When share options are exercised, the amount previously recognised in the reserve will be transferred to share premium.

Service and non-market performance conditions are not taken into account when determining the grant date fair value, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an equity instrument, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an equity instrument and lead to an immediate expensing of an equity instrument unless there are other service and/or performance conditions.

For equity instruments that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where equity instruments include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where an equity-settled equity instrument is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the equity instrument is recognised immediately. This includes any equity instrument where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new equity instrument is substituted for the cancelled equity instrument, and is designated as a replacement equity instrument on the date that it is granted, the cancelled and new equity instruments are treated as if they were a modification of the original equity instrument, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

4. MATERIAL ACCOUNTING POLICIES *(continued)*

INCOME TAX

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the Reporting Period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax

Deferred tax is provided, using the liability method, on all temporary differences at the end of the Reporting Period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

Property, plant and equipment, other than construction in progress, held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their costs, less accumulated depreciation and any impairment losses. Such cost comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

The Group constructs certain of its plant and equipment. In addition to costs under the construction contracts, the costs that are directly related to the construction and acquisition of such plant and equipment are capitalised. Depreciation is recorded at the time assets are ready for their intended use. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	25 years	4%
Machinery and equipment	5 to 10 years	10% to 20%
Office equipment	3 to 5 years	20% to $33^{1}/_{3}$%

An item at property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

4. MATERIAL ACCOUNTING POLICIES *(continued)*

INTANGIBLE ASSETS (OTHER THAN GOODWILL)

The Group's intangible assets consist primarily of Intellectual Property licenses ("IP licenses"), which are acquired separately and measured on initial recognition at cost. Intangible assets are subsequently amortised over the useful economic life of 3 to 15 years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at least at each financial year end.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets, financial assets and non-current assets classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

LEASES

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Buildings	5 to 6 years
Machinery and equipment	3 to 5 years
Land-use right	50 to 70 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

4. MATERIAL ACCOUNTING POLICIES *(continued)*

LEASES *(continued)*

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of vehicle and computer (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised in profit or loss in the period in which they are earned.

Sale and leaseback transactions

The Group applies the requirements of IFRS 15 Revenue from Contracts with Customers to assess whether sale and leaseback transaction constitutes a sale by the Group.

The Group acts as a seller – lessee

For sale and leaseback transactions in which a transfer of the asset satisfies the requirements in IFRS 15 to be accounted for as a sale, the Group measure the right-of-use assets arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the seller–lessee and accordingly recognises only the amount of the gain that relates to the rights transferred to the buyer–lessor. For a transfer that does not satisfy the requirements as a sale, the Group as a seller-lessee continues to recognise the assets and accounts for the transfer proceeds as borrowings within the scope of IFRS 9.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

RESTRICTED CASH

Restricted cash consists of bank deposits pledged against foreign exchange trading, letters of guarantee, borrowings, etc. In the consolidated statement of cash flows, change of restricted cash to be only paid for property, plant and equipment is presented as an investing activity. Change of restricted cash pledged against borrowings is presented as a financing activity. Change of restricted cash pledged against letter of credit is presented as an operating activity.

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average basis, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

NON-CURRENT ASSETS HELD-FOR-SALE

Non-current assets and disposal groups are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable.

Non-current assets and disposal groups (other than investment properties and financial assets) classified as held-for-sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property equipment and intangible assets classified as held for sale are not depreciated or amortised.

4. MATERIAL ACCOUNTING POLICIES *(continued)*

INVESTMENTS AND OTHER FINANCIAL ASSETS

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes derivative instruments. Dividends on the equity investments are also recognised as other gain in profit or loss when the right of payment has been established.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

4. MATERIAL ACCOUNTING POLICIES *(continued)*

INVESTMENTS AND OTHER FINANCIAL ASSETS *(continued)*

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as of the reporting date with the risk of a default occurring on the financial instrument as of the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

FINANCIAL LIABILITIES

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, lease liabilities, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, lease liabilities, derivative financial instruments, bonds payable and borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised costs

After initial recognition, trade and other payables, borrowings, lease liabilities, and bonds payable are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

4. MATERIAL ACCOUNTING POLICIES *(continued)*

FINANCIAL LIABILITIES *(continued)*

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, cross currency swap contracts and interest rate swap contracts. Further details of derivative financial instruments are disclosed in Note 21 and Note 36, respectively.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured at fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or
- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is "an economic relationship" between the hedged item and the hedging instrument.
- The effect of credit risk does not "dominate the value changes" that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amount accumulated in other comprehensive income is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income must be accounted for as described above.

REPURCHASE OF SHARES

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the Reporting Period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

5. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

JUDGEMENTS

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

As disclosed in Note 10 to the financial statements, the Group has tax losses carried forward. These losses related to subsidiaries that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

Further details on deferred taxes are disclosed in Note 10 to the financial statements.

ESTIMATION UNCERTAINTY

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the Reporting Period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair value of financial instruments

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. Note 37 provide detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various assets and liabilities.

Fair value measurement of associates and a joint venture's portfolio investments

The Group has invested in a number of portfolio investments through several investment funds, which were accounted for as investments in associates or a joint venture using equity method. The investment funds measured their equity investments in portfolio investments at fair value. The valuation of such portfolio investments is primarily based on a combination of adoption of applicable valuation methodology and the application of appropriate assumptions in the valuation. The unlisted equity investments in portfolio investments have been valued based on a market-based valuation technique as detailed in Note 20 to the financial statements. The valuation requires the Group to determine the comparable public companies (peers) and select the price multiple. In addition, the Group makes estimates about the discount for illiquidity. The Group classifies the fair value of these investments as Level 3.

Impairment of inventories

The Group periodically assesses the net realizable value of its inventories and provides for inventory impairment based on the difference between the cost of the inventory and the net realizable value. When estimating the net realizable value of inventories, management considers the purpose for which the inventories are held, as well as future use or sales as the basis for estimation. Where the expectation is different from the original estimate, such difference will impact on the carrying value of the inventories and write-down of inventories in the period in which such estimates have been changed.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

6. 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:

	Revenue from external customers	
	2025 USD'000	2024 USD'000
By region		
China	**7,987,219**	6,797,714
America	**1,079,205**	992,527
Eurasia	**260,375**	239,680
	9,326,799	8,029,921
By type of goods or services		
Wafers	**8,796,414**	7,486,934
Masks, testing and others	**530,385**	542,987
	9,326,799	8,029,921
By timing of revenue recognition		
Goods transferred at a point in time	**9,309,454**	7,945,327
Services transferred over time	**17,345**	84,594
	9,326,799	8,029,921

LIABILITIES RELATED TO CONTRACTS WITH CUSTOMERS

The Group has recognised the liabilities related to contracts with customers as contract liabilities of US$599.4 million as of December 31, 2025 (December 31, 2024: US$1,185.9 million). The contract liabilities comprise of the prepayments received from customers, to whom the wafers have not been transferred. Revenue recognised that was included in the contract liabilities as at the beginning of the year was US$1,164.3 million (2024: US$1,506.0 million). Amount of US$599.4 million is expected to be recognised as revenue within 1 year as all related contracts have a duration of 1 year or less.

PERFORMANCE OBLIGATIONS

Information about the Group's performance obligations is summarised below:

Sale of goods

The performance obligation is satisfied upon delivery of the goods and payment is generally made within a certain period of time after advance payment or invoicing. Some contracts provide customers with a right of return and exchange goods.

Rendering of services

The performance obligation is satisfied over time as services are rendered and settle regularly according to the service progress.

SEGMENT ASSETS

The Group will continue to incur capital expenditures and depreciation expenses as it equips and ramps-up additional fabs and expand its capacity at the existing fabs. The non-current assets were mainly located in Chinese Mainland.

SIGNIFICANT CUSTOMERS

During the year ended December 31, 2025, there was no single customer or its subsidiaries whose sales revenue accounted for 10% or more of the total revenue.

7. OTHER OPERATING INCOME

	2025 USD'000	2024 USD'000
Government funding	472,721	401,602
Others	27,766	9,604
	500,487	411,206

8. FINANCE COSTS

	2025 USD'000	2024 USD'000
Interest on:		
Bank and other borrowings	216,080	213,042
Leases (Note 17)	346	1,143
Corporate bonds (Note 31)	2,821	16,915
Cash flow hedges	153,864	66,011
	373,111	297,111

9. OTHER (LOSSES)/GAINS, NET

	2025 USD'000	2024 USD'000
Fair value gains, net and dividend income from financial assets:		
Structural deposits and monetary funds	7,121	9,627
Equity instruments	5,467	(7,537)
	12,588	2,090
(Loss)/gain on deemed disposal of associates[1]	(19,133)	4,698
Gain on disposal of an associate	–	90,970
Others[2]	(73,410)	(921)
	(79,955)	96,837

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

(2) Others mainly included recognised related expenses for an arbitration award during the current year.

