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SEMICONDUCTOR MANUFACTURING INTERNATIONAL CORPORATION
中芯國際集成電路製造有限公司*
(Incorporated in the Cayman Islands with limited liability)
(STOCK CODE: 0981)

SMIC REPORTS UNAUDITED RESULTS FOR THE THREE MONTHS ENDED DECEMBER 31, 2019

- **Revenue was \$839.4 million in 4Q19, an increase of 2.8% QoQ from \$816.5 million in 3Q19, compared to \$787.6 million in 4Q18. Excluding the contribution from the Avezzano 200mm fab in 3Q19 and 4Q18, revenue in 4Q19 was increased by 4.6% QoQ from \$802.8 million in 3Q19 and 13.8% YoY from \$737.6 million in 4Q18.**
- **Gross profit was \$199.4 million in 4Q19, an increase of 17.4% QoQ from \$169.8 million in 3Q19 and 48.7% YoY from \$134.1 million in 4Q18.**
- **Gross margin was 23.8% in 4Q19, compared to 20.8% in 3Q19, 17.0% in 4Q18.**

Set out below is a copy of the full text of the press release by the Company and its subsidiaries (the "Group") on February 13, 2020, in relation to its unaudited results for the three months ended December 31, 2019.

All currency figures stated in this report are in US Dollars unless stated otherwise.

The consolidated financial information is prepared in accordance with International Financial Reporting Standards ("IFRS") and is presented in accordance with IFRS unless otherwise stated below.

Shanghai, China – February 13, 2020. Semiconductor Manufacturing International Corporation (SEHK: 981; OTCQX: SMICY) ("SMIC", the "Company" or "our"), one of the leading semiconductor foundries in the world, today announced its consolidated results of operations for the three months ended December 31, 2019.

2020 First Quarter Guidance

The following statements are forward looking statements based on current expectations and involved risks and uncertainties, some of which are set forth under “Forward-Looking Statements” below. The Company expects:

- Revenue to increase by 0% to 2% QoQ.
- Gross margin to range from 21% to 23%.
- Non-IFRS operating expenses, excluding the effect of employee bonus accrual, government funding, impairment loss of tangible and intangible assets, gain or loss on the disposal of machinery and equipment, and gain from the disposal of living quarters, to range from \$294 million to \$300 million.
- Non-controlling interests of our majority-owned subsidiaries to range from \$17 million net profit to \$19 million net profit.

Dr. Zhao Haijun and Dr. Liang Mong Song, SMIC’s Co-Chief Executive Officers commented, “Although there were many uncertain external factors in 2019, with the efforts and support of colleagues and customers, the company’s operations have gradually improved, and our annual goals have been achieved. Among them, revenue from our China region accounted for 65% of our total revenue in the fourth quarter of 2019, representing a sequential increase of 11% and a year-on-year increase of 21%. In addition, our first generation of FinFET, 14nm, entered mass production, contributing 1% of wafer revenue for the quarter.

In 2020, SMIC will resume a period of growth. At present, the first quarter revenue is better than seasonal. In response to customers’ market demand, a new round of capital expenditure plans will be deployed, and capacity will gradually expand. In terms of business strategy, we will continue to expand mature process offerings and maintain our leadership in certain segments. In particular, demand for CMOS image sensors, power management, etc. remains strong. We are solidifying our fundamental capabilities on advanced technology, diversifying our customer engagement, and transitioning technology development into income generation. We also expect our first generation of FinFET to steadily ramp up, and our second generation of FinFET to continue customer engagement.

As a fundamental part of the Chinese semiconductor industry, we focus on expanding and improving our product portfolio offerings, expanding our target markets, and serving our increasingly mature customers in seizing the growing market opportunities.”

Conference Call / Webcast Announcement

Date: February 14, 2020

Time: 8:30 a.m. Beijing time

Dial-in numbers:

Mainland China	+86 400-620-8038	(Pass code: SMIC)
Hong Kong, China	+852 3018-6771	(Pass code: SMIC)
Taiwan, China	+886 2-5572-3895	(Pass code: SMIC)
United States	+1 845-675-0437	(Pass code: SMIC)

The call will be webcast live with audio at:

http://www.smics.com/en/site/company_activity or <https://edge.media-server.com/mmc/p/ookahtor>.

An archived version of the webcast, along with an electronic copy of this news release will be available on the SMIC website for a period of 12 months following the webcast.

About SMIC

Semiconductor Manufacturing International Corporation ("SMIC"; SEHK: 981; OTCQX: SMICY), one of the leading foundries in the world, is Mainland China's most advanced and largest foundry, broadest in technology coverage, and most comprehensive in semiconductor manufacturing services. SMIC provides integrated circuit (IC) foundry and technology services on process nodes from 0.35 micron to 14 nanometer. Headquartered in Shanghai, China, SMIC has an international manufacturing and service base. In China, SMIC has a 300mm wafer fabrication facility (fab), a 200mm fab and a majority-owned joint-venture 300mm fab for advanced nodes (under construction) in Shanghai; a 300mm fab and a majority-owned 300mm fab for advanced nodes in Beijing; 200mm fabs in Tianjin and Shenzhen; and a majority-owned joint-venture 300mm bumping facility in Jiangyin. SMIC also has marketing and customer service offices in the U.S., Europe, Japan, and Taiwan China, and a representative office in Hong Kong China.

