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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 JUNE 30, 2019

- Revenue was \$790.9 million in 2Q19, an increase of 18.2% QoQ from \$668.9 million in 1Q19, compared to \$890.7 million in 2Q18 and \$837.9 million (excluding technology licensing revenue) in 2Q18.
- Gross profit was \$151.2 million in 2Q19, an increase of 23.8% QoQ from \$122.1 million in 1Q19, compared to \$217.8 million in 2Q18 and \$165.0 million (excluding technology licensing revenue) in 2Q18.
- Gross margin was 19.1% in 2Q19, compared to 18.2% in 1Q19, 24.5% in 2Q18 and 19.7% (excluding technology licensing revenue) in 2Q18.

Set out below is a copy of the full text of the press release by the Company and its subsidiaries (the "Group") on August 8, 2019, in relation to its unaudited results for the three months ended June 30, 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 – August 8, 2019. 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 June 30, 2019.

Third Quarter 2019 Guidance:

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

- Revenue to increase by 0% to 2% QoQ and to increase by 2% to 4% QoQ (excluding the contribution from the Avezzano fab).
- Gross margin to range from 19% to 21%.
- Non-GAAP 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, gain from the disposal of living quarters, and gain from the disposal of subsidiary, to range from \$294 million to \$300 million.
- Non-controlling interests of our majority-owned subsidiaries to range from positive \$25 million to positive \$27 million (losses to be borne by non-controlling interests).

Dr. Zhao Haijun and Dr. Liang Mong Song, SMIC’s Co-Chief Executive Officers commented, “Though uncertainty in the macro environment remains, as the industry recovers, we continue to optimize internally and exit this period of transition. At the same time, we are seeing significant business growth in our mature-node technology platforms accompanied by consistent breakthroughs in leading-edge technology.

Our second quarter growth was strong, as smartphones and IoT devices drove demand; as a result, revenue grew 18% quarter over quarter. Meanwhile, the sequential growth of revenue from China and Eurasia regions was significant, increasing 25% and 34% respectively.

Furthermore, FinFET research and development continues to accelerate. Our 14nm is in risk production and is expected to contribute meaningful revenue by year-end. In addition, our second generation FinFET N+1 has already begun customer engagement. We maintain long-term and steady cooperation with customers and clutch onto the opportunities emerging from 5G, IoT, automotive and other industry trends.”

Conference Call / Webcast Announcement

Date: August 9, 2019

Time: 8:30 a.m. Beijing time

Dial-in numbers:

China	+86 400-620-8038	(Pass code: SMIC)
Hong Kong	+852 3018-6771	(Pass code: SMIC)
Taiwan	+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/m6/p/fmzrieg5>.

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) and a 200mm fab 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, and a representative office in Hong Kong.

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

Safe Harbor Statements

(Under the Private Securities Litigation Reform Act of 1995)

This press release contains, in addition to historical information, "forward-looking statements" within the meaning of the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995 and Section 27A of the U.S. Securities Act of 1933 and Section 21E of the U.S. Securities Exchange Act of 1934. These forward-looking statements, including statements under "Third Quarter 2019 Guidance", "Capex Summary" and the statements contained in the quotes of our Co-Chief Executive Officers are based on SMIC's current assumptions, expectations and projections about future events. SMIC uses words like "believe," "anticipate," "intend," "estimate," "expect," "project," "target" and similar expressions to identify forward looking statements, although not all forward-looking statements contain these words. These forward-looking statements are necessarily 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, timely wafer acceptance by SMIC's customers, bad debt risk, 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 and financial stability in end markets.

In addition to the information contained in this press release, you should also consider the information contained in our other filings with the SEC, including our annual report on Form 20-F filed with the SEC on April 30, 2019, especially in the "Risk Factors" section and such other documents that we may file with the SEC or The Hong Kong Stock Exchange Limited ("SEHK") from time to time, including current reports on Form 6-K. 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 law, SMIC undertakes no obligation and does not intend to update any forward-looking statement, whether as a result of new information, future events or otherwise.

About Non-Generally Accepted Accounting Principles ("non-GAAP") Financial Measures

To supplement SMIC's consolidated financial results presented in accordance with IFRS, SMIC uses in this press release non-GAAP 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 third quarter 2019 guidance for non-GAAP operating expenses. The presentation of non-GAAP 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-GAAP 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-GAAP 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-GAAP financial measures may be different from similarly-titled non-GAAP financial measures used by other companies.