10. INCOME TAX EXPENSE

INCOME TAX EXPENSE

	2025 USD'000	2024 USD'000
Current tax		
– Land Appreciation Tax	**3,535**	1,036
– Enterprise Income Tax	**99,271**	111,257
Deferred tax	**(18,493)**	17,272
	84,313	129,565

The income tax expense for the year can be reconciled to the accounting profit as follows:

	2025 USD'000	2024 USD'000
Profit before tax	**1,073,257**	859,558
Income tax expense calculated at 25%	**268,314**	214,890
Effect of different tax rate in other jurisdictions	**(3,697)**	(2,984)
Share of profit or loss of associates and a joint venture	**8,500**	3,909
Expenses not deductible for tax	**6,739**	3,603
Effect of tax holiday and tax concession	**(219,510)**	(143,281)
Additional deduction	**(121,094)**	(130,677)
Temporary differences and tax losses not recognised	**146,423**	190,629
Income not subjected to tax	**(4,897)**	(7,560)
Land appreciation tax	**3,535**	1,036
	84,313	129,565

DEFERRED TAX BALANCES

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets	Property, plant and equipment USD'000	Intangible assets USD'000	Impairment USD'000	Accrued liabilities USD'000	Deferred income USD'000	Cash flow hedges USD'000	Total USD'000
As at January 1, 2024	20,917	875	6,110	4,727	–	–	32,629
Recognise in profit or loss	(1,553)	(188)	7,668	11,194	–	–	17,121
As at December 31, 2024 and January 1, 2025	**19,364**	**687**	**13,778**	**15,921**	**–**	**–**	**49,750**
Recognise in profit or loss	**(1,431)**	**(188)**	**(1,020)**	**2,500**	**3,468**	**–**	**3,329**
Recognise in other reserves	**–**	**–**	**–**	**–**	**–**	**57**	**57**
As at December 31, 2025	**17,933**	**499**	**12,758**	**18,421**	**3,468**	**57**	**53,136**

10. INCOME TAX EXPENSE *(continued)*

DEFERRED TAX BALANCES *(continued)*

Deferred tax liabilities	Fair value adjustments of investments USD'000	Cash flow hedges USD'000	Property, plant and equipment USD'000	Total USD'000
As at January 1, 2024	24,876	–	33,472	58,348
Recognise in profit or loss	41,484	–	(7,091)	34,393
Recognise in other reserves	–	2,173	–	2,173
Exchange realignment	(749)	–	–	(749)
As at December 31, 2024 and January 1, 2025	**65,611**	**2,173**	**26,381**	**94,165**
Recognise in profit or loss	**(6,707)**	**–**	**(8,457)**	**(15,164)**
Recognise in other reserves	**–**	**(2,173)**	**–**	**(2,173)**
Exchange realignment	**1,303**	**–**	**–**	**1,303**
As at December 31, 2025	**60,207**	**–**	**17,924**	**78,131**

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is the net deferred tax balances of the Group for financial reporting purposes:

	2025 USD'000	2024 USD'000
Net deferred tax assets	**35,212**	29,212
Net deferred tax liabilities	**60,207**	73,627

Deferred tax assets have not been recognised in respect of the following items:

	2025 USD'000	2024 USD'000
Tax losses	**3,758,770**	4,340,839
Deductible temporary differences	**985,391**	352,768
	4,744,161	4,693,607

At the end of the Reporting Period, no deferred tax asset was recognised in respect of tax losses of US$3,758.8 million (December 31, 2024: US$4,340.8 million). It is not considered probable that taxable profits will be available against which the tax losses can be utilised. The tax losses amounted of US$2.5 million, US$176.4 million, US$0.2 million, US$197.6 million and US$3,382.1 million will expire in 2026, 2027, 2028, 2029, 2030 and thereon, respectively.

If the Group had been able to recognise all unrecognised deferred tax assets, the profit and equity would have increased by US$636.3 million.

The Group currently did not expect to distribute the retained earnings of the subsidiaries to outside of Chinese mainland as of December 31, 2025, therefore the Group did recognise any deferred tax liability for the potential withholding tax in connection with the distributable retained profits of the Groups subsidiaries in Chinese Mainland.

INCOME TAX RATE

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

According to tax laws and regulations of the Peoples Republic of China, the standard corporate income tax rate is 25%. Some subsidiaries of the Company were qualified as high-tech enterprises and were entitled to enjoy the preferential corporate income tax rate of 15% in 2025.

Pillar Two income taxes

The Group is within the scope of the Pillar Two model rules. The Group has applied the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes, and will account for the Pillar Two income taxes as current tax when incurred. Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which some subsidiaries of Group operate.

The Group has performed an assessment of its potential exposure to Pillar Two income taxes based on the 2025 financial information for the constituent entities. By assessing and considering the transitional safe harbour test relief and top-up tax 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.

The Group continues to follow Pillar Two legislative developments, as more countries enact the Pillar Two model rules to evaluate the potential future impact on its financial statements.

11. PROFIT FOR THE YEAR

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

	2025 USD'000	2024 USD'000
Cost of sales		
Cost of wafers sold	**7,000,978**	6,165,249
Cost of others sold	**369,222**	416,704
	7,370,200	6,581,953
Recognition/(reversal) of impairment losses		
Addition in allowance on doubtful trade receivables (Note 36)	**4,197**	363
Addition/(reversal) in allowance on doubtful other receivables (Note 36)	**118**	(256)
Impairment losses recognised on inventories	**87,557**	74,162
	91,872	74,269
Depreciation and amortisation		
Depreciation of property, plant and equipment (Note 16)	**3,776,721**	3,167,628
Depreciation of right-of-use assets (Note 17)	**25,773**	41,169
Amortisation of intangible assets (Note 18)	**7,516**	14,266
	3,810,010	3,223,063
Employee benefits expense		
Wages and salaries	**751,404**	698,343
State-managed pension	**98,234**	90,214
Bonus	**247,586**	216,491
Non-monetary benefits	**54,451**	54,653
Equity-settled share-based payment expense (Note 35)	**28,039**	50,506
	1,179,714	1,110,207
Other expense/(gain)		
Royalties expense	**30,759**	25,227
Foreign exchange gain	**(28,501)**	(11,261)
Auditors' remuneration		
Audit services – annual report related	**1,543**	1,431
Audit services – others	**248**	79
Non-audit services[(1)]	**82**	66
	1,873	1,576

(1) The non-audit services consist of consultation of ESG report.

12. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS

	2025 USD'000	2024 USD'000
Salaries, bonus and benefits	5,450	4,322
State-managed pension	17	20
Equity-settled share-based payment expense	1,554	1,925
	7,021	6,267

The Group has no contributions to pension schemes for directors or past directors, except for the state-managed pension for the executive director or the chief executives.

DIRECTORS' AND CHIEF EXECUTIVES' REMUNERATION

2025	Salaries, bonus and benefits USD'000	State-managed pension USD'000	Total remuneration USD'000
Executive Director:			
Liu Xunfeng	1,254	10	1,264
Non-executive Directors:			
Lu Guoqing	–	–	–
Chen Shanzhi	–	–	–
Yang Lumin	–	–	–
Huang Dengshan	–	–	–
	–	–	–
Independent non-executive Directors:			
Fan Ren Da Anthony	126	–	126
Liu Ming	–	–	–
Wu Hanming	–	–	–
Chen Xinyuan	129	–	129
	255	–	255
Co-CEOs:			
Liang Mong Song	1,975	–	1,975
Zhao Haijun	1,966	7	1,973
	3,941	7	3,948
	5,450	17	5,467

The bonus is determined on the basis of the basic salary and the performance of the Group and the individual.

In 2025, no emoluments were paid by the Group to any of the directors or chief executives of the Company as an inducement to join, upon joining the Group, leave the Group or as compensation for loss of office (2024: nil).

EQUITY-SETTLED SHARE-BASED PAYMENT EXPENSE

The equity-settled share-based payments granted to directors include stock options, RSUs and restricted shares.

The directors and chief executives during the year held stock options and RSUs. The related expense for the year ended December 31, 2025 was as follows:

	2025 USD'000
Liu Xunfeng	608
Wu Hanming	42
Liang Mong Song	449
Zhao Haijun	455
	1,554

13. FIVE HIGHEST PAID EMPLOYEES

The five highest paid individuals during the year included one (2024: one) executive director and two (2024: two) Co-CEOs, details of whose emoluments are set out in Note 12 above. Details of the emoluments of the remaining two (2024: two) highest paid individuals (except directors and Co-CEOs) for the year are as follows:

	2025 USD'000
Salaries and benefits	612
Bonus	1,319
State-managed pension	21
Equity-settled share-based payment expense	428
	2,380

The bonus is determined on the basis of the basic salary and the performance of the Group and the individual.

In 2025, no emoluments were paid by the Group to any of the five highest paid individuals as an inducement to join, upon joining the Group, leave the Group or as compensation for loss of office (2024: nil).

The emoluments of the remaining two highest paid individuals (except Directors and Co-CEOs) fell within the following band is as below:

	2025
Approximately US$1,152,001 to US$1,216,000	1
Approximately US$1,216,001 to US$1,280,000	1
	2

14. 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)	
	2025	2024
Earnings used in the calculation of basic earnings per share	685,131	492,748
Weighted average number of ordinary shares for the purposes of basic earnings per share (share)	7,988,352,563	7,958,902,288
Basic earnings per share	$0.09	$0.06

DILUTED EARNINGS PER SHARE

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

	(In USD'000, except share and per share data)	
	2025	2024
Earnings used in the calculation of diluted earnings per share	685,131	492,748
Weighted average number of ordinary shares used in the calculation of basic earnings per share (share)	7,988,352,563	7,958,902,288
Adjustments for share incentive plans (share)	20,650,685	25,040,758
Weighted average number of ordinary shares used in the calculation of diluted earnings per share (share)	8,009,003,248	7,983,943,046
Diluted earnings per share	$0.09	$0.06

During the year ended December 31, 2024, 6,822,292 weighted average outstanding stock options were excluded the computation of diluted earnings per share, because the exercise price was higher than the average market price of the ordinary shares.

15. DIVIDEND

The board of director did not recommend the payment of any dividend for the year ended December 31, 2025 (December 31, 2024: nil).