For more information, please visit www.smics.com.

Forward-Looking Statements

This press release contains, in addition to historical information, forward-looking statements. These forward-looking statements, including statements under "First Quarter 2020 Guidance", "Capex Summary" and the statements contained in the quotes of our Co-Chief Executive Officers are based on SMIC's current assumptions, expectations, beliefs, plans, objectives, and projections about future events or performance. SMIC uses words like "believe," "anticipate," "intend," "estimate," "expect," "project," "target," "going forward," "continue," "ought to," "may," "seek," "should," "plan," "could," "vision," "goals," "aim," "aspire," "objective," "schedules," "outlook" and similar expressions to identify forward looking statements, although not all forward-looking statements contain these words. These forward-looking statements are necessary estimates reflecting judgment of SMIC's senior management 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 cyclical and market conditions in the semiconductor industry, intense competition in the semiconductor industry, SMIC's reliance on a small number of customers, 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, industry overcapacity, shortages in equipment, components and raw materials, availability of manufacturing capacity, financial stability in end markets, orders or judgments from pending litigation, intensive intellectual property litigation in the semiconductor industry, general economic conditions and fluctuations in currency exchange rates.

In addition to the information contained in this press release, you should also consider the information contained in our other filings with The Hong Kong Stock Exchange Limited ("SEHK") from time to time. Other unknown or unpredictable factors also could have material adverse effects on our future results, performance or achievements. In light of these risks, uncertainties, assumptions and factors, the forward-looking events discussed in this press release may not occur. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date stated or, if no date is stated, as of the date of this press release. Except as required by applicable laws, SMIC undertakes no obligation and does not intend to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events after the date on which such statement is made or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or otherwise.

About Non-International Financial Reporting Standards ("non-IFRS") Financial Measures

To supplement SMIC's consolidated financial results presented in accordance with IFRS, SMIC uses in this press release non-IFRS measures of operating results that are adjusted to exclude finance cost, depreciation and amortization, income tax benefits and expenses, the effect of employee bonus accrual, government funding, impairment loss of tangible and intangible assets, gain or loss on the disposal of machinery and equipment and gain from the disposal of living quarters. This earnings release also includes first quarter 2020 guidance for non-IFRS operating expenses. The presentation of non-IFRS financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with IFRS. This earnings release includes EBITDA, EBITDA margin and non-IFRS operating expenses which consist of total operating expenses as adjusted to exclude the effect of employee bonus accrual, government funding, impairment loss of tangible and intangible assets, gain or loss on the disposal of machinery and equipment and gain from the disposal of living quarters. These non-IFRS financial measures are not calculated or presented in accordance with, and are not alternatives or substitutes for financial measures prepared in accordance with IFRS, and should be read only in conjunction with the Group's financial measures prepared in accordance with IFRS. The Group's non-IFRS financial measures may be different from similarly-titled non-IFRS financial measures used by other companies.

SMIC believes that use of these non-IFRS financial measures facilitates investors' and management's comparisons to SMIC's historical performance. The Group's management regularly uses these non-IFRS financial measures to understand, manage and evaluate the Group's business and make financial and operational decisions.

The accompanying table has more information and reconciliations of each non-IFRS financial measure to its most directly comparable IFRS financial measure. A reconciliation of non-IFRS guidance measures to corresponding IFRS measures is not available on a forward-looking basis because the effect of these adjustment items excluded for the purpose of non-IFRS operating expenses guidance are subject to some unpredictable conditions that cannot be estimated with reasonable certainty.

