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SEMICONDUCTOR MANUFACTURING INTERNATIONAL CORPORATION
中芯國際集成電路製造有限公司*
(Incorporated in the Cayman Islands with limited liability)
(STOCK CODE: 00981)

SMIC REPORTS UNAUDITED RESULTS FOR THE THREE MONTHS ENDED JUNE 30, 2020

- Revenue was a record high of \$938.5 million in 2Q20, an increase of 3.7% QoQ from \$904.9 million in 1Q20, and 18.7% YoY from \$790.9 million in 2Q19.
- Gross profit was \$248.6 million in 2Q20, an increase of 6.4% QoQ from \$233.6 million in 1Q20 and 64.5% YoY from \$151.2 million in 2Q19.
- Gross margin was 26.5% in 2Q20, compared to 25.8% in 1Q20 and 19.1% in 2Q19.

Set out below is a copy of the full text of the release by the Company and its subsidiaries (the "Group") on August 6, 2020, in relation to its unaudited results for the three months ended June 30, 2020.

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 – August 6, 2020. Semiconductor Manufacturing International Corporation (SSE STAR MARKET: 688981; SEHK: 00981; 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 June 30, 2020.

* For identification purposes only

Third Quarter 2020 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 1% to 3% QoQ.
- Gross margin to range from 19% to 21%.
- Non-IFRS operating expenses to range from \$220 million to \$235 million.
- Losses to be borne by non-controlling interests of our majority-owned subsidiaries to range from \$0 to \$10 million.

Dr. Zhao Haijun and Dr. Liang Mong Song, SMIC’s Co-Chief Executive Officers commented, “Although the macro environment remains uncertain, IC demand continues to be strong. Our second quarter revenue reached another record high of \$938 million, an increase of 4% quarter-over-quarter and a 19% year-over-year increase; profit for the period attributable to SMIC also reached another historical high of \$138 million.

In the second quarter, demand for our mature node technology platforms was strong, reflected in substantial growth in our consumer sector revenue, and our advanced technology business is progressing steadily. We maintain a high utilization, our expansion plan will release gradually, and our third quarter revenue is guided to grow to another all-time high.

SMIC is committed to innovation and development, capturing domestic and international opportunities, providing quality products and services to an increasing number of customers locally and globally, and driving the company’s continued growth.”

Conference Call / Webcast Announcement

Date: August 7, 2020

Time: 8:30 a.m. Beijing time

Dial-in:

Teleconference call services are affected by the COVID-19, operator assisted conference calls are not available at the moment. You must preregister online in order to receive the dial-in numbers.

Online registration:

You may register for the conference call at:

<http://apac.directeventreg.com/registration/event/1289672>

Once preregistration has been complete, you will receive dial-in numbers, the passcode, and a unique registrant ID. To join the conference, dial the number you receive in the email, enter the passcode followed by your registrant ID, and you will join the conference instantly.

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/4majijjt>

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", SSE STAR MARKET: 688981; SEHK: 00981; OTCQX: SMICY) and its subsidiaries collectively constitute 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 Group provides integrated circuit (IC) foundry and technology services on process nodes from 0.35 micron to 14 nanometer. Headquartered in Shanghai, China, SMIC Group 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 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 Group 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 release contains, in addition to historical information, forward-looking statements. These forward-looking statements, including statements under "Quarterly 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 cyclicity 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 release, you should also consider the information contained in our other filings with Hong Kong Stock Exchange Limited ("SEHK") and Shanghai Stock Exchange ("SSE") 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 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 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 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 second 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 Second Quarter 2020 Operating Results