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings USD'000	Machinery and equipment USD'000	Office equipment USD'000	Construction in progress USD'000	Total USD'000
Cost					
As at January 1, 2024	1,510,139	28,638,456	505,185	10,889,732	41,543,512
Additions	–	–	–	7,321,089	7,321,089
Transfers	501,074	5,318,480	98,060	(5,917,614)	–
Disposals	(1,800)	(118,003)	(3,988)	–	(123,791)
As at December 31, 2024 and January 1, 2025	**2,009,413**	**33,838,933**	**599,257**	**12,293,207**	**48,740,810**
Additions	**–**	**146,813**	**–**	**8,097,689**	**8,244,502**
Transfers	**122,772**	**6,991,132**	**90,316**	**(7,204,220)**	**–**
Disposals	**(19)**	**(162,559)**	**(14,812)**	**–**	**(177,390)**
As at December 31, 2025	**2,132,166**	**40,814,319**	**674,761**	**13,186,676**	**56,807,922**
Accumulated depreciation and impairment					
As at January 1, 2024	460,199	16,764,868	365,805	7,679	17,598,551
Depreciation	75,621	3,005,291	86,716	–	3,167,628
Disposals	(168)	(106,245)	(3,890)	–	(110,303)
Impairment loss written off	–	(7,103)	–	–	(7,103)
As at December 31, 2024 and January 1, 2025	**535,652**	**19,656,811**	**448,631**	**7,679**	**20,648,773**
Depreciation	**85,234**	**3,594,709**	**96,778**	**–**	**3,776,721**
Disposals	**(15)**	**(156,505)**	**(14,808)**	**–**	**(171,328)**
Impairment loss written off	**–**	**(4,022)**	**–**	**–**	**(4,022)**
As at December 31, 2025	**620,871**	**23,090,993**	**530,601**	**7,679**	**24,250,144**
Net carrying amount					
As at December 31, 2024	1,473,761	14,182,122	150,626	12,285,528	28,092,037
As at December 31, 2025	**1,511,295**	**17,723,326**	**144,160**	**13,178,997**	**32,557,778**

17. LEASES

THE GROUP AS A LESSEE

The Group has lease contracts for various items of buildings, machinery and equipment, and other equipment used in its operations. Lump sum payments were made to acquire the land-use right with lease periods of 50 to 70 years and no ongoing payments will be made. Leases of buildings generally have lease terms between 5 and 6 years, and leases of machinery and equipment generally have lease terms between 3 and 5 years. Other equipment generally has lease terms of 12 months or less and/or is individually of low value.

Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Buildings USD'000	Machinery and equipment USD'000	land-use right USD'000	Total USD'000
As at January 1, 2024	2,336	55,454	416,007	473,797
Additions	–	–	84	84
Depreciation	(621)	(31,296)	(9,252)	(41,169)
Transfer out	–	–	(564)	(564)
As at December 31, 2024 and January 1, 2025	**1,715**	**24,158**	**406,275**	**432,148**
Additions	**644**	**–**	**–**	**644**
Depreciation	**(763)**	**(16,105)**	**(8,905)**	**(25,773)**
Termination/transfer out	**–**	**(232)**	**(30,543)**	**(30,775)**
Revision of a lease term arising from a change in the non-cancellable period of a lease	**–**	**(1,288)**	**–**	**(1,288)**
As at December 31, 2025	**1,596**	**6,533**	**366,827**	**374,956**

Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2025 USD'000	2024 USD'000
As at January 1	**26,280**	58,620
New leases	**644**	–
Interest charged	**346**	1,143
Repayment	**(17,660)**	(33,488)
Revision of a lease term arising from a change in the non-cancellable period of a lease	**(1,288)**	–
Exchange realignment	**9**	5
As at December 31	**8,331**	26,280
Current portion	**7,493**	18,529
Non-current portion	**838**	7,751
	8,331	26,280

The maturity analysis of lease liabilities is disclosed in Note 36 to the financial statements.

Profit or loss in relation to leases

The amounts recognised in profit or loss in relation to leases are as follows:

	2025 USD'000	2024 USD'000
Interest expense	**346**	1,143
Depreciation of right-of-use assets	**25,773**	41,169
Expense relating to short-term and low value leases	**17,706**	14,895

17. LEASES *(continued)*

THE GROUP AS A LESSEE *(continued)*

Cash outflow in relation to leases

The total cash outflow for leases is disclosed in Note 38 to the consolidated financial statements.

THE GROUP AS A LESSOR

The Group leases parts of its buildings under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits. Rental income recognised by the Group during the year was US$25.4 million (2024: US$25.7 million).

As of December 31, 2025, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2025 USD'000	2024 USD'000
Within 1 year	**3,287**	4,024
1-2 years	**1,566**	2,084
Over 2 years	**1,502**	690
	6,355	6,798

18. INTANGIBLE ASSETS

	IP licenses USD'000
Cost	
As at January 1, 2024	470,607
Additions	4,872
As at December 31, 2024 and January 1, 2025	**475,479**
Additions	**3,645**
Disposals	**(2,341)**
As at December 31, 2025	**476,783**
Accumulated amortisation and impairment	
As at January 1, 2024	436,945
Amortisation	14,266
As at December 31, 2024 and January 1, 2025	**451,211**
Amortisation	**7,516**
Disposals	**(2,341)**
As at December 31, 2025	**456,386**
Net carrying amount	
As at December 31, 2024	24,268
As at December 31, 2025	**20,397**

19. SUBSIDIARIES

The subsidiaries of the Company at the end of the Reporting Period are as follows:

Name of entity	Place of establishment/ incorporation and operation	Kind of legal entity	Issued share capital/registered capital	Percentage of equity attributable to the Company		Principal activities
SMIC Shanghai #	PRC	Limited corporation	USD2,440,000,000	Indirectly	100.00%	Manufacturing and selling of semiconductor products
SMIC Beijing #	PRC	Limited corporation	USD1,000,000,000	Indirectly	100.00%	Manufacturing and selling of semiconductor products
SMIC Tianjin #	PRC	Limited corporation	USD1,290,000,000	Indirectly	100.00%	Manufacturing and selling of semiconductor products
SMIC Shenzhen #	PRC	Limited corporation	USD2,415,000,000	Indirectly	55.05%	Manufacturing and selling of semiconductor products
SMNC #	PRC	Limited corporation	USD4,800,000,000	Indirectly	51.00%	Manufacturing and selling of semiconductor products
SMSC #	PRC	Limited corporation	USD10,077,300,000	Indirectly	40.06%	Manufacturing and selling of semiconductor products
SMBC #	PRC	Limited corporation	USD5,000,000,000	Indirectly	54.04%	Manufacturing and selling of semiconductor products
SMOC #	PRC	Limited corporation	USD5,500,000,000	Indirectly	69.97%	Manufacturing and selling of semiconductor products
SMTC #	PRC	Limited corporation	USD5,000,000,000	Indirectly	100.00%	Manufacturing and selling of semiconductor products
SMIC New Technology #	PRC	Limited corporation	USD400,000,000	Indirectly	100.00%	Research and development activities
Hulintong Industrial (Shanghai) Co., Ltd	PRC	Limited corporation	USD8,000,000	Indirectly	100.00%	Trading of semiconductor products and provision of services
Better Way Enterprises Limited	Samoa	Limited corporation	USD1,000,000	Directly	100.00%	Provision of marketing related activities
SMIC, Americas	United States of America	Limited corporation	USD500,000	Directly	100.00%	Provision of marketing related activities
SMIC Japan Corporation	Japan	Limited corporation	JPY10,000,000	Directly	100.00%	Provision of marketing related activities
SMIC Europe S.R.L	Italy	Limited corporation	EUR100,000	Directly	100.00%	Provision of marketing related activities
Semiconductor Manufacturing International (BVI) Corporation	British Virgin Islands	Limited corporation	USD10	Directly	100.00%	Provision of marketing related activities
SMIC Investment (Shanghai) Corporation #	PRC	Limited corporation	USD465,800,000	Directly	100.00%	Investment holding
SMIC Tianjin (Cayman) Corporation	Cayman Islands	Limited corporation	USD50,000	Directly	100.00%	Investment holding
SilTech Semiconductor Corporation	Cayman Islands	Limited corporation	USD10,000	Directly	100.00%	Investment holding
SilTech Semiconductor (Hong Kong) Corporation Limited	Hong Kong, China	Limited corporation	HKD1,000	Indirectly	100.00%	Investment holding
SilTech Semiconductor (Shanghai) Corporation Limited #	PRC	Limited corporation	USD12,000,000	Indirectly	100.00%	Investment holding
SMIC Holdings Corporation #	PRC	Limited corporation	USD5,950,000,000	Directly	100.00%	investment holding
Magnificent Tower Limited	British Virgin Islands	Limited corporation	USD50,000	Indirectly	100.00%	investment holding
China IC Capital Co., Ltd #	PRC	Limited corporation	RMB3,458,000,000	Indirectly	100.00%	Investment holding
China IC Capital (Ningbo) Co., Ltd #	PRC	Limited corporation	RMB4,000,000,000	Indirectly	100.00%	Investment holding
Shanghai Hexin Investment Management Limited Partnership #	PRC	Limited partnership	RMB50,000,000	Indirectly	99.00%	Investment holding
Shanghai SMIC Private School #	PRC	Non-profit private school	RMB4,000,000	Indirectly	100.00%	Private education
Beijing SMIC Private School #	PRC	Non-profit private school	RMB5,000,000	Indirectly	100.00%	Private education

For identification purposes only.

19. SUBSIDIARIES *(continued)*

MATERIAL NON-CONTROLLING INTERESTS

The non-wholly owned subsidiaries of the Company that have material non-controlling interests are SMIC Shenzhen, SMNC, SMSC, SMBC and SMOC. The combined summary of financial information is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	2025 USD'000	2024 USD'000
Current assets	**9,016,866**	10,869,418
Non-current assets	**28,728,709**	23,790,821
Current liabilities	**(7,952,872)**	(8,897,656)
Non-current liabilities	**(2,309,298)**	(3,079,843)
Net assets	**27,483,405**	22,682,740
Equity attributable to owners of the Company	**13,902,552**	11,428,252
Non-controlling interests	**13,580,853**	11,254,488
Net assets	**27,483,405**	22,682,740

	2025 USD'000	2024 USD'000
Revenue	**6,414,471**	5,424,034
Expense	**(5,941,298)**	(5,081,563)
Other income	**(95,965)**	(52,729)
Profit for the year	**377,208**	289,742
Profit attributable to owners of the Company	**74,370**	54,422
Profit attributable to the non-controlling interests	**302,838**	235,320
Profit for the year	**377,208**	289,742
Total comprehensive income attributable to owners of the Company	**74,370**	54,422
Total comprehensive income attributable to the non-controlling interests	**302,838**	235,320
Total comprehensive income for the year	**377,208**	289,742
Dividends paid to non-controlling interests	**–**	–
Net cash inflow from operating activities	**1,824,596**	2,529,459
Net cash outflow from investing activities	**(4,554,576)**	(5,530,402)
Net cash inflow from financing activities	**2,475,050**	4,197,475
Net cash outflow	**(254,930)**	1,196,532

20. INVESTMENTS IN ASSOCIATES AND A JOINT VENTURE

The details of the Group's material associates at the end of the Reporting Period are as follows:

Name of entity	**Place of establishment and operation**	**Particulars of shares / registered capital held**	**Percentage of ownership interest attributable to the Group**	
			2025	2024
Sino IC Leasing	Shanghai, PRC	Registered capital	**8.17%**	8.17%
NSI	Zhejiang, PRC	Registered capital	**14.83%**	14.83%
UNTC	Zhejiang, PRC	Ordinary shares	**11.85%**	14.08%

Among the above enterprises, NSI is a non-listed company. UNTC is listed on the Shanghai Stock Exchange. Sino IC Leasing issued bonds on the Shanghai Stock Exchange.