Summary of Fourth Quarter 2019 Operating Results

Amounts in US\$ thousands, except for EPS and operating data

	4Q19	3Q19	QoQ	4Q18	YoY
Revenue	839,439	816,452	2.8%	787,565	6.6%
Cost of sales	(640,023)	(646,637)	-1.0%	(653,440)	-2.1%
Gross profit	199,416	169,815	17.4%	134,125	48.7%
Operating expenses	(179,271)	(122,665)	46.1%	(175,055)	2.4%
Profit (loss) from operations	20,145	47,150	-57.3%	(40,930)	-
Other income, net	67,395	41,537	62.3%	43,473	55.0%
Profit before tax	87,540	88,687	-1.3%	2,543	3,342.4%
Income tax (expense) benefit	(11,866)	(4,061)	192.2%	8,332	-
Profit for the period	75,674	84,626	-10.6%	10,875	595.9%
Other comprehensive income (loss):					
Exchange differences on translating foreign operations	2,942	(20,032)	-	(7,601)	-
Cash flow hedges	6,573	(10,617)	-	461	1,325.8%
Actuarial gains and losses on defined benefit plans	-	-	-	(758)	-
Total comprehensive income for the period	85,189	53,977	57.8%	2,977	2,761.6%
Profit (loss) for the period attributable to:					
SMIC	88,735	115,135	-22.9%	26,520	234.6%
Non-controlling interests	(13,061)	(30,509)	-57.2%	(15,645)	-16.5%
Profit for the period	75,674	84,626	-10.6%	10,875	595.9%
Gross margin	23.8%	20.8%		17.0%	
Earnings per ordinary share ⁽¹⁾					
Basic	\$0.02	\$0.02		\$0.00	
Diluted	\$0.02	\$0.02		\$0.00	
Earnings per ADS ⁽²⁾					
Basic	\$0.08	\$0.11		\$0.02	
Diluted	\$0.08	\$0.10		\$0.02	
Wafers shipped (in 8" equivalent wafers)	1,339,400	1,315,443	1.8%	1,217,690	10.0%
Capacity utilization ⁽³⁾	98.8%	97.0%		89.9%	

Note:

(1) Based on weighted average ordinary shares of 5,055 million (basic) and 5,788 million (diluted) in 4Q19, 5,052 million (basic) and 5,784 million (diluted) in 3Q19, and 5,039 million (basic) and 5,058 million (diluted) in 4Q18.

(2) Each ADS represents 5 ordinary shares.

(3) Based on total equivalent wafers out divided by estimated total quarterly capacity.

- Revenue was \$839.4 million in 4Q19, an increase of 2.8% QoQ from \$816.5 million in 3Q19. Excluding the contribution from the Avezzano 200mm fab in 3Q19, revenue in 4Q19 increased by 4.6% QoQ from \$802.8 million in 3Q19. Revenue increased in 4Q19 mainly due to the increase of wafer shipment.
- Cost of sales was \$640.0 million in 4Q19, compared to \$646.6 million in 3Q19. Cost of sales decreased in 4Q19 mainly due to the product-mix change and the adjustment of production plan.
- Gross profit was \$199.4 million in 4Q19, an increase of 17.4% QoQ from \$169.8 million in 3Q19. Gross profit increased in 4Q19 due to the total impact of the increase of capacity utilization, the product-mix change and the adjustment of production plan.
- Gross margin was 23.8% in 4Q19, compared to 20.8% in 3Q19.
- Operating expenses were \$179.3 million in 4Q19, an increase of 46.1% QoQ from \$122.7 million in 3Q19, mainly due to the reasons stated in Operating Expenses (Income) Analysis below.
- Other income (expense), net was \$67.4 million gain in 4Q19, as compared to \$41.5 million gain in 3Q19. The change was mainly due to the reasons stated in Other Income (Expense), Net below.
- Exchange differences on translating foreign operations were \$2.9 million gain in 4Q19 and \$20.0 million losses in 3Q19. The change was mainly due to the translation difference from the subsidiaries and associates using RMB as the functional currency caused by the appreciation of RMB against USD in 4Q19.
- Non-controlling interests were \$13.1 million losses in 4Q19, as compared to \$30.5 million losses in 3Q19, mainly due to the decreased loss in some majority-owned subsidiaries in 4Q19.

Analysis of Revenue

Revenue Analysis			
By Application	4Q19	3Q19	4Q18
Computer	5.5%	5.6%	6.4%
Communications	44.4%	46.1%	44.7%
Consumer	38.1%	34.9%	32.1%
Auto/Industrial	3.1%	4.8%	8.0%
Others	8.9%	8.6%	8.8%
By Service Type	4Q19	3Q19	4Q18
Wafers	91.6%	92.5%	93.2%
Mask making, testing, others	8.4%	7.5%	6.8%
By Geography	4Q19	3Q19	4Q18
United States ⁽¹⁾	22.2%	24.7%	31.7%
Mainland China and Hong Kong	65.1%	60.5%	57.5%
Eurasia ⁽²⁾	12.7%	14.8%	10.8%
Wafer Revenue Analysis			
By Technology	4Q19	3Q19	4Q18
14 nm	1.0%	-	-
28 nm	5.0%	4.3%	5.4%
40/45 nm	16.2%	18.5%	20.3%
55/65 nm	31.0%	29.3%	23.0%
90 nm	1.5%	1.3%	1.7%
0.11/0.13 μm	6.2%	6.6%	7.3%
0.15/0.18 μm	35.0%	35.8%	38.7%
0.25/0.35 μm	4.1%	4.2%	3.6%

Note:

(1) Presenting the revenue to those companies whose headquarters are in the United States, but ultimately selling and shipping the products to their global customers.

(2) Excluding Mainland China and Hong Kong.