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

| | 2Q20 | 1Q20 | QoQ | 2Q19 | YoY |
|--|----------------|---------------|---------------|-----------------|----------|
| Revenue | 938,463 | 904,912 | 3.7% | 790,882 | 18.7% |
| Cost of sales | (689,874) | (671,327) | 2.8% | (639,724) | 7.8% |
| Gross profit | 248,589 | 233,585 | 6.4% | 151,158 | 64.5% |
| Operating expenses | (183,923) | (186,244) | -1.2% | (193,988) | -5.2% |
| Profit from operations | 64,666 | 47,341 | 36.6% | (42,830) | - |
| Other income, net | 76,999 | 18,317 | 320.4% | 18,379 | 319.0% |
| Profit before tax | 141,665 | 65,658 | 115.8% | (24,451) | - |
| Income tax expense | (16,029) | (14,340) | 11.8% | (1,366) | 1,073.4% |
| Profit for the period | 125,636 | 51,318 | 144.8% | (25,817) | - |
| Other comprehensive income (loss): | | | | | |
| Exchange differences on translating foreign operations | (4,941) | 1,919 | - | (10,057) | -50.9% |
| Cash flow hedges | (14,577) | (13,858) | 5.2% | (9,908) | 47.1% |
| Actuarial gains and losses on defined benefit plans | - | - | - | (775) | - |
| Total comprehensive income for the period | 106,118 | 39,379 | 169.5% | (46,557) | - |
| Profit (loss) for the period attributable to: | | | | | |
| Owners of the Company | 137,969 | 64,164 | 115.0% | 18,539 | 644.2% |
| Non-controlling interests | (12,333) | (12,846) | -4.0% | (44,356) | -72.2% |
| Profit for the period | 125,636 | 51,318 | 144.8% | (25,817) | - |
| Gross margin | 26.5% | 25.8% | | 19.1% | |
| Earnings per ordinary share ⁽¹⁾ | | | | | |
| Basic | \$0.03 | \$0.01 | | \$0.00 | |
| Diluted | \$0.02 | \$0.01 | | \$0.00 | |
| Earnings per ADS ⁽²⁾ | | | | | |
| Basic | \$0.13 | \$0.06 | | \$0.02 | |
| Diluted | \$0.12 | \$0.06 | | \$0.02 | |
| Wafers shipped (in 8" equivalent wafers) | 1,435,591 | 1,406,714 | 2.1% | 1,284,451 | 11.8% |
| Capacity utilization ⁽³⁾ | 98.6% | 98.5% | | 91.1% | |

Note:

(1) Based on weighted average ordinary shares of 5,337 million (basic) and 6,006 million (diluted) in 2Q20, 5,095 million (basic) and 5,968 million (diluted) in 1Q20, and 5,050 million (basic) and 5,064 million (diluted) in 2Q19.

(2) Each ADS represents 5 ordinary shares.

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

- Revenue was \$938.5 million in 2Q20, an increase of 3.7% QoQ from \$904.9 million in 1Q20. Revenue increased in 2Q20 mainly due to the increase of wafer shipment in 2Q20.
- Cost of sales was \$689.9 million in 2Q20, compared to \$671.3 million in 1Q20. Cost of sales increased in 2Q20 mainly due to the increase in wafer shipment in 2Q20.
- Gross profit was \$248.6 million in 2Q20, an increase of 6.4% QoQ from \$233.6 million in 1Q20. Gross profit increased in 2Q20 due to the increase in wafer shipment and the product-mix change in 2Q20.
- Gross margin was 26.5% in 2Q20, compared to 25.8% in 1Q20.
- Operating expenses were \$183.9 million in 2Q20, a decrease of 1.2% QoQ from \$186.2 million in 1Q20, mainly due to the reasons stated in Operating Expenses (Income) below.
- Other income, net was \$77.0 million gain in 2Q20, as compared to \$18.3 million gain in 1Q20. The change was mainly due to the reasons stated in Other Income (Expense), Net below.

Analysis of Revenue

| Revenue Analysis | | | |
|-------------------------------|-------------|-------------|-------------|
| By Application | 2Q20 | 1Q20 | 2Q19 |
| Computer | 5.9% | 5.1% | 4.6% |
| Communications | 46.9% | 48.9% | 48.9% |
| Consumer | 36.9% | 35.4% | 31.1% |
| Auto/Industrial | 4.3% | 2.9% | 6.7% |
| Others | 6.0% | 7.7% | 8.7% |
| By Service Type | 2Q20 | 1Q20 | 2Q19 |
| Wafers | 90.9% | 91.1% | 93.9% |
| Mask making, testing, others | 9.1% | 8.9% | 6.1% |
| By Geography | 2Q20 | 1Q20 | 2Q19 |
| United States ⁽¹⁾ | 21.6% | 25.5% | 27.5% |
| Mainland China and Hong Kong | 66.1% | 61.6% | 56.9% |
| Eurasia ⁽²⁾ | 12.3% | 12.9% | 15.6% |
| Wafer Revenue Analysis | | | |
| By Technology | 2Q20 | 1Q20 | 2Q19 |
| 14/28 nm | 9.1% | 7.8% | 3.8% |
| 40/45 nm | 15.4% | 14.9% | 19.2% |
| 55/65 nm | 30.0% | 32.6% | 26.2% |
| 90 nm | 2.8% | 1.6% | 1.7% |
| 0.11/0.13 μm | 5.4% | 5.4% | 6.5% |
| 0.15/0.18 μm | 33.0% | 33.4% | 38.6% |
| 0.25/0.35 μm | 4.3% | 4.3% | 4.0% |