In accordance with the Articles of Association of the investees, the Group has significant influence through the right to appoint director(s) to the board of directors of the above companies.

20. INVESTMENTS IN ASSOCIATES AND A JOINT VENTURE *(continued)*

All of these associates are accounted for using the equity method in these consolidated financial statements. Summarised financial information in respect of the Group's material associates, which include Sino IC Leasing, NSI and UNTC is below:

	2025 USD'000	2024 USD'000
Current assets	**2,988,355**	3,405,860
Non-current assets	**11,272,260**	11,384,131
Current liabilities	**(1,859,983)**	(1,654,221)
Non-current liabilities	**(7,228,362)**	(7,693,627)
Net assets	**5,172,270**	5,442,143
Less: non-controlling interests	**(813,863)**	(1,129,082)
Equity attributable to owners of the associates	**4,358,407**	4,313,061
Share of equity of associates	**433,342**	469,572
Goodwill	**1,452**	1,452
Less: unrealised profit	**(5,206)**	(8,892)
Carrying amount of the Group's interest	**429,588**	462,132

	2025 USD'000	2024 USD'000
Total revenue	**1,562,270**	1,351,152
Profit attributable to owners	**(195,473)**	(242,657)
Total comprehensive income attributable to owners	**(114,338)**	(300,684)
Dividends received from the associates	**3,479**	–

The following table illustrates the financial information of the Group's remaining associates and a joint venture:

	Investments in associates		**Investment in joint venture**	
	2025 USD'000	2024 USD'000	**2025 USD'000**	2024 USD'000
Share of profit for the year	**14,549**	45,448	**477**	(2,238)
Share of total comprehensive income for the year	**34,809**	33,564	**67**	(2,255)
Aggregate carrying amount of the Group's investments	**879,982**	790,375	**79**	13

The associates and the joint venture included several investment funds, which measured their equity investments in portfolio investments at fair value. As of December 31, 2025, the carrying amount of those investment funds was US$726.1 million (December 31, 2024: US$682.3 million). The valuation of such portfolio investments is primarily based on a combination of adoption of applicable valuation methodology and the application of appropriate assumptions in the valuation. The unlisted equity investments in portfolio investments have been valued using recent transaction price or market approach, the listed equity investments in portfolio investments have been valued using quoted market prices adjusted for marketability and liquidity.

21. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Group holds the following financial instruments:

Financial assets	2025 USD'000	2024 USD'000
Non-current portion		
Financial assets at fair value through profit or loss		
Equity instruments – listed companies	**29**	6,019
Equity instruments – unlisted companies	**810,472**	132,067
Structural deposits	**–**	289,287
Financial assets at amortised cost		
Bank deposits maturing more than 1 year	**1,532,265**	3,747,134
Other financial assets at amortised cost		
Restricted cash (Note 23)	**–**	372,514
Current portion		
Financial assets at fair value through profit or loss		
Structural deposits	**323,806**	186,893
Monetary funds	**57,051**	85,364
Financial assets at amortised cost		
Bank deposits maturing more than 3 months and within 1 year	**4,150,600**	4,206,926
Other financial assets at amortised cost		
Cash and cash equivalents	**5,872,500**	6,364,189
Financial assets included in trade and other receivables[1] (Note 25)	**962,871**	490,045
Derivative financial instruments		
Cross currency swap contracts – cash flow hedges	**84,151**	61,240
Forward exchange contracts – cash flow hedges	**3,000**	–
Interest rate swap contracts – cash flow hedges	**–**	4,814
	13,796,745	15,946,492

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

Financial liabilities	2025 USD'000	2024 USD'000
Non-current portion		
Financial liabilities at amortised cost		
Borrowings (Note 30)	**9,994,773**	8,038,148
Lease liabilities (Note 17)	**838**	7,751
Derivative financial instruments		
Cross currency swap contracts – cash flow hedges	**–**	37,576
Current portion		
Financial liabilities at amortised cost		
Financial liabilities included in trade and other payables and accrued liabilities	**2,946,616**	3,195,306
Borrowings (Note 30)	**2,593,077**	2,926,311
Lease liabilities (Note 17)	**7,493**	18,529
Bonds payable (Note 31)	**–**	605,258
Derivative financial instruments		
Cross currency swap contracts – cash flow hedges	**18,994**	86,218
Forward exchange contracts – cash flow hedges	**–**	11,647
	15,561,791	14,926,744

The Group's exposure to various risks associated with the financial instruments is discussed in Note 36.

22. DERIVATIVE FINANCIAL INSTRUMENTS

The Group's derivative financial instruments included cross currency swap contracts, interest rate swap contracts and forward exchange contracts, the carrying amounts of those derivative financial instruments were presented in Note 21.

CROSS CURRENCY SWAP CONTRACTS – CASH FLOW HEDGE

Cross currency swap contracts are designated as hedging instruments in cash flow hedges of outstanding bank deposits and debts denominated in foreign currency ("FC"). It is the policy of the Group to enter into cross currency swap contracts to mitigate the impact of volatility of future cash flows caused by the changes in exchange rates associated with the balance of bank deposits and debts denominated in foreign currency.

The following table details the notional amounts and remaining terms of the cross currency swap contracts outstanding at the end of the Reporting Period:

	Average exchange rate		Notional value			
	2025	2024	**2025 FC'000**	2024 FC'000	**2025 USD'000**	2024 USD'000
Buy RMB						
Within 1 year	**7.0725**	7.1890	**48,043,782**	37,511,422	**6,793,000**	5,217,915
1-5 years	**–**	6.7728	**–**	3,615,000	**–**	533,753
Sell RMB						
Within 1 year	**7.0583**	6.9749	**776,413**	3,714,145	**110,000**	532,500
Sell JPY						
Within 1 year	**154.6800**	152.1810	**54,138,000**	156,746,400	**350,000**	1,030,000
Sell EUR						
Within 1 year	**0.8584**	–	**257,511**	–	**300,000**	–

The impacts of the cross currency swap contracts on the statement of financial position are as follows:

2025	**Notional amount FC'000**	**Carrying amount Assets USD'000**	**Carrying amount Liabilities USD'000**	**Line item in the statement of financial position**	**Change in fair value used for measuring hedge ineffectiveness for the year USD'000**
Buy RMB	**48,043,782**	**78,565**	**(16,241)**	Derivative financial instrument	**147,248**
Sell RMB	**776,413**	**–**	**(1,148)**	Derivative financial instrument	**(14,202)**
Sell JPY	**54,138,000**	**5,586**	**–**	Derivative financial instrument	**(10,356)**
Sell HKD	**–**	**–**	**–**	Derivative financial instrument	**410**
Sell EUR	**257,511**	**–**	**(1,605)**	Derivative financial instrument	**(2,627)**

2024	Notional amount FC'000	Carrying amount Assets USD'000	Carrying amount Liabilities USD'000	Line item in the statement of financial position	Change in fair value used for measuring hedge ineffectiveness for the year USD'000
Buy RMB	41,126,422	15,659	(123,794)	Derivative financial instrument	(232,906)
Sell RMB	3,714,145	14,486	–	Derivative financial instrument	119,584
Sell JPY	156,746,400	31,095	–	Derivative financial instrument	56,992

22. DERIVATIVE FINANCIAL INSTRUMENTS *(continued)*

CROSS CURRENCY SWAP CONTRACTS – CASH FLOW HEDGE *(continued)*

The effects of the cross currency swap contracts on the statement of profit or loss and other comprehensive income are as follows:

2025	Total hedging gain/ (loss) recognised in other comprehensive income USD'000	Hedge ineffectiveness recognised in profit or loss USD'000	Amount reclassified from other comprehensive income to profit or loss USD'000	Line item in the statement of profit or loss
Buy RMB	147,248	–	(29,594)	Foreign exchange gain, Finance costs
Sell RMB	(14,202)	–	8,943	Foreign exchange gain, Finance costs
Sell JPY	(10,356)	–	20,116	Foreign exchange gain, Finance costs
Sell HKD	410	–	(410)	Foreign exchange gain, Finance costs
Sell EUR	(2,627)	–	3,987	Foreign exchange gain, Finance costs

2024	Total hedging gain/ (loss) recognised in other comprehensive income USD'000	Hedge ineffectiveness recognised in profit or loss USD'000	Amount reclassified from other comprehensive income to profit or loss USD'000	Line item in the statement of profit or loss
Buy RMB	(232,906)	–	140,305	Foreign exchange gain, Finance costs
Sell RMB	119,584	–	(93,198)	Foreign exchange gain, Finance costs
Sell JPY	56,992	–	(65,304)	Foreign exchange gain, Finance costs

The Group does not enter into any cross currency swap contract for speculative purposes.

INTEREST RATE SWAP CONTRACTS – CASH FLOW HEDGE

Interest rate swap contracts are designated as hedging instruments in cash flow hedges of debts with variable interest rates. Under interest rate swap contracts, the Company agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt and on the cash flow exposures of the issued variable rate debt.

The following table details the notional amounts and remaining terms of interest rate swap contracts outstanding at the end of the Reporting Period.