Capacity*

Fab	4Q19	3Q19
Shanghai 200mm fab	115,000	112,000
Shanghai 300mm fab	4,500	18,000
Beijing 300mm fab	117,000	112,500
Tianjin 200mm fab	58,000	58,000
Shenzhen 200mm fab	55,000	52,000
Shenzhen 300mm fab	-	6,750
Majority-owned Beijing 300mm fab	92,250	84,600
Majority-owned Shanghai 300mm fab	6,750	-
Total monthly wafer fabrication capacity	448,500	443,850

Note:

* Wafers per month at the end of the period in 8" equivalent wafers, calculated on a 30-day basis for comparison purposes.

- Monthly capacity was 448,500 8-inch equivalent wafers in 4Q19 from 443,850 8-inch equivalent wafers in 3Q19, primarily due to the net impact of the new capacity of majority-owned Shanghai 300mm fab and the adjustment of production plan in 4Q19.

Shipment and Utilization

8" equivalent wafers	4Q19	3Q19	QoQ	4Q18	YoY
Wafer shipments	1,339,400	1,315,443	1.8%	1,217,690	10.0%
Utilization rate ⁽¹⁾	98.8%	97.0%	-	89.9%	-

Note:

(1) Based on total equivalent wafers out divided by estimated total quarterly capacity.

Detailed Financial Analysis

Gross Profit

Amounts in US\$ thousands	4Q19	3Q19	QoQ	4Q18	YoY
Cost of sales	640,023	646,637	-1.0%	653,440	-2.1%
Depreciation and amortization	198,536	201,476	-1.5%	216,588	-8.3%
Other manufacturing costs	441,020	444,692	-0.8%	436,152	1.1%
Share-based compensation	467	469	-0.4%	700	-33.3%
Gross profit	199,416	169,815	17.4%	134,125	48.7%
Gross margin	23.8%	20.8%	-	17.0%	-

- Depreciation and amortization in the cost of sales was \$198.5 million in 4Q19, compared to \$201.5 million in 3Q19, mainly due to the product-mix change and the adjustment of production plan in 4Q19.

Operating Expenses (Income)

<i>Amounts in US\$ thousands</i>	4Q19	3Q19	QoQ	4Q18	YoY
Operating expenses	179,271	122,665	46.1%	175,055	2.4%
Research and development	169,871	185,019	-8.2%	185,079	-8.2%
General and administrative	77,157	70,041	10.2%	50,003	54.3%
Selling and marketing	5,273	5,900	-10.6%	7,701	-31.5%
Net impairment losses (reversal) recognized on financial assets	(2,381)	1,752	-	(90)	2,545.6%
Other operating income	(70,649)	(140,047)	-49.6%	(67,638)	4.5%

- Research and development expenses decreased to \$169.9 million in 4Q19, compared to \$185.0 million in 3Q19. The change was mainly due to less R&D activities in 4Q19.
- The change in other operating income was mainly due to 1) the gain on disposal of subsidiaries amounting to \$81.4 million in 3Q19 and no gain on disposal of subsidiaries occurred in 4Q19 and 2) government funding of \$71.8 million in 4Q19, compared to \$58.3 million in 3Q19.

Other Income (Expense), Net

<i>Amounts in US\$ thousands</i>	4Q19	3Q19	QoQ	4Q18	YoY
Other income, net	67,395	41,537	62.3%	43,473	55.0%
Interest income	35,867	36,810	-2.6%	20,155	78.0%
Finance costs	(16,808)	(15,187)	10.7%	(8,320)	102.0%
Foreign exchange gains (losses)	4,118	(248)	-	(5,545)	-
Other gains, net	32,075	594	5,299.8%	15,802	103.0%
Share of gain of investment accounted for using equity method	12,143	19,568	-37.9%	21,381	-43.2%

- Foreign exchange losses were mainly due to the net impact of cash flow hedging and the appreciation of RMB against USD in 4Q19. Foreign monetary assets mainly consist of cash and cash equivalent and trade and other receivables in RMB. Foreign monetary liabilities mainly consist of borrowings, medium-term notes, short-term notes and trade and other payables in RMB.
- The increase in other gains, net in 4Q19 was mainly caused by the fair value change of the investments in equity securities recognized as financial assets at fair value through profit or loss.
- The change in share of gain of investment accounted for using equity method was due to the less gain on the investments in associates and joint ventures in 4Q19. Certain associates and joint ventures of the Group are investment funds with a number of portfolio investments, fair value change of which resulted in the change in share of gain of investment accounted for using equity method in 4Q19.