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⁽¹⁾

| Fab | 2Q20 | 1Q20 |
|---|----------------|----------------|
| Shanghai 200mm fab | 115,000 | 115,000 |
| Shanghai 300mm fab | 3,150 | 4,500 |
| Beijing 300mm fab | 117,000 | 117,000 |
| Tianjin 200mm fab | 73,000 | 63,000 |
| Shenzhen 200mm fab | 46,000 | 55,000 |
| Majority-owned Beijing 300mm fab | 112,500 | 112,500 |
| Majority-owned Shanghai 300mm fab | 13,500 | 9,000 |
| Total monthly wafer fabrication capacity | 480,150 | 476,000 |

Note:

(1) 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 480,150 8-inch equivalent wafers in 2Q20 from 476,000 8-inch equivalent wafers in 1Q20, primarily due to the net impact of capacity expansion in the majority-owned Shanghai 300mm fab and the adjustment of production plan in 2Q20.

Shipment and Utilization

| 8" equivalent wafers | 2Q20 | 1Q20 | QoQ | 2Q19 | YoY |
|---------------------------------|-----------|-----------|------|-----------|-------|
| Wafer shipments | 1,435,591 | 1,406,714 | 2.1% | 1,284,451 | 11.8% |
| Utilization rate ⁽¹⁾ | 98.6% | 98.5% | - | 91.1% | - |

Note:

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

Detailed Financial Analysis

Gross Profit

| Amounts in US\$ thousands | 2Q20 | 1Q20 | QoQ | 2Q19 | YoY |
|-------------------------------|---------|---------|--------|---------|--------|
| Cost of sales | 689,874 | 671,327 | 2.8% | 639,724 | 7.8% |
| Depreciation and amortization | 210,976 | 213,832 | -1.3% | 185,397 | 13.8% |
| Other manufacturing costs | 477,686 | 457,382 | 4.4% | 453,851 | 5.3% |
| Share-based compensation | 1,212 | 113 | 972.6% | 476 | 154.6% |
| Gross profit | 248,589 | 233,585 | 6.4% | 151,158 | 64.5% |
| Gross margin | 26.5% | 25.8% | - | 19.1% | - |

- Cost of sales was \$689.9 million in 2Q20, an increase of 2.8% QoQ from \$671.3 million in 1Q20, mainly due to the increase in wafer shipment in 2Q20.

Operating Expenses (Income)

| <i>Amounts in US\$ thousands</i> | 2Q20 | 1Q20 | QoQ | 2Q19 | YoY |
|--|----------|----------|--------|----------|--------|
| Operating expenses | 183,923 | 186,244 | -1.2% | 193,988 | -5.2% |
| Research and development | 157,999 | 166,486 | -5.1% | 182,207 | -13.3% |
| General and administrative | 59,381 | 74,231 | -20.0% | 64,578 | -8.0% |
| Selling and marketing | 5,072 | 5,841 | -13.2% | 8,852 | -42.7% |
| Net impairment losses recognized (reversal) on financial assets | 1,924 | (1,102) | - | 627 | 206.9% |
| Other operating income | (40,453) | (59,212) | -31.7% | (62,276) | -35.0% |

- Research and development decreased to \$158.0 million in 2Q20, compared to \$166.5 million in 1Q20. The change was mainly due to the decrease in R&D activities in 2Q20.
- General and administrative expenses decreased by 20% to \$59.4 million in 2Q20, compared to \$74.2 million in 1Q20. The change was mainly due to our majority-owned fab in Shanghai entered into mass production in June 2020 and as a result, the pre-operating related expenses decreased.
- The change in other operating income was mainly due to other operating income recognized in relation to government funding of \$40.5 million in 2Q20, compared to \$59.2 million in 1Q20.