	Average interest rate		Notional value	
	2025	2024	**2025 USD'000**	2024 USD'000
Receive floating pay fixed rates				
Within 1 year	–	1.51%	–	142,000

The impacts of the interest rate swap contracts on the statement of financial position are as follows:

2025	Notional amount USD'000	Carrying amount Assets USD'000	Carrying amount Liabilities USD'000	Line item in the statement of financial position	Change in fair value used for measuring hedge ineffectiveness for the year USD'000
Receive floating pay fixed rates	–	–	–	Derivative financial instrument	1,264

2024	Notional amount USD'000	Carrying amount Assets USD'000	Carrying amount Liabilities USD'000	Line item in the statement of financial position	Change in fair value used for measuring hedge ineffectiveness for the year USD'000
Receive floating pay fixed rates	142,000	4,814	–	Derivative financial instrument	14,677

22. DERIVATIVE FINANCIAL INSTRUMENTS *(continued)*

INTEREST RATE SWAP CONTRACTS – CASH FLOW HEDGE *(continued)*

The effects of the interest rate swap contracts on the statement of profit or loss and other comprehensive income are as follows:

2025	Total hedging gain recognised in other comprehensive income USD'000	Hedge ineffectiveness recognised in profit or loss USD'000	Amount reclassified from other comprehensive income to profit or loss USD'000	Line item in the statement of profit or loss
Receive floating pay fixed rates	**1,264**	**–**	**(5,896)**	Finance costs

2024	Total hedging gain recognised in other comprehensive income USD'000	Hedge ineffectiveness recognised in profit or loss USD'000	Amount reclassified from other comprehensive income to profit or loss USD'000	Line item in the statement of profit or loss
Receive floating pay fixed rates	14,677	–	(24,566)	Finance costs

The interest rate swaps are settled on a quarterly basis. The floating rate on the interest rate swaps is based on Secured Overnight Financing Rate. The difference between the fixed and floating interest rates will be settled on a net basis.

FORWARD EXCHANGE CONTRACTS – CASH FLOW HEDGE

Forward exchange contracts are designated as hedging instruments in cash flow hedges of outstanding bank deposits and debs denominated in foreign currency. It is the policy of the Group to enter into forward exchange contracts to mitigate the impact of volatility of future cash flows caused by the changes in exchange rates associated with the balance of bank deposits and debs denominated in foreign currency.

The following table details the notional amounts and remaining terms of the forward exchange contracts outstanding at the end of the Reporting Period:

	Average exchange rate		Notional value			
	2025	2024	**2025 RMB'000**	2024 RMB'000	**2025 USD'000**	2024 USD'000
Buy RMB						
Within 1 year	**7.1680**	7.0670	**788,480**	2,561,805	**110,000**	362,500
Sell RMB						
Within 1 year	**6.9847**	–	**6,984,736**	–	**1,000,000**	–

The impacts of the forward exchange contracts on the statement of financial position are as follows:

2025	Notional amount RMB'000	Carrying amount Assets USD'000	Carrying amount Liabilities USD'000	Line item in the statement of financial position	Change in fair value used for measuring hedge ineffectiveness for the year USD'000
Buy RMB	**788,480**	**2,850**	**–**	Derivative financial instrument	**8,993**
Sell RMB	**6,984,736**	**150**	**–**	Derivative financial instrument	**(120)**

2024	Notional amount RMB'000	Carrying amount Assets USD'000	Carrying amount Liabilities USD'000	Line item in the statement of financial position	Change in fair value used for measuring hedge ineffectiveness for the year USD'000
Buy RMB	2,561,805	–	(11,647)	Derivative financial instrument	(23,115)

22. DERIVATIVE FINANCIAL INSTRUMENTS *(continued)*

FORWARD EXCHANGE CONTRACTS – CASH FLOW HEDGE *(continued)*

The effects of the forward exchange contracts on the statement of profit or loss and other comprehensive income are as follows:

2025	Total hedging gain/ (loss) recognised in other comprehensive income USD'000	Hedge ineffectiveness recognised in profit or loss USD'000	Amount reclassified from other comprehensive income to profit or loss USD'000	Line item in the statement of profit or loss
Buy RMB	8,993	–	(2,250)	Foreign exchange gain
Sell RMB	(120)	–	(156)	Foreign exchange gain

2024	Total hedging gain/ (loss) recognised in other comprehensive income USD'000	Hedge ineffectiveness recognised in profit or loss USD'000	Amount reclassified from other comprehensive income to profit or loss USD'000	Line item in the statement of profit or loss
Buy RMB	(23,115)	–	17,135	Foreign exchange gain

23. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS

	2025 USD'000	2024 USD'000
Cash and bank balances	5,744,303	6,364,189
Non-pledged time deposits with original maturity of less than three months when acquired	128,197	–
Cash and cash equivalents as stated in the statement of financial position and in the statement of cash flows	5,872,500	6,364,189

CURRENCIES IN WHICH CASH AND CASH EQUIVALENTS ARE HELD

	2025 USD'000	2024 USD'000
RMB	4,305,282	4,960,735
USD	866,228	170,550
JPY	537,257	1,110,304
EUR	148,122	108,179
HKD	14,414	13,455
TWD	1,197	966
	5,872,500	6,364,189

RESTRICTED CASH

	2025 USD'000	2024 USD'000
Non-current portion	–	372,514

As of December 31, 2025, there was no restricted cash (December 31, 2024: US$372.5 million).

24. INVENTORIES

	2025 USD'000	2024 USD'000
Raw materials	1,786,581	1,520,167
Work in progress	1,490,075	1,105,683
Finished goods	353,146	332,500
	3,629,802	2,958,350

25. TRADE AND OTHER RECEIVABLES

	2025 USD'000	2024 USD'000
Trade receivables	881,991	407,588
Allowance on doubtful trade receivables (Note 36)	(5,231)	(1,034)
	876,760	406,554
Other receivables	7,773	9,175
Allowance on doubtful other receivables (Note 36)	(275)	(157)
	7,498	9,018
Notes receivables	44,523	50,783
Value-added tax to be deducted	458,582	332,297
Tax recoverables	11,231	17,811
Investment receivables	14,790	17,533
Dividend receivables	1,486	–
Refundable deposits and surety	17,814	6,157
	1,432,684	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	2025 USD'000	2024 USD'000
Not overdue	794,937	354,897
Within 1 year	82,237	52,370
1-2 years	4,611	245
2-3 years	183	–
Over 3 years	23	76
	881,991	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, where they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures at amortised cost using the effective interest method. The Group does not hold any collateral or other credit enhancements over the trade receivable balances. Details about the Group's impairment policies and the calculation of the loss allowance are provided in Note 36.

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

Age of other receivables	2025 USD'000	2024 USD'000
Within 1 year	7,073	8,972
1-2 years	609	64
2-3 years	60	33
Over 3 years	31	106
	7,773	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.

26. ASSETS CLASSIFIED AS HELD-FOR-SALE

As of December 31, 2025, the assets related to employee's living quarters recognised as assets classified as held-for-sales was US$3.9 million (December 31, 2024: US$19.4 million). The expected disposal expense was US$0.1 million (December 31, 2024: US$4.2 million).

27. SHARES AND ISSUED CAPITAL

ISSUED AND FULLY PAID ORDINARY SHARES

	Number of shares	Ordinary shares USD'000	Share premium USD'000
As at January 1, 2024	7,946,555,760	31,786	14,117,072
Issue of shares under share incentive plans (Note 35)	29,594,206	119	149,287
As at December 31, 2024 and January 1, 2025	**7,976,149,966**	**31,905**	**14,266,359**
Issue of shares under share incentive plans (Note 35)	**24,258,069**	**97**	**128,426**
As at December 31, 2025	**8,000,408,035**	**32,002**	**14,394,785**

28. OTHER RESERVES

EQUITY-SETTLED EMPLOYEE BENEFIT RESERVE

The equity-settled employee benefit reserve related to share options, RSUs and restricted shares granted by the Company to the Group's employees under stock incentive plans. Items included in equity-settled employee benefit reserve will not be reclassified subsequently to profit or loss.

FOREIGN CURRENCY TRANSLATION RESERVE

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. United States dollars) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve (in respect of translating the net assets of foreign operations) will be reclassified to profit or loss upon the disposal or deconsolidation of the foreign operation.

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.

	2025 USD'000	2024 USD'000
Other comprehensive income on cash flow hedges recognised		
Fair value gain/(loss)	**130,610**	(64,768)
Offset foreign exchange loss	**(135,438)**	(18,548)
Added/(deducted) finance cost	**130,178**	(7,080)
Deferred tax liabilities	**2,230**	(2,173)
	127,580	(92,569)
As at January 1	**(78,269)**	14,300
As at December 31	**49,311**	(78,269)

29. RETAINED EARNINGS

As stipulated by the relevant PRC laws and regulations applicable to foreign investment enterprise, the Company's subsidiaries established in Chinese Mainland are required or allowed to make appropriations to non-distributable reserves. The general reserve fund requires annual appropriation of 10% of after tax profit, which determined under CAS, after offsetting accumulated losses from prior years, until the accumulative amount of such reserve fund reaches 50% of the registered capital of the relevant subsidiaries. The general reserve fund can only be used to increase the registered capital and eliminate future losses of the relevant subsidiaries under the PRC regulations.

30. BORROWINGS

At amortised cost	2025 USD'000	2024 USD'000
Short-term bank borrowings – unsecured	**490,710**	148,901
Long-term bank borrowings – secured		
– Guaranteed loans	**6,662,227**	2,823,130
– Pledged loans	**–**	200,738
Long-term bank borrowings – unsecured	**5,434,913**	7,791,690
	12,587,850	10,964,459
Current portion		
Short-term bank borrowings	**490,710**	148,901
Long-term bank borrowings maturing within 1 year	**2,102,367**	2,777,410
	2,593,077	2,926,311
Non-current portion		
Long-term bank borrowings maturing more than 1 year	**9,994,773**	8,038,148
	12,587,850	10,964,459
Borrowing by repayment schedule		
Within 1 year	**2,593,077**	2,926,311
1-2 years	**1,790,459**	2,542,005
2-5 years	**1,437,005**	2,396,414
Over 5 years	**6,767,309**	3,099,729
	12,587,850	10,964,459

As of December 31, 2025, there was no pledged loans (December 31,2024: US$200.7 million) secured by the pledge of bank deposits (Note 23).