Depreciation and Amortization

Amounts in US\$ thousands	4Q19	3Q19	QoQ	4Q18	YoY
Depreciation and amortization	285,997	279,622	2.3%	253,290	12.9%

Liquidity

Amounts in US\$ thousands	4Q19	3Q19
Inventories	628,885	645,821
Prepayment and prepaid operating expenses	34,256	42,869
Trade and other receivables	836,143	1,498,375
Financial assets at fair value through profit or loss	42,985	37,850
Financial assets at amortized cost	2,276,370	2,612,702
Derivative financial instruments	-	28,154
Restricted cash	804,547	833,502
Cash and cash equivalent	2,238,840	1,182,479
Assets classified as held-for-sale	11,815	14,229
Total current assets	6,873,841	6,895,981
Trade and other payables	1,034,079	925,155
Contract liabilities	92,333	86,269
Borrowings	562,833	338,479
Lease liabilities	80,651	72,277
Bonds payable	-	500,000
Convertible bonds	630,428	-
Short-term notes	286,512	494,833
Deferred government funding	329,545	330,839
Accrued liabilities	151,178	147,455
Derivative financial instruments	4,782	2,296
Other financial liabilities	11,747	11,593
Current tax liabilities	3,210	3,916
Other liabilities	17,901	17,461
Total current liabilities	3,205,199	2,930,573
Cash ratio ⁽¹⁾	0.7x	0.4x
Quick ratio ⁽²⁾	1.9x	2.1x
Current ratio ⁽³⁾	2.1x	2.4x

Note:

(1) Cash and cash equivalent divided by total current liabilities.

(2) Current assets excluding inventories divided by total current liabilities.

(3) Total current assets divided by total current liabilities.

Capital Structure

Amounts in US\$ thousands	4Q19	3Q19
Cash and cash equivalent	2,238,840	1,182,479
Financial assets at fair value through profit or loss - current ⁽¹⁾	42,985	37,850
Financial assets at amortized cost ⁽²⁾	2,276,370	2,612,702
Total current financial assets, cash and cash equivalent	4,558,195	3,833,031
Short-term borrowings	562,833	338,479
Long-term borrowings	2,003,836	2,179,017
Lease liabilities	247,732	215,246
Short-term notes	286,512	494,833
Medium-term notes	214,193	211,314
Convertible bonds	630,428	430,399
Corporate bonds	-	500,000
Total debt	3,945,534	4,369,288
Net debt⁽³⁾	(612,661)	536,257
Equity	10,197,862	9,643,923
Total debt to equity ratio ⁽⁴⁾	38.7%	45.3%
Net debt to equity ratio ⁽⁵⁾	-6.0%	5.6%

Note:

(1) Mainly contain financial products sold by bank.

(2) Mainly contain bank deposits over 3 months.

(3) Total debt minus total current financial assets, cash and cash equivalent.

(4) Total debt divided by equity.

(5) Net debt divided by equity.

Cash Flow

Amounts in US\$ thousands	4Q19	3Q19
Net cash from operating activities	345,037	317,765
Net cash from (used in) investing activities	235,898	(367,320)
Net cash from (used in) financing activities	462,110	(264,235)
Effect of exchange rate changes	13,316	(28,362)
Cash and cash equivalent of disposal group held-for-sale	-	6,053
Net change in cash and cash equivalent	1,056,361	(336,099)

Capex Summary

- Capital expenditures were \$491.9 million in 4Q19, compared to \$189.7 million in 3Q19.
- The 2019 capital expenditures for foundry operations were \$2.0 billion, of which \$1.2 billion and \$0.2 billion were spent for the expansion of capacity in our majority-owned Shanghai 300mm fab and the majority-owned Beijing 300mm fab, respectively. The 2019 capital expenditures for non-foundry operations were \$121.8 million primarily for the construction of employees' living quarters.
- The planned 2020 capital expenditures for foundry operations are approximately \$3.1 billion, of which \$2.0 billion and \$0.5 billion are expected to be spent on the equipment and facility in the majority-owned Shanghai 300mm fab and the majority-owned Beijing 300mm fab, respectively. The planned 2020 capital expenditures for non-foundry operations are approximately \$59.9 million, mainly for the construction of employee's living quarters.