Other Income (Expense), Net

| <i>Amounts in US\$ thousands</i> | 2Q20 | 1Q20 | QoQ | 2Q19 | YoY |
|---|----------|----------|--------|----------|--------|
| Other income, net | 76,999 | 18,317 | 320.4% | 18,379 | 319.0% |
| Interest income | 36,069 | 33,923 | 6.3% | 36,612 | -1.5% |
| Finance costs | (18,220) | (18,158) | 0.3% | (16,646) | 9.5% |
| Foreign exchange gains (losses) | 1,890 | 1,866 | 1.3% | (5,487) | - |
| Other gains, net | 27,789 | 2,553 | 988.5% | 4,090 | 579.4% |
| Share of gain (loss) of investment accounted for using equity method | 29,471 | (1,867) | - | (190) | - |

- The increase in other gains, net in 2Q20 was mainly caused by the increase in the gain on 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 gain on the investments in associates in 2Q20. Certain associates 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 2Q20.

Depreciation and Amortization

| Amounts in US\$ thousands | 2Q20 | 1Q20 | QoQ | 2Q19 | YoY |
|-------------------------------|---------|---------|------|---------|------|
| Depreciation and amortization | 305,734 | 289,838 | 5.5% | 284,364 | 7.5% |

Liquidity

| Amounts in US\$ thousands | 2Q20 | 1Q20 |
|---|------------------|------------------|
| Inventories | 669,202 | 616,688 |
| Prepayment and prepaid operating expenses | 53,310 | 79,509 |
| Trade and other receivables | 1,448,234 | 1,001,303 |
| Financial assets at amortized cost | 3,272,024 | 3,619,729 |
| Derivative financial instruments | 8,248 | 18,018 |
| Restricted cash | 595,064 | 721,977 |
| Cash and cash equivalent | 3,130,068 | 1,663,808 |
| Assets classified as held-for-sale | 7,213 | 7,214 |
| Total current assets | 9,183,363 | 7,728,246 |
| Trade and other payables | 1,782,387 | 1,179,376 |
| Contract liabilities | 88,414 | 194,812 |
| Borrowings | 1,053,686 | 916,346 |
| Lease liabilities | 94,418 | 93,476 |
| Convertible bonds | 65,000 | 605,994 |
| Short-term notes | 211,840 | 496,827 |
| Deferred government funding | 312,441 | 313,446 |
| Accrued liabilities | 154,325 | 127,832 |
| Derivative financial instruments | 26,767 | 19,611 |
| Other financial liabilities | 11,581 | 11,640 |
| Current tax liabilities | 12,508 | 14,609 |
| Other liabilities | 23,002 | 17,946 |
| Total current liabilities | 3,836,369 | 3,991,915 |
| Cash ratio ⁽¹⁾ | 0.8x | 0.4x |
| Quick ratio ⁽²⁾ | 2.2x | 1.8x |
| Current ratio ⁽³⁾ | 2.4x | 1.9x |

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 | 2Q20 | 1Q20 |
|---|------------------|------------------|
| Cash and cash equivalent | 3,130,068 | 1,663,808 |
| Financial assets at amortized cost ⁽¹⁾ | 3,272,024 | 3,619,729 |
| Total current financial assets, cash and cash equivalent | 6,402,092 | 5,283,537 |
| Borrowings - Current | 1,053,686 | 916,346 |
| Borrowings - Non-current | 1,690,928 | 1,829,925 |
| Lease liabilities | 292,268 | 314,639 |
| Short-term notes | 211,840 | 496,827 |
| Medium-term notes | 211,313 | 212,317 |
| Convertible bonds | 65,000 | 605,994 |
| Bonds payable | 596,625 | 596,457 |
| Total debt | 4,121,660 | 4,972,505 |
| Net debt ⁽²⁾ | (2,280,432) | (311,032) |
| Equity | 13,177,675 | 10,273,117 |
| Total debt to equity ratio ⁽³⁾ | 31.3% | 48.4% |
| Net debt to equity ratio ⁽⁴⁾ | -17.3% | -3.0% |

Note:

(1) Mainly contain bank deposits over 3 months.

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

(3) Total debt divided by equity.

(4) Net debt divided by equity.