As of December 31, 2025, the bank borrowings up to US$6,662.2 million (December 31, 2024: US$2,823.1 million) were guaranteed by the Company's subsidiaries.

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

	2025 USD'000	2024 USD'000
RMB	**12,097,140**	10,421,541
USD	**490,710**	542,918
	12,587,850	10,964,459

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

	2025 USD'000	2024 USD'000
RMB	**1.74%**	1.68%
USD	**3.84%**	3.26%

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

31. 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	16,915
Interest payable recognised	(10,772)
As at December 31, 2024 and January 1, 2025	**605,258**
Interest charged (Note 8)	**2,821**
Interest payable recognised	**(8,079)**
Repayment	**(600,000)**
As at December 31, 2025	**–**

32. DEFERRED INCOME

Government funding is recorded as deferred income upon receipt and recognised as other operating income over the useful life of equipment or until the milestones specified in the terms of the funding have been reached. In 2025, the Group receives government funding of US$193.0 million (2024: US$261.8 million) and recognised US$199.6 million (2024: US$168.0 million) as other operating income.

33. TRADE AND OTHER PAYABLES

	2025 USD'000	2024 USD'000
Payables for property, plant and equipment	**1,633,573**	1,818,770
Trade payables	**849,343**	789,525
Deposits received	**291,743**	468,376
Others	**191,322**	203,694
	2,965,981	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:

Age of payables	**2025 USD'000**	2024 USD'000
Within 30 days	**2,328,915**	2,431,182
31-60 days	**116,333**	126,139
Over 60 days	**37,668**	50,974
	2,482,916	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.

34. ACCRUED LIABILITIES

The amounts of accrued liabilities as of December 31, 2025 and 2024 were US$409.7 million and US$362.0 million, within which the amounts of accrued bonus were US$325.2 million and US$278.7 million, respectively.

35. SHARE-BASED PAYMENT

SHARE INCENTIVE PLANS

The below share incentive plans allow the Company to offer the below incentive awards to employees of the Group.

The expense arising from equity-settled share-based payments for the year ended December 31, 2025 was US$28.0 million (2024: US$50.5 million).

2014 Stock option plan

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.

The options are granted at the fair market value of the Company's ordinary shares and expire 10 years from the date of grant and vest over a requisite service period of 4 years. Options to purchase ordinary shares granted before January 1, 2018 and issued to new employees and then-existing employees 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 to purchase ordinary shares granted after January 1, 2018 and issued 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.

2014 Equity Incentive Plan

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.

RSUs granted under the 2014 Equity Incentive Plan vest over a four-year or three-year period. RSUs may vest based on time or achievement of performance conditions. 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.

2024 Equity Incentive Plan

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.

2021 STAR Market Restricted Share Incentive Scheme

The restricted shares granted under the scheme may be vested in tranches as per the agreed proportions 30%, 25%, 25%, 20% upon the awardees satisfying the corresponding vesting conditions. A vest date must be a trading day within the validity period of the scheme, and shall not fall within the lock-up periods.

The validity period of the scheme will commence from the grant date of the first grant, until the date on which all restricted shares granted to awardees have been vested or lapsed, such period shall not exceed 72 months.

35. SHARE-BASED PAYMENT *(continued)*

MOVEMENTS DURING THE YEAR

2014 Stock Option Plan

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

	2025 Number	2025 WAEP	2024 Number	2024 WAEP
Outstanding at January 1	**15,303,689**	**HKD17.88**	21,124,955	HKD17.75
Lapsed during this year	**(120,888)**	**HKD22.62**	(880,841)	HKD20.76
Exercised during this year	**(6,021,105)**	**HKD19.31**	(4,940,425)	HKD16.84
Outstanding at December 31	**9,161,696**	**HKD16.87**	15,303,689	HKD17.88
Exercisable at December 31	**9,161,696**	**HKD16.87**	13,837,576	HKD17.29

The weighted average closing price of the Company's shares immediately before the dates while the stock options were exercised was HKD47.38 (2024: HKD26.63).

The range of exercise prices for options outstanding at the end of the year was from HKD6.42 to HKD24.50 (2024: from HKD6.42 to HKD24.50).

No stock options were granted in 2025 and 2024.

2014 Equity Incentive Plan

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

	2025 Number	2025 Purchase price	2024 Number	2024 Purchase price
Unvested at January 1	**4,801,041**	**HKD0.031**	9,982,902	HKD0.031
Lapsed during this year	**(108,560)**	**HKD0.031**	(293,738)	HKD0.031
Vested during this year	**(3,268,614)**	**HKD0.031**	(4,888,123)	HKD0.031
Unvested at December 31	**1,423,867**	**HKD0.031**	4,801,041	HKD0.031

The weighted average closing price of the Company's shares immediately before the dates on which the 2014 RSUs were vested was HKD51.73 (2024: HKD16.47).

No 2014 RSUs were granted in 2025 and 2024.

2024 Equity Incentive Plan

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

	2025 Number	2025 Purchase price	2024 Number	2024 Purchase price
Unvested at January 1	**4,180,026**	**HKD0.031**	–	–
Granted during this year	**2,876,943**	**HKD0.031**	8,784,806	HKD0.031
Lapsed during this year	**(159,806)**	**HKD0.031**	(232,248)	HKD0.031
Vested during this year	**(3,964,219)**	**HKD0.031**	(4,372,532)	HKD0.031
Unvested at December 31	**2,932,944**	**HKD0.031**	4,180,026	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 (2024: HKD15.20).

2024 RSUs was granted on April 1, 2025 with the fair value of HKD44.27 (April 1 and July 1, 2024: HKD15.13, HKD17.09).

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

35. SHARE-BASED PAYMENT *(continued)*

MOVEMENTS DURING THE YEAR *(continued)*

2021 STAR Market Restricted Share Incentive Scheme

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

	2025 Number	2025 Grant price	2024 Number	2024 Grant price
Unvested at January 1	13,153,720	RMB20	29,640,860	RMB20
Lapsed during this year	(854,460)	RMB20	(1,737,183)	RMB20
Vested during this year	(11,203,420)	RMB20	(14,749,957)	RMB20
Unvested at December 31	1,095,840	RMB20	13,153,720	RMB20

The weighted average closing price of the Company's shares immediately before the dates on which the restricted shares were vested was RMB57.72 (2024: RMB45.92).

No restricted shares were granted in 2025 and 2024.

36. RISK MANAGEMENT

CAPITAL MANAGEMENT

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

The Group balances its overall capital structure through new share issues, share buy-backs, the issue of new debt or the repayment of existing debt, and reviews the capital structure on an interim basis.

This section sets out an analysis of net debt as below:

Net Debt	2025 USD'000	2024 USD'000
Borrowings	12,587,850	10,964,459
Lease liabilities	8,331	26,280
Bonds payable	–	605,258
Subtotal	12,596,181	11,595,997
Less:		
Cash and cash equivalents	5,872,500	6,364,189
Restricted cash	–	372,514
Financial assets at fair value through profit or loss – current portion	380,857	272,257
Financial assets at amortised cost	5,682,865	7,954,060
	659,959	(3,367,023)

The gearing ratio at end of the Reporting Period was as follows:

	2025 USD'000	2024 USD'000
Net debt	659,959	(3,367,023)
Equity	35,020,523	31,869,658
Net debt to equity ratio	1.9%	-10.6%

FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments, other than derivatives, comprise borrowings, lease liabilities, bonds payables, restricted cash, cash and cash equivalents, and bank deposits maturing more than 3 months. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group also enters into derivative transactions, including principally cross currency swaps and interest rate swaps. The purpose is to manage the interest rate and currency risks arising from the Group's operations and its sources of finance.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

36. RISK MANAGEMENT *(continued)*

MARKET RISK

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group enters into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk, including:

- cross currency swap contracts and forward exchange contracts to mitigate the impact of volatility of future cash flows caused by the fluctuation in exchange rates associated with outstanding long-term debts and financial asset at amortised cost denominated in a currency other than the USD; and
- interest rate swaps to mitigate the risk of rising interest rates.

Market risk exposures are measured using the sensitivity analysis and the analysis in the following sections relate to the position as of December 31, 2025.

There has been no change in the Group's exposure to market risks or the manner in which these risks are managed and measured.

FOREIGN CURRENCY RISK

The Group undertakes transactions denominated in foreign currencies, consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward exchange contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities, considering the effects of derivative financial instruments, at the end of the Reporting Period are as follows:

	Liabilities		Assets	
	2025 USD'000	2024 USD'000	**2025 USD'000**	2024 USD'000
EUR	**181,704**	107,303	**451,488**	108,179
JPY	**186,835**	116,986	**537,393**	1,110,336
RMB	**6,998,280**	6,501,194	**7,422,305**	8,069,219
Others	**5,599**	141,734	**15,666**	16,209

Foreign currency sensitivity analysis

The Group is mainly exposed to the currency of RMB.

The following table details the Group's sensitivity to a 5% increase in the USD against RMB, which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. For a 5% decrease of the USD against RMB, there would be an equal and opposite impact on the profit or loss after tax below predicted.

	2025 USD'000	2024 USD'000
Profit after tax	**2,245**	(74,606)

INTEREST RATE RISK

The Group is exposed to interest rate risk related primarily to the Group's long-term borrowing obligations, which the Group generally assumes to fund capital expenditures 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.

36. RISK MANAGEMENT *(continued)*

INTEREST RATE RISK *(continued)*

Interest rate sensitivity analysis

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with a floating interest rate.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts. To manage this mix in a cost-effective manner, the Group enters into interest rate swaps, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. At December 31, 2025, after taking into account the effect of the interest rate swaps, approximately 47% (2024: 79%) of the Group's interest-bearing borrowings bore interest at fixed rates.