Recent Highlights and Announcements

- Voluntary Announcement Donation of RMB10 Million to Support the Frontline to Fight the Novel Coronavirus Epidemic (2020-2-7)
- Discloseable Transactions Purchases Made Pursuant to the Commercial Terms Agreement and Purchase Orders (2020-1-24)
- Notice of Extraordinary General Meeting (2020-1-20)
- Closure of Register of Members (2020-1-20)
- Notification Letter for Registered Shareholders (2020-1-20)
- Notification Letter and Request Form for Non-registered Shareholders (2020-1-20)
- Form of Proxy for use at the Extraordinary General Meeting to be Held on 13 February 2020 (2020-1-20)
- Circular - (1) Continuing Connected Transactions in relation to SMSC Framework Agreement and (2) Revision of the Existing Annual Caps for Continuing Connected Transactions in relation to SMNC Framework Agreement and (3) Connected Transactions in relation to Proposed Grant of Restricted Share Units to a Non-Executive Director and Two Independent Non-Executive Directors and (4) Notice of Extraordinary General Meeting (2020-1-20)
- Notification of Board Meeting (2020-1-10)
- Continuing Connected Transactions in relation to SJ Cayman Framework Agreement (2019-12-27)
- Connected Transaction Capital Contribution in Semiconductor Technology Innovation Center (Beijing) Co., Ltd (2019-12-23)
- Completion of the Issue of US\$200 Million Zero Coupon Convertible Bonds Due 2022 to be Consolidated and Form a Single Series with the Existing US\$450 Million Zero Coupon Convertible Bonds Due 2022 (2019-12-10)
- Continuing Connected Transactions in relation to SMSC Framework Agreement (2019-12-6)
- Revision of the Existing Annual Cap for Continuing Connected Transactions in relation to SMNC Framework Agreement (2019-12-6)
- Compensation Committee Charter (2019-12-2)
- Grant of Options (2019-11-26)
- Proposed Issue of US\$200 Million Zero Coupon Convertible Bonds Due 2022 to be Consolidated and Form a Single Series with the Existing US\$450 Million Zero Coupon Convertible Bonds Due 2022 (2) Pre-Emptive Right of Datang (3) Pre-Emptive Right of China IC Fund (2019-11-19)
- SMIC Reports Unaudited Results for the Three Months ended September 30, 2019 (2019-11-12)
- Notification of Board Meeting (2019-10-10)

Please visit SMIC's website at <http://www.smics.com/en/site/news> and http://www.smics.com/en/site/comapny_statutoryDocuments for further details regarding the recent announcements.

Semiconductor Manufacturing International Corporation
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(In US\$ thousands except share data)

	For the three months ended	
	December 31, 2019 (Unaudited)	September 30, 2019 (Unaudited)
Revenue	839,439	816,452
Cost of sales	(640,023)	(646,637)
Gross profit	<u>199,416</u>	<u>169,815</u>
Research and development expenses	(169,871)	(185,019)
General and administration expenses	(77,157)	(70,041)
Sales and marketing expenses	(5,273)	(5,900)
Net impairment losses reversal (recognized) on financial assets	2,381	(1,752)
Other operating income, net	70,649	140,047
Operating expenses	<u>(179,271)</u>	<u>(122,665)</u>
Profit from operations	20,145	47,150
Other income, net	67,395	41,537
Profit before tax	<u>87,540</u>	<u>88,687</u>
Income tax expense	<u>(11,866)</u>	<u>(4,061)</u>
Profit for the period	<u>75,674</u>	<u>84,626</u>
Other comprehensive income (loss):		
<i>Item that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translating foreign operations	2,942	(20,032)
Cash flow hedges	6,573	(10,617)
Total comprehensive income for the period	<u>85,189</u>	<u>53,977</u>
Profit (loss) for the period attributable to:		
Owners of the Company	88,735	115,135
Non-controlling interests	<u>(13,061)</u>	<u>(30,509)</u>
	<u>75,674</u>	<u>84,626</u>
Total comprehensive income (loss) for the period attributable to:		
Owners of the Company	98,250	84,650
Non-controlling interests	<u>(13,061)</u>	<u>(30,673)</u>
	<u>85,189</u>	<u>53,977</u>
Earnings per ordinary share		
Basic	\$0.02	\$0.02
Diluted	\$0.02	\$0.02
Earnings per ADS		
Basic	\$0.08	\$0.11
Diluted	\$0.08	\$0.10
Shares used in calculating basic earnings per share	5,054,740,322	5,052,100,294
Shares used in calculating diluted earnings per share	<u>5,788,398,121</u>	<u>5,783,614,489</u>
Reconciliations of Non-IFRS Financial Measures to Comparable IFRS Measures		
Non-IFRS operating expenses ⁽¹⁾	<u>(248,129)</u>	<u>(256,587)</u>
EBITDA ⁽²⁾	<u>390,345</u>	<u>383,496</u>
EBITDA margin ⁽²⁾	<u>46.5%</u>	<u>47.0%</u>

Semiconductor Manufacturing International Corporation
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(In US\$ thousands except share data)

Note:

(1) Non-IFRS operating expenses are defined as operating expenses adjusted to exclude the effect of employee bonus accrual, government funding, gain on the disposal of subsidiaries, gain or loss on the disposal of machinery and equipment and gain from the disposal of living quarters. SMIC reviews non-IFRS operating expenses together with operating expenses to understand, manage and evaluate its business and make financial and operational decisions. The Group also believes it is useful supplemental information for investors and analysts to assess its operating performance. However, the use of non-IFRS financial measures has material limitations as an analytical tool. One of the limitations of using non-IFRS financial measures is that they do not include all items that impact our net profit for the period. In addition, because non-IFRS financial measures are not calculated in the same manner by all companies, they may not be comparable to other similarly titled measures used by other companies. In light of the foregoing limitations, you should not consider the non-IFRS operating expenses in isolation from or as an alternative to operating expenses prepared in accordance with IFRS.