Cash Flow

| Amounts in US\$ thousands | 2Q20 | 1Q20 |
|--|-----------|-------------|
| Net cash from operating activities | 147,719 | 259,829 |
| Net cash used in investing activities | (247,602) | (1,816,977) |
| Net cash from financing activities | 1,577,785 | 991,448 |
| Effect of exchange rate changes | (11,642) | (9,332) |
| Net change in cash and cash equivalent | 1,466,260 | (575,032) |

Capex Summary

- Capital expenditures were \$1,342.5 million in 2Q20, compared to \$777.2 million in 1Q20.
- The planned 2020 capital expenditures increase from approximately \$4.3 billion to \$6.7 billion. The incremental capital expenditures are mainly for the capacity expansion in equipment and machinery.

Recent Highlights and Announcements

- Inside Information Entering Into of Cooperation Framework Agreement (2020-7-31)
- 2019 Corporate Social Responsibility Report (2020-7-22)
- Compensation Committee Charter (2020-7-15)
- Nomination Committee Charter (2020-7-15)
- Audit Committee Charter (2020-7-15)
- Amended and Restated Memorandum and Articles of Association (2020-7-15)
- SMIC's Announcement on Listing Shares in Initial Public Offering on Science and Technology Innovation Board (2020-7-15)
- Inside Information Completion of RMB Share Issue (2020-7-15)
- Notification of Board Meeting (2020-7-13)
- SMIC's Prospectus on Initial Public Offering of Shares and Listing on the Science and Technology Innovation Board (2020-7-13)
- SMIC's Announcement on Issuance Result of Initial Public Offering of Shares and Listing on Science and Technology Innovation Board (2020-7-13)
- SMIC's Announcement on Preliminary Offline Allotment Result and Online Lot-Winning Result of Initial Public Offering of Shares and Listing on Science and Technology Innovation Board (2020-7-9)
- SMIC's Announcement on Subscription and Lot-Winning Rate of Online Issuance for Initial Public Offering of Shares and Listing on Science and Technology Innovation Board (2020-7-8)
- SMIC's Special Announcement on Investment Risks in Initial Public Offering of Shares and Listing on Science and Technology Innovation Board (2020-7-6)
- SMIC's Announcement on Issuance for Initial Public Offering of Shares and Listing on Science and Technology Innovation Board (2020-7-6)
- Inside Information Determination of Offer Size and Offer Price for Proposed RMB Share Issue under Specific Mandate and Progress of Subscriptions by Connected Persons as Strategic Investors under Proposed RMB Share Issue (2020-7-6)
- SMIC's Announcement on Online Road Show for Initial Public Offering of Shares and Listing on Science and Technology Innovation Board (2020-7-3)
- SMIC's Announcement on Issuance Arrangement and Preliminary Price Inquiry for Initial Public Offering of Shares and Listing on Science and Technology Innovation Board (2020-6-30)
- SMIC's Prospectus on Initial Public Offering of RMB Ordinary Shares (A Shares) and Listing on the Science and Technology Innovation Board (2020-6-30)
- Inside Information Preliminary Price Consultation Period of Proposed RMB Share Issue under Specific Mandate and Summary of Principal Provisions of Prospectus (2020-6-30)
- Announcement on Completion of Registration of Proposed RMB Share Issue under Specific Mandate with the CSRC (2020-6-29)
- Poll Results of the 2020 Fourth Extraordinary General Meeting held on 23 June 2020 (2020-6-23)
- Poll Results of the 2020 Third Extraordinary General Meeting held on 23 June 2020 (2020-6-23)
- Poll Results of the Annual General Meeting held on 23 June 2020 (2020-6-23)
- SMIC's Prospectus on Initial Public Offering of RMB Ordinary Shares (A Shares) and Listing on the Science and Technology Innovation Board (Registration Draft) (2020-6-23)
- Announcement on Approval of Proposed RMB Share Issue under Specific Mandate by the Listing Committee for the Sci-Tech Board (2020-6-19)
- SMIC's Prospectus on Initial Public Offering of RMB Ordinary Shares (A Shares) and Listing on the Science and Technology Innovation Board (Meeting Draft) (2020-6-11)
- Notification Letter and Request Form for Non-Registered Shareholders (2020-6-5)
- Notification Letter for Registered Shareholders (2020-6-5)
- Notice of 2020 Fourth Extraordinary General Meeting (2020-6-5)
- Form of Proxy for use at the 2020 Fourth Extraordinary General Meeting to be held on 23 June 2020 (2020-6-5)
- Connected Transactions Proposed Subscriptions by Connected Persons as Strategic Investors under the Proposed RMB Share Issue and Notice of the 2020 Fourth Extraordinary General Meeting (2020-6-5)
- Notice of the 2020 Third Extraordinary General Meeting (2020-6-5)
- Form of Proxy for use at the 2020 Third Extraordinary General Meeting to be held on 23 June 2020 (2020-6-5)
- Circulars - (1) Discloseable and connected Transaction in relation to Proposed Capital Contribution and Deemed Disposal of Equity Interest in SMSC and (2) Notice of the 2020 Third Extraordinary General Meeting (2020-6-5)
- Closure of Register of Members for Extraordinary General Meetings (2020-6-3)