The following table demonstrates the sensitivity to a 50bps increase in interest rates, with all other variables held constant, of the Group's profit after tax (through the impact on floating rate borrowings) and the Group's equity. For a 50bps decrease of interest rates, there would be an equal and opposite impact on the profit or loss after tax below predicted.

	2025 USD'000	2024 USD'000
Profit after tax	**(34,235)**	(13,916)

PRICE RISK

The Group's exposure to equity instruments price risk arises from investments held by the Group and classified in the consolidated statement of financial position as at fair value through profit or loss (Note 21).

On December 31, 2025, 5% increase/(decrease) in equity instruments price would result in increase/(decrease) in profit by US$30.4 million (December 31, 2024: US$5.2 million).

CREDIT RISK

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is mainly exposed to credit risk from trade receivables, other receivables, other financial assets at amortised cost, including bank deposits, interest receivables, notes receivables, restricted cash, investment receivables, refundable deposits and surety, and the financial assets at fair value through profit or loss, including structural deposits, monetary funds and derivative financial instruments.

Customer credit risk is managed subject to the Group's established policy. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures and is offered credit terms only with the approval from Finance and Sales Division. Credit quality of a customer is assessed using publicly available financial information and its own trading records to rate its major customers. The Group's exposure and credit ratings of its counterparties are continuously monitored. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

At the end of the Reporting Period, the Group had certain concentrations of credit risk as 16.9% (2024: 20.3%) and 53.2% (2024: 50.4%) of the Group's trade receivables were due from the Group's largest customer and five largest customers, respectively.

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables and other receivables have been grouped based on shared credit risk characteristics and aging.

The loss allowance as of December 31, 2025 for trade receivables was determined using simplified approach as follows:

2025	**Balance**	**Expected loss rate**	**Allowance on doubtful receivables**
Not overdue	**794,937**	**–**	**–**
Within 1 year	**82,237**	**5.69%**	**4,682**
1-2 years	**4,611**	**9.86%**	**454**
2-3 years	**183**	**39.59%**	**72**
Over 3 years	**23**	**100%**	**23**
	881,991		**5,231**

36. RISK MANAGEMENT *(continued)*

CREDIT RISK *(continued)*

2024	Balance	Expected loss rate	Allowance on doubtful receivables
Not overdue	354,897	–	–
Within 1 year	52,370	1.75%	918
1-2 years	245	16.26%	40
Over 3 years	76	100%	76
	407,588		1,034

For other receivables, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on other receivables has not increased significantly since initial recognition, the Group measures the loss allowance at an amount equal to 12-month ECL. Based on the assessment, the impairment loss added during the year for other receivables was US$0.1 million.

The closing allowance on doubtful trade receivables and other receivables as of December 31, 2025 reconcile to the opening balance as follows:

	2025 USD'000	2024 USD'000
As at January 1	**1,191**	1,171
Addition in allowance on doubtful trade receivables	**4,197**	363
Addition/(reversal) in allowance on doubtful other receivables	**118**	(256)
Write off in allowance on doubtful trade receivables	**–**	(87)
As at December 31	**5,506**	1,191

The main credit risk on bank deposits, interest receivables, notes receivables, restricted cash, structural deposits, monetary funds and derivative financial instruments is limited because the counterparties are banks and financing institutions with high credit-ratings.

The above-mentioned financial assets are considered to have low credit risk as there is no significant increase in credit risk since the initial recognition. The maximum exposure at the end of the year is the carrying amount. The credit exposure of the above-mentioned other financial assets at amortised cost are classified as stage 1, for which the loss allowance is measured at an amount equal to 12-month ECLs.

36. RISK MANAGEMENT *(continued)*

LIQUIDITY RISK

The Group monitors its risk to a shortage of funds considering the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings, lease liabilities and bonds.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the Reporting Period. The contractual maturity is based on the earliest date on which the Group may be required to pay.

2025		Weighted average effective interest rate	Less than 3 months USD'000	3 months to 1 year USD'000	1 to 5 years USD'000	Over 5 years USD'000	Total USD'000
Interest-bearing bank and other borrowings	Fixed	1.66%	115,312	1,864,649	3,474,248	1,615,691	7,069,900
	Floating	2.00%	268,655	552,964	1,069,403	5,041,531	6,932,553
Lease liabilities		3.70%-5.00%	3,661	3,922	865	–	8,448
Financial liabilities included in trade and other payables and accrual liabilities			2,624,209	322,407	–	–	2,946,616
			3,011,837	2,743,942	4,544,516	6,657,222	16,957,517

2024		Weighted average effective interest rate	Less than 3 months USD'000	3 months to 1 year USD'000	1 to 5 years USD'000	Over 5 years USD'000	Total USD'000
Interest-bearing bank and other borrowings	Fixed	1.62%	235,155	691,067	4,164,281	2,425,973	7,516,476
	Floating	2.01%	21,205	2,153,231	1,593,777	425,700	4,193,913
Lease liabilities		3.70%-5.00%	8,259	10,614	7,753	–	26,626
Bonds payable		2.69%	608,079	–	–	–	608,079
Financial liabilities included in trade and other payables and accrual liabilities			2,892,724	296,337	–	–	3,189,061
			3,765,422	3,151,249	5,765,811	2,851,673	15,534,155

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the Reporting Period.

Interest rates above do not include effect by hedging instruments.

36. RISK MANAGEMENT *(continued)*

LIQUIDITY RISK *(continued)*

The following table details the Group's liquidity analysis for the cross currency swap contracts and interest rate swap contract. The table has been drawn up based on the undiscounted inflows and outflows on those derivatives.

2025	Less than 3 months USD'000	3 months to 1 year USD'000	1 year to 5 years USD'000	Over 5 years USD'000	Total USD'000
Cross currency swap contracts					
— cash flow hedges					
Gross settled:					
– inflows	**7,292,482**	**306,522**	**–**	**–**	**7,599,004**
– outflows	**(7,282,948)**	**(307,344)**	**–**	**–**	**(7,590,292)**
Forward exchange contracts					
— cash flow hedges					
Gross settled:					
– inflows	**1,112,083**	**–**	**–**	**–**	**1,112,083**
– outflows	**(1,102,883)**	**–**	**–**	**–**	**(1,102,883)**
	18,734	**(822)**	**–**	**–**	**17,912**

2024	Less than 3 months USD'000	3 months to 1 year USD'000	1 year to 5 years USD'000	Over 5 years USD'000	Total USD'000
Cross currency swap contracts					
— cash flow hedges					
Gross settled:					
– inflows	2,637,322	4,166,832	513,217	–	7,317,371
– outflows	(2,580,658)	(4,190,041)	(552,433)	–	(7,323,132)
Interest rate swap contracts					
— cash flow hedges					
Gross settled:					
– inflows	2,323	5,914	–	–	8,237
– outflows	(524)	(1,334)	–	–	(1,858)
Forward exchange contracts					
— cash flow hedges					
Gross settled:					
– inflows	188,928	167,428	–	–	356,356
– outflows	(193,000)	(169,500)	–	–	(362,500)
	54,391	(20,701)	(39,216)	–	(5,526)

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

FAIR VALUE OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, restricted cash, financial assets at amortised cost, financial assets included in trade and other receivables, lease liabilities, financial liabilities included in trade and other payables and accrued liabilities, borrowings and bonds payable approximate to their carrying amounts.

VALUATION PROCESSES

The finance department performs the valuations of financial assets required for financial reporting purposes and reports directly to the Person-in-charge of Finance. Discussions of valuation processes, results and change analyses are held by the Person-in-charge of Finance and the financial team annually, in line with the Group's yearly reporting periods. The valuation is reviewed by the audit committee.

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

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

FAIR VALUE MEASUREMENTS RECOGNISED IN THE 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 year ended December 31, 2025:

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

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

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

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

2024	Valuation techniques	Level 1 USD'000	Level 2 USD'000	Level 3 USD'000	Total USD'000
Financial assets					
Equity instruments – listed companies	Quoted market prices	6,019	–	–	6,019
Equity instruments – unlisted companies	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

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

FAIR VALUE MEASUREMENTS USING SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)

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

	Equity instruments -restricted listed companies USD'000	Equity instruments- unlisted companies USD'000	Structural deposits USD'000	Total USD'000
As at January 1, 2024	30,009	167,821	393,065	590,895
Additions	–	9,056	740,648	749,704
Disposals	–	(33,809)	(661,111)	(694,920)
Transfer out	(30,457)	–	–	(30,457)
Gain/(loss) recognised	448	(8,874)	7,161	(1,265)
Exchange realignment	–	(2,127)	(3,583)	(5,710)
As at December 31, 2024 and January 1, 2025	**–**	**132,067**	**476,180**	**608,247**
Additions	**–**	**679,922**	**284,257**	**964,179**
Disposals	**–**	**(9,727)**	**(442,383)**	**(452,110)**
Gain recognised	**–**	**5,450**	**4,878**	**10,328**
Exchange realignment	**–**	**2,760**	**874**	**3,634**
As at December 31, 2025	**–**	**810,472**	**323,806**	**1,134,278**

VALUATION INPUTS AND RELATIONSHIPS TO FAIR VALUE

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

2025	Fair value USD'000	Valuation techniques	Unobservable input
Equity instruments – unlisted companies	**810,472**	**Valuation multiples or the latest price method of financing**	**Average Price/Earnings ("PE"), Price/Sales ("PS"), Enterprise Value/Sales ("EVS") multiple of peers and the latest price of financing**
Structural deposits	**323,806**	**Monte Carlo simulation**	**Brownian motion process**

2024	Fair value USD'000	Valuation techniques	Unobservable input
Equity instruments – unlisted companies	132,067	Valuation multiples or the latest price method of financing	Average PE, PS, EVS multiple of peers and the latest price of financing
Structural deposits	476,180	Monte Carlo simulation	Brownian motion process

The sensitivity analysis of unobservable inputs as of December 31, 2025 is summarised as below:

The higher the average PE, PS, EVS multiple of peers, the higher the fair value.

The higher the latest price of financing, the higher the fair value.

The higher the liquidity discounts, the lower the fair value.