The following table sets forth the reconciliation of the non-IFRS operating expenses to its most directly comparable financial measure presented in accordance with IFRS, for the periods indicated.

	For the three months ended		
	December 31, 2019 (Unaudited)	September 30, 2019 (Unaudited)	December 31, 2018 (Unaudited)
Operating expenses	(179,271)	(122,665)	(175,055)
Employee bonus accrued	1,789	6,125	720
Government funding	(71,839)	(58,309)	(57,469)
Impairment loss of tangible and intangible assets	2,948	-	8,789
Gain on the disposal of subsidiaries	-	(81,377)	-
(Gain) loss on the disposal of machinery and equipment	(1,516)	242	(19,150)
Gain on the disposal of living quarters	(240)	(603)	(747)
Non-IFRS operating expenses	(248,129)	(256,587)	(242,912)

Semiconductor Manufacturing International Corporation
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(In US\$ thousands except share data)

- (2) EBITDA is defined as profit for the period excluding the impact of the finance cost, depreciation and amortization, and income tax benefit and expense. EBITDA margin is defined as EBITDA divided by revenue. SMIC uses EBITDA margin as a measure of operating performance; for planning purposes, including the preparation of the Group's annual operating budget; to allocate resources to enhance the financial performance of the Group's business; to evaluate the effectiveness of the Group's business strategies; and in communications with SMIC's board of directors concerning the Group's financial performance. Although EBITDA is widely used by investors to measure a company's operating performance without regard to items, such as net finance cost, income tax benefit and expense and depreciation and amortization that can vary substantially from company to company depending upon their respective financing structures and accounting policies, the book values of their assets, their capital structures and the methods by which their assets were acquired, EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of the Group's results of operations as reported under IFRS. Some of these limitations are: it does not reflect the Group's capital expenditures or future requirements for capital expenditures or other contractual commitments; it does not reflect changes in, or cash requirements for, the Group's working capital needs; it does not reflect finance cost; it does not reflect cash requirements for income taxes; that, although depreciation and amortization are non-cash charges, the assets being depreciated or amortized will often have to be replaced in the future, and these measures do not reflect any cash requirements for these replacements; and that other companies in SMIC's industry may calculate these measures differently than SMIC does, limiting their usefulness as comparative measures.

The following table sets forth the reconciliation of EBITDA and EBITDA margin to their most directly comparable financial measures presented in accordance with IFRS, for the periods indicated.

	For the three months ended		
	December 31, 2019 (Unaudited)	September 30, 2019 (Unaudited)	December 31, 2018 (Unaudited)
Profit for the period	75,674	84,626	10,875
Finance costs	16,808	15,187	8,320
Depreciation and amortization	285,997	279,622	253,290
Income tax expense	11,866	4,061	(8,332)
EBITDA	390,345	383,496	264,153
Profit margin	9.0%	10.4%	1.4%
EBITDA margin	46.5%	47.0%	33.5%

Semiconductor Manufacturing International Corporation
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(In US\$ thousands)

	As of	
	December 31, 2019 (Unaudited)	September 30, 2019 (Unaudited)
ASSETS		
<i>Non-current assets</i>		
Property, plant and equipment	7,757,247	7,531,408
Right-of-use assets	238,603	206,441
Land use right	138,264	138,176
Intangible assets	96,943	101,827
Investments in associates	1,139,317	1,124,819
Investments in joint ventures	27,117	31,918
Deferred tax assets	62,975	46,647
Financial assets at fair value through profit or loss	90,067	54,096
Derivative financial instruments	1,872	1,253
Other assets	11,574	21,809
Total non-current assets	<u>9,563,979</u>	<u>9,258,394</u>
<i>Current assets</i>		
Inventories	628,885	645,821
Prepayment and prepaid operating expenses	34,256	42,869
Trade and other receivables	836,143	1,498,375
Financial assets at fair value through profit or loss	42,985	37,850
Financial assets at amortized cost	2,276,370	2,612,702
Derivative financial instruments	-	28,154
Restricted cash	804,547	833,502
Cash and cash equivalent	2,238,840	1,182,479
	<u>6,862,026</u>	<u>6,881,752</u>
Assets classified as held-for-sale	11,815	14,229
Total current assets	<u>6,873,841</u>	<u>6,895,981</u>
TOTAL ASSETS	<u>16,437,820</u>	<u>16,154,375</u>

Semiconductor Manufacturing International Corporation
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(In US\$ thousands)