- Clarification Announcement (2020-6-3)
- Connected Transactions Proposed Subscriptions by Connected Persons as Strategic Investors under the Proposed RMB Share Issue (2020-6-3)
- SMIC's Prospectus on Initial Public Offering of RMB Ordinary Shares (A Shares) and Listing on the Science and Technology Innovation Board (Application Draft) (2020-6-1)
- Announcement on Acceptance by the SSE of the Application for Proposed RMB Share Issue under the Specific Mandate (2020-6-1)
- Poll Results of Extraordinary General Meeting held on 1 June 2020 (2020-6-1)
- Non-exercise of pre-emptive rights by Datang and China IC fund and Potential Participation in the Proposed RMB Share Issue by Affiliates of Datang and China IC Fund (2020-5-31)
- Circulars - (1) Grant of Share Options and (2) Non-Exempt Connected Transactions - Proposed Grant of Restricted Share Units to Directors (2020-5-26)
- Grant of Options (2020-5-26)
- Notification Letter and Request Form for Non-Registered Shareholders (2020-5-20)
- Notification Letter for Registered Shareholders (2020-5-20)
- Letter for Election of Means of Receipt and Language of Corporate Communication and Reply Form (2020-5-20)
- Closure of Register of Members (2020-5-20)
- Notice of Annual General Meeting (2020-5-20)
- Form of Proxy for Use at the Annual General Meeting to be held on 23 June 2020 (2020-5-20)
- Circulars - (1) Re-Election of Directors (2) Proposed General Mandate to Issue and Repurchase Shares and (3) Notice Of Annual General Meeting (2020-5-20)
- Discloseable Transaction and Connected Transaction Proposed Capital Contribution and Deemed Disposal of Equity Interest In SMSC (2020-5-15)
- SMIC Reports Unaudited Results for the three Months ended March 31, 2020 (2020-5-13)

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 | |
|---|--|---|
| | June 30, 2020 (Unaudited) | March 31, 2020 (Unaudited) |
| Revenue | 938,463 | 904,912 |
| Cost of sales | (689,874) | (671,327) |
| Gross profit | <u>248,589</u> | <u>233,585</u> |
| Research and development expenses | (157,999) | (166,486) |
| General and administration expenses | (59,381) | (74,231) |
| Sales and marketing expenses | (5,072) | (5,841) |
| Net impairment losses (recognized) reversal on financial assets | (1,924) | 1,102 |
| Other operating income, net | 40,453 | 59,212 |
| Operating expenses | <u>(183,923)</u> | <u>(186,244)</u> |
| Profit from operations | 64,666 | 47,341 |
| Other income, net | 76,999 | 18,317 |
| Profit before tax | <u>141,665</u> | <u>65,658</u> |
| Income tax expense | (16,029) | (14,340) |
| Profit for the period | <u>125,636</u> | <u>51,318</u> |
| Other comprehensive income (loss): | | |
| <i>Item that may be reclassified subsequently to profit or loss</i> | | |
| Exchange differences on translating foreign operations | (4,941) | 1,919 |
| Cash flow hedges | (14,577) | (13,858) |
| Total comprehensive income for the period | <u>106,118</u> | <u>39,379</u> |
| Profit (loss) for the period attributable to: | | |
| Owners of the Company | 137,969 | 64,164 |
| Non-controlling interests | (12,333) | (12,846) |
| | <u>125,636</u> | <u>51,318</u> |
| Total comprehensive income (loss) for the period attributable to: | | |
| Owners of the Company | 118,554 | 52,225 |
| Non-controlling interests | (12,436) | (12,846) |
| | <u>106,118</u> | <u>39,379</u> |
| Earnings per ordinary share | | |
| Basic | \$0.03 | \$0.01 |
| Diluted | \$0.02 | \$0.01 |
| Earnings per ADS | | |
| Basic | \$0.13 | \$0.06 |
| Diluted | \$0.12 | \$0.06 |
| Shares used in calculating basic earnings per share | 5,337,141,635 | 5,095,402,229 |
| Shares used in calculating diluted earnings per share | <u>6,005,705,290</u> | <u>5,967,949,232</u> |
| Reconciliations of Non-IFRS Financial Measures to Comparable IFRS Measures | | |
| Non-IFRS operating expenses ⁽¹⁾ | (215,011) | (238,509) |
| EBITDA ⁽²⁾ | 465,619 | 373,654 |
| EBITDA margin ⁽²⁾ | <u>49.6%</u> | <u>41.3%</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 items listed in the following table. 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 | | |
|--|--|---|--|
| | June 30, 2020 (Unaudited) | March 31, 2020 (Unaudited) | June 30, 2019 (Unaudited) |
| Operating expenses | (183,923) | (186,244) | (193,988) |
| Employee bonus accrued | 9,365 | 6,947 | 6,999 |
| Government funding | (40,458) | (59,258) | (61,785) |
| Loss (gain) of the disposal of machinery and equipment | 110 | (517) | 48 |
| (Gain) loss of the disposal of living quarters | (105) | 563 | (421) |
| Non-IFRS operating expenses | <u>(215,011)</u> | <u>(238,509)</u> | <u>(249,147)</u> |