38. CASH FLOW INFORMATION

CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Liabilities from financing activities	Borrowings USD'000	Lease liabilities USD'000	Bonds payable USD'000	Total USD'000
As at January 1, 2024	9,550,931	58,620	599,115	10,208,666
Net cash flows in/(out)	1,538,799	(32,345)	–	1,506,454
Interest charged	213,042	1,143	16,915	231,100
Interest payable recognised	(194,043)	(1,143)	(10,772)	(205,958)
Exchange realignment	(144,270)	5	–	(144,265)
As at December 31, 2024 and January 1, 2025	**10,964,459**	**26,280**	**605,258**	**11,595,997**
Net cash flows in/(out)	**1,354,429**	**(17,314)**	**(600,000)**	**737,115**
New leases	**–**	**644**	**–**	**644**
Interest charged	**216,080**	**346**	**2,821**	**219,247**
Interest payable recognised	**(208,442)**	**(346)**	**(8,079)**	**(216,867)**
Revision of a lease term arising from a change in the non-cancellable period of a lease	**–**	**(1,288)**	**–**	**(1,288)**
Exchange realignment	**261,324**	**9**	**–**	**261,333**
As at December 31, 2025	**12,587,850**	**8,331**	**–**	**12,596,181**

NON-CASH INVESTING AND FINANCING ACTIVITIES

	2025 USD'000	2024 USD'000
Increase of right-of-use assets (excluded land-use right)	**644**	–
Revision of a lease term arising from a change in the non-cancellable period of a lease	**(1,288)**	–

TOTAL CASH OUTFLOW OF LEASES

The total cash outflow for leases included in the statement of cash flows is as follows:

	2025 USD'000	2024 USD'000
Within operating activities	**18,052**	16,038
Within financing activities	**17,314**	32,345
	35,366	48,383

39. RELATED PARTY TRANSACTIONS

The names of the related parties which had transactions with the Group for the year ended December 31, 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. ("Brite") and its subsidiaries	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") and its subsidiaries	An associate of the Group
Semiconductor Technology Innovation Center (Beijing) Co., Ltd. ("Beijing Innovation Center")	An associate of the Group
Shanghai Furui Technology Co., Ltd. ("Furui")	An associate of the Group
Shanghai IC Fund II	Directly holding more than 10% of the shares of a subsidiary of the Group
Key Management Personnel who have transactions with the Group	Directors and senior management personnel

TRADING TRANSACTIONS

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

		2025 USD'000	2024 USD'000
Sale of goods and services			
Brite and its subsidiaries	Sale of goods and services	**49,756**	74,247
NSI	Sale of goods	**28,145**	22,277
Beijing Innovation Center	Sale of goods and services	**25,773**	114,456
Datang[1]	Sale of goods and services	**16,579**	12,498
Furui	Sale of services	**105**	–
Purchase of goods and services			
Beijing Innovation Center	Purchase of services	**7,712**	7,131
Toppan	Purchase of goods	**4,844**	9,580
SGS and its subsidiaries	Purchase of goods and services	**1,190**	468
China Fortune-Tech	Purchase of services	**724**	487
Transfer of assets			
Sino IC Leasing and its subsidiaries	Purchase of equipment	**129,923**	–
SGS and its subsidiaries	Purchase of equipment	**37,571**	2,904
Group as a lessor			
Toppan	Rent income	**5,487**	5,437
China Fortune-Tech	Rent income	**809**	930
SGS and its subsidiaries	Rent income	**373**	591
Beijing Innovation Center	Rent income	**18**	79
NSI	Rent income	**–**	3
Group as a lessee			
Sino IC Leasing and its subsidiaries	Payment of lease liabilities	**16,782**	32,717

39. RELATED PARTY TRANSACTIONS *(continued)*

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

	Amounts due from related parties		Amounts due to related parties	
	2025 USD'000	2024 USD'000	**2025 USD'000**	2024 USD'000
Brite and its subsidiaries	**5,916**	6,769	**83**	347
SGS and its subsidiaries	**2,712**	8,385	**5,546**	2,113
Toppan	**1,080**	1,016	**183**	375
Beijing Innovation Center	**10,481**	15,960	**8,207**	10,530
China Fortune-Tech	**–**	15	**71**	71
Sino IC Leasing and its subsidiaries	**–**	–	**6,581**	24,403
Datang	**444**	13	**5,865**	1,196
NSI	**5,745**	4,924	**10,005**	1,933

CAPITAL CONTRIBUTION

The Group engaged with Shanghai IC Fund II [(1)] to jointly injected capital into a subsidiary of the Group, of which Shanghai IC Fund II contributed US$835.0 million during this year.

(1) The related party transactions above constituted non-exempt connected transactions and non-exempt continuing connected transactions as defined in Chapter 14A of the Hong Kong Listing Rules. The other party transactions did not constitute non-exempt connected transactions and non-exempt continuing connected transaction under Chapter 14A of the Hong Kong Listing Rules.

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

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

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 year are as follows:

	2025 USD'000	2024 USD'000
Salaries, bonus and benefits	**7,102**	5,633
State-managed pension	**38**	41
Equity-settled share-based payment expense	**1,989**	2,312
	9,129	7,986

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.

The numbers of senior management whose remuneration including salaries, bonus, benefits and state-managed pension fell within the following bands for the years ended December 31, 2025 are as follows:

	2025
Approximately US$576,001 to US$640,000	**1**
Approximately US$1,024,001 to US$1,088,000	**1**
Approximately US$1,216,001 to US$1,280,000	**1**
Approximately US$1,920,001 to US$1,984,000	**2**
	5

40. FINANCIAL INFORMATION OF THE COMPANY

STATEMENT OF FINANCIAL POSITION

	2025 USD'000	2024 USD'000
Assets		
Non-current assets		
Property, plant and equipment	**160**	4,623
Investments in subsidiaries	**12,302,958**	11,596,709
Investments in associates	**222,452**	221,383
Other assets	**6,215**	295,502
Total non-current assets	**12,531,785**	12,118,217
Current assets		
Prepayment and prepaid operating expenses	**936**	917
Trade and other receivables	**1,624**	24,371
Due from subsidiaries	**8,387,712**	8,748,799
Financial assets at fair value through profit or loss	**294,392**	–
Financial assets at amortised cost	**23**	37,589
Derivative financial instruments	**86,383**	51,568
Cash and cash equivalents	**657,187**	1,573,683
Total current assets	**9,428,257**	10,436,927
Total assets	**21,960,042**	22,555,144
Equity and liabilities		
Capital and reserves		
Ordinary shares	**32,002**	31,905
Share premium	**14,394,785**	14,266,359
Other reserves	**154,677**	142,470
Retained earnings	**6,858,206**	6,173,075
Total equity	**21,439,670**	20,613,809
Non-current liabilities		
Borrowings	**417,922**	413,137
Derivative financial instruments	**–**	37,576
Total non-current liabilities	**417,922**	450,713
Current liabilities		
Trade and other payables	**2,079**	45,195
Due to subsidiaries	**70,588**	401,866
Borrowings	**4,432**	336,536
Bonds payable	**–**	605,258
Accrued liabilities	**6,224**	3,902
Derivative financial instruments	**16,241**	97,865
Current tax liabilities	**2,886**	–
Total current liabilities	**102,450**	1,490,622
Total liabilities	**520,372**	1,941,335
Total equity and liabilities	**21,960,042**	22,555,144

40. FINANCIAL INFORMATION OF THE COMPANY *(continued)*

STATEMENT OF CHANGES IN EQUITY

	Ordinary shares USD'000	Share premium USD'000	Other reserves USD'000	Retained earnings USD'000	Total equity USD'000
As at January 1, 2024	31,786	14,117,072	286,917	5,680,327	20,116,102
Profit for the year	–	–	–	492,748	492,748
Other comprehensive income for the year	–	–	(101,044)	–	(101,044)
Total comprehensive income for the year	–	–	(101,044)	492,748	391,704
Issue of shares under share incentive plans	119	149,287	(97,209)	–	52,197
Share-based compensation	–	–	44,846	–	44,846
Share of other capital reserve of associates	–	–	17,481	–	17,481
Dilution of interests in subsidiaries	–	–	(8,521)	–	(8,521)
Subtotal	119	149,287	(43,403)	–	106,003
As at December 31, 2024 and January 1, 2025	**31,905**	**14,266,359**	**142,470**	**6,173,075**	**20,613,809**
Profit for the year	**–**	**–**	**–**	**685,131**	**685,131**
Other comprehensive income for the year	**–**	**–**	**160,319**	**–**	**160,319**
Total comprehensive income for the year	**–**	**–**	**160,319**	**685,131**	**845,450**
Issue of shares under share incentive plans	**97**	**128,426**	**(82,021)**	**–**	**46,502**
Share-based compensation	**–**	**–**	**25,772**	**–**	**25,772**
Share of other capital reserve of associates	**–**	**–**	**5,564**	**–**	**5,564**
Dilution of interests in subsidiaries	**–**	**–**	**(97,427)**	**–**	**(97,427)**
Subtotal	**97**	**128,426**	**(148,112)**	**–**	**(19,589)**
As at December 31, 2025	**32,002**	**14,394,785**	**154,677**	**6,858,206**	**21,439,670**

41. COMMITMENTS

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

	2025 USD'000	2024 USD'000
Commitments for building and facility construction	**353,747**	258,061
Commitments for acquisition of machinery and equipment	**10,701,400**	6,652,728
Commitments for acquisition of intangible assets	**23,494**	13,118
Commitments for capital contributions	**22,787**	121,307
	11,101,428	7,045,214

42. SUBSEQUENT EVENTS

There is no material subsequent event undertaken by the Group after December 31, 2025.

43. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors of the Company on March 26, 2026.

Semiconductor Manufacturing International Corporation

No.18 Zhangjiang Road, Pudong New Area, Shanghai 201203,
The People's Republic of China

Tel : + 86 (21) 3861 0000

Website : www.smics.com

Shanghai · Beijing · Tianjin · Shenzhen · Taiwan, China ·
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