	As of	
	December 31, 2019 (Unaudited)	September 30, 2019 (Unaudited)
EQUITY AND LIABILITIES		
<i>Capital and reserves</i>		
Ordinary shares		
\$0.004 par value, 10,000,000,000 shares authorized, 5,056,868,912 and 5,053,576,956 shares outstanding at December 31, 2019 and September 30, 2019, respectively	20,227	20,214
Share premium	5,011,915	5,007,817
Reserves	86,749	50,628
Retained earnings	550,506	467,420
Equity attributable to owners of the Company	5,669,397	5,546,079
Perpetual subordinated convertible securities	563,848	563,848
Non-controlling interests	3,964,617	3,533,996
Total equity	10,197,862	9,643,923
<i>Non-current liabilities</i>		
Borrowings	2,003,836	2,179,017
Lease liabilities	167,081	142,969
Convertible bonds	-	430,399
Medium-term notes	214,193	211,314
Deferred tax liabilities	34,360	8,649
Deferred government funding	535,266	500,614
Derivative financial instruments	58,243	84,050
Other liabilities	21,780	22,867
Total non-current liabilities	3,034,759	3,579,879
<i>Current liabilities</i>		
Trade and other payables	1,034,079	925,155
Contract liabilities	92,333	86,269
Borrowings	562,833	338,479
Lease liabilities	80,651	72,277
Bonds payable	-	500,000
Convertible bonds	630,428	-
Short-term notes	286,512	494,833
Deferred government funding	329,545	330,839
Accrued liabilities	151,178	147,455
Derivative financial instruments	4,782	2,296
Other financial liabilities	11,747	11,593
Current tax liabilities	3,210	3,916
Other liabilities	17,901	17,461
Total current liabilities	3,205,199	2,930,573
Total liabilities	6,239,958	6,510,452
TOTAL EQUITY AND LIABILITIES	16,437,820	16,154,375

Semiconductor Manufacturing International Corporation
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(In US\$ thousands)

	For the three months ended	
	December 31, 2019 (Unaudited)	September 30, 2019 (Unaudited)
Cash flow from operating activities:		
Profit for the period	75,674	84,626
Depreciation and amortization	285,997	279,622
Share of gain of investment accounted for using equity method	(12,142)	(19,568)
Changes in working capital and others	(4,492)	(26,915)
Net cash from operating activities	345,037	317,765
Cash flow from investing activities:		
Payments to acquire financial assets at fair value through profit or loss	(50,076)	(19,528)
Proceeds from sale of financial assets at fair value through profit or loss	20,772	6,192
Payments to acquire financial assets at amortized cost	(979,849)	(708,177)
Proceeds from maturity of financial assets at amortized cost	1,350,248	593,379
Payments for property, plant and equipment	(328,885)	(387,652)
Net proceeds after netting off land appreciation tax from disposal of property, plant and equipment and assets classified as held-for-sale	5,450	609
Payments for intangible assets	(5,305)	(630)
Payments for deposit to acquire land use right	(1,287)	-
Net cash outflow for deconsolidation of subsidiaries	-	(3,065)
Proceeds from disposal of subsidiaries	76,716	86,049
Proceeds from release of restricted cash relating to investing activities	148,700	76,306
Payments to acquire non-controlling interests	(586)	(11,564)
Distributions received from joint ventures and associates	-	761
Net cash used in investing activities	235,898	(367,320)
Cash flow from financing activities:		
Proceeds from borrowings	100,000	437,793
Repayment of borrowings	(73,836)	(470,318)
Principal elements of lease payments	(24,635)	(24,200)
Repayment of bonds	-	(500,000)
Proceeds from issuance of convertible bonds	229,680	-
Proceeds from issuance of short-term notes	212,074	290,958
Repayment of short-term notes	(426,485)	-
Proceeds from exercise of employee stock options	2,795	1,532
Proceeds from non-controlling interests – capital contribution	448,167	-
Distribution paid to perpetual subordinated convertible securities holders	(5,650)	-
Net cash from financing activities	462,110	(264,235)
Effects of exchange rate changes on the balance of cash held in foreign currencies	13,316	(28,362)
Cash and cash equivalent of disposal group held-for-sale	-	6,053
Net increase (decrease) in cash and cash equivalent	1,056,361	(336,099)
Cash and cash equivalent, beginning of period	1,182,479	1,518,578
Cash and cash equivalent, end of period	2,238,840	1,182,479

By order of the Board
Semiconductor Manufacturing International Corporation
Dr. Gao Yonggang
Executive Director, Chief Financial Officer and Joint Company Secretary

Shanghai, February 13, 2020

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

Executive Directors

ZHOU Zixue (Chairman)
ZHAO Haijun (Co-Chief Executive Officer)
LIANG Mong Song (Co-Chief Executive Officer)
GAO Yonggang (Chief Financial Officer and Joint Company Secretary)

Non-executive Directors

CHEN Shanzhi
ZHOU Jie
REN Kai
LU Jun
TONG Guohua

Independent Non-executive Directors

William Tudor BROWN
CONG Jingsheng Jason
LAU Lawrence Juen-Yee
FAN Ren Da Anthony
YOUNG Kwang Leei

* For identification purposes only