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 | | |
|-------------------------------|--|---|--|
| | June 30, 2020 (Unaudited) | March 31, 2020 (Unaudited) | June 30, 2019 (Unaudited) |
| Profit for the period | 125,636 | 51,318 | (25,817) |
| Finance costs | 18,220 | 18,158 | 16,646 |
| Depreciation and amortization | 305,734 | 289,838 | 284,364 |
| Income tax expense | 16,029 | 14,340 | 1,366 |
| EBITDA | 465,619 | 373,654 | 276,559 |
| Profit margin | 13.4% | 5.7% | -3.3% |
| EBITDA margin | 49.6% | 41.3% | 35.0% |

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

| | As of | |
|---|----------------------|-----------------------|
| | June 30, 2020 | March 31, 2020 |
| | (Unaudited) | (Unaudited) |
| ASSETS | | |
| <i>Non-current assets</i> | | |
| Property, plant and equipment | 9,340,611 | 8,278,206 |
| Right-of-use assets | 425,701 | 444,349 |
| Intangible assets | 88,763 | 91,170 |
| Investments in associates | 1,132,823 | 1,138,235 |
| Investments in joint ventures | 57,886 | 26,497 |
| Deferred tax assets | 26,994 | 28,271 |
| Financial assets at fair value through profit or loss | 129,399 | 88,889 |
| Other assets | 2,638 | 11,007 |
| Total non-current assets | 11,204,815 | 10,106,624 |
| <i>Current assets</i> | | |
| Inventories | 669,202 | 616,688 |
| Prepayment and prepaid operating expenses | 53,310 | 79,509 |
| Trade and other receivables | 1,448,234 | 1,001,303 |
| Financial assets at amortized cost | 3,272,024 | 3,619,729 |
| Derivative financial instruments | 8,248 | 18,018 |
| Restricted cash | 595,064 | 721,977 |
| Cash and cash equivalent | 3,130,068 | 1,663,808 |
| | 9,176,150 | 7,721,032 |
| Assets classified as held-for-sale | 7,213 | 7,214 |
| Total current assets | 9,183,363 | 7,728,246 |
| TOTAL ASSETS | 20,388,178 | 17,834,870 |

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

| | As of | |
|---|------------------------------|-------------------------------|
| | June 30, 2020 (Unaudited) | March 31, 2020 (Unaudited) |
| EQUITY AND LIABILITIES | | |
| <i>Capital and reserves</i> | | |
| Ordinary shares | | |
| \$0.004 par value, 10,000,000,000 shares authorized, 5,690,665,932 and 5,128,155,272 shares outstanding at June 30, 2020 and March 31, 2020, respectively | 22,763 | 20,513 |
| Share premium | 5,898,540 | 5,116,553 |
| Reserves | 1,879 | 66,578 |
| Retained earnings | 747,639 | 614,669 |
| Equity attributable to owners of the Company | 6,670,821 | 5,818,313 |
| Perpetual subordinated convertible securities | 339,307 | 502,473 |
| Non-controlling interests | 6,167,547 | 3,952,331 |
| Total equity | 13,177,675 | 10,273,117 |
| <i>Non-current liabilities</i> | | |
| Borrowings | 1,690,928 | 1,829,925 |
| Lease liabilities | 197,850 | 221,163 |
| Bonds payable | 596,625 | 596,457 |
| Medium-term notes | 211,313 | 212,317 |
| Deferred government funding | 591,384 | 617,805 |
| Derivative financial instruments | 72,075 | 72,780 |
| Other liabilities | 13,959 | 19,391 |
| Total non-current liabilities | 3,374,134 | 3,569,838 |
| <i>Current liabilities</i> | | |
| Trade and other payables | 1,782,387 | 1,179,376 |
| Contract liabilities | 88,414 | 194,812 |
| Borrowings | 1,053,686 | 916,346 |
| Lease liabilities | 94,418 | 93,476 |
| Convertible bonds | 65,000 | 605,994 |
| Short-term notes | 211,840 | 496,827 |
| Deferred government funding | 312,441 | 313,446 |
| Accrued liabilities | 154,325 | 127,832 |
| Derivative financial instruments | 26,767 | 19,611 |
| Other financial liabilities | 11,581 | 11,640 |
| Current tax liabilities | 12,508 | 14,609 |
| Other liabilities | 23,002 | 17,946 |
| Total current liabilities | 3,836,369 | 3,991,915 |
| Total liabilities | 7,210,503 | 7,561,753 |
| TOTAL EQUITY AND LIABILITIES | 20,388,178 | 17,834,870 |

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

| | For the three months ended | |
|--|------------------------------|-------------------------------|
| | June 30, 2020 (Unaudited) | March 31, 2020 (Unaudited) |
| Cash flow from operating activities: | | |
| Profit for the period | 125,636 | 51,318 |
| Depreciation and amortization | 305,734 | 289,838 |
| Share of gain of investment accounted for using equity method | (29,471) | 1,867 |
| Changes in working capital and others | (254,180) | (83,194) |
| Net cash from operating activities | 147,719 | 259,829 |
| Cash flow from investing activities: | | |
| Payments to acquire financial assets at fair value through profit or loss | (14,123) | - |
| Proceeds from sale of financial assets at fair value through profit or loss | 1,698 | 44,062 |
| Payments to acquire financial assets at amortized cost | (593,896) | (2,253,642) |
| Proceeds from maturity of financial assets at amortized cost | 1,038,355 | 1,046,546 |
| Payments for property, plant and equipment | (731,897) | (664,999) |
| Net proceeds after netting off land appreciation tax from disposal of property, plant and equipment and assets classified as held-for-sale | 38 | 459 |
| Payments for intangible assets | (524) | (1,222) |
| Proceeds from release of restricted cash relating to investing activities | 53,615 | 4,140 |
| Payments to acquire joint ventures and associates | (3,015) | (8,517) |
| Proceeds from disposal of joint ventures and associates | 2,064 | 16,196 |
| Distributions received from joint ventures and associates | 83 | - |
| Net cash used in investing activities | (247,602) | (1,816,977) |
| Cash flow from financing activities: | | |
| Proceeds from borrowings | 123,768 | 395,672 |
| Repayment of borrowings | (119,666) | (193,934) |
| Principal elements of lease payments | (19,153) | (28,117) |
| Proceeds from issuance of bonds | - | 596,768 |
| Proceeds from issuance of short-term notes | 213,062 | 216,291 |
| Repayment of short-term notes | (493,477) | - |
| Proceeds from exercise of employee stock options | 3,320 | 4,768 |
| Proceeds from non-controlling interests – capital contribution | 1,874,931 | - |
| Distribution paid to perpetual subordinated convertible securities holders | (5,000) | - |
| Net cash from financing activities | 1,577,785 | 991,448 |
| Effects of exchange rate changes on the balance of cash held in foreign currencies | (11,642) | (9,332) |
| Net increase (decrease) in cash and cash equivalent | 1,466,260 | (575,032) |
| Cash and cash equivalent, beginning of period | 1,663,808 | 2,238,840 |
| Cash and cash equivalent, end of period | 3,130,068 | 1,663,808 |

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

Shanghai, August 6, 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