SMIC believes that use of these non-GAAP financial measures facilitates investors' and management's comparisons to SMIC's historical performance. The Group's management regularly uses these non-GAAP 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-GAAP financial measure to its most directly comparable GAAP financial measure. A reconciliation of non-GAAP guidance measures to corresponding GAAP measures is not available on a forward-looking basis because the effect of these adjustment items excluded for the purpose of non-GAAP operating expenses guidance are subject to some unpredictable conditions that cannot be estimated with reasonable certainty.

Summary of Second Quarter 2019 Operating Results

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

	2Q19	1Q19	QoQ	2Q18	YoY
Revenue	790,882	668,899	18.2%	890,713	-11.2%
Cost of sales	(639,724)	(546,829)	17.0%	(672,880)	-4.9%
Gross profit	151,158	122,070	23.8%	217,833	-30.6%
Operating expenses	(193,988)	(97,625)	98.7%	(198,697)	-2.4%
(Loss) profit from operations	(42,830)	24,445	-	19,136	-
Other income, net	18,379	6,055	203.5%	14,955	22.9%
(Loss) profit before tax	(24,451)	30,500	-	34,091	-
Income tax expense	(1,366)	(6,123)	-77.7%	(2,426)	-43.7%
(Loss) profit for the period	(25,817)	24,377	-	31,665	-
Other comprehensive income (loss):					
Exchange differences on translating foreign operations	(10,057)	10,378	-	(18,510)	-45.7%
Cash flow hedges	(9,908)	(12,572)	-21.2%	16,831	-
Actuarial gains and losses on defined benefit plans	(775)	(757)	2.4%	767	-
Total comprehensive income (loss) for the period	(46,557)	21,426	-	30,753	-
Profit (loss) for the period attributable to:					
SMIC	18,539	12,272	51.1%	51,599	-64.1%
Non-controlling interests	(44,356)	12,105	-	(19,934)	122.5%
(Loss) profit for the period	(25,817)	24,377	-	31,665	-
Gross margin	19.1%	18.2%		24.5%	
Earnings per ordinary share ⁽¹⁾					
Basic	\$0.00	\$0.00		\$0.01	
Diluted	\$0.00	\$0.00		\$0.01	
Earnings per ADS ⁽²⁾					
Basic	\$0.02	\$0.01		\$0.05	
Diluted	\$0.02	\$0.01		\$0.05	
Wafers shipped (in 8" equivalent wafers)	1,284,451	1,089,502	17.9%	1,258,336	2.1%
Capacity utilization ⁽³⁾	91.1%	89.2%		94.1%	

Note:

⁽¹⁾ Based on weighted average ordinary shares of 5,050 million (basic) and 5,064 million (diluted) in 2Q19, 5,041 million (basic) and 5,060 million (diluted) in 1Q19, and 4,932 million (basic) and 5,340 million (diluted) in 2Q18.

Earnings per share were \$0.0031 (basic) and \$0.0031 (diluted) in 2Q19 and \$0.0019 (basic) and \$0.0019 (diluted) in 1Q19.

⁽²⁾ Each ADS represents 5 ordinary shares.

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

- Revenue was \$790.9 million in 2Q19, an increase of 18.2% QoQ from \$668.9 million in 1Q19. Revenue increased in 2Q19 mainly due to the increase of wafer shipment in 2Q19.
- Cost of sales was \$639.7 million in 2Q19, compared to \$546.8 million in 1Q19. Cost of sales increased in 2Q19 mainly due to the increase in wafer shipment in 2Q19.
- Gross profit was \$151.2 million in 2Q19, an increase of 23.8% QoQ from \$122.1 million in 1Q19.
- Gross margin was 19.1% in 2Q19, compared to 18.2% in 1Q19.
- Operating expenses were \$194.0 million in 2Q19, an increase of 98.7% QoQ from \$97.6 million in 1Q19, mainly due to the reasons stated in Operating Expenses (Income) Analysis below.
- Other income (expense), net was \$18.4 million gain in 2Q19, as compared to \$6.1 million gain in 1Q19. The change was mainly due to the reasons stated in Other Income (Expense), Net below.
- Exchange differences on translating foreign operations were \$10.1 million losses in 2Q19 and \$10.4 million gain in 1Q19. The change was mainly due to the translation difference from the subsidiaries and associates using RMB as the functional currency caused by the depreciation of RMB against USD in 2Q19.
- Non-controlling interests were \$44.4 million losses in 2Q19, as compared to \$12.1 million gains in 1Q19, mainly due to the start-up cost in the majority-owned subsidiary in 2Q19.

Analysis of Revenue

Revenue Analysis			
By Application	2Q19	1Q19	2Q18
Computer	4.6%	5.1%	5.7%
Communications	48.9%	43.0%	40.3%
Consumer	31.1%	32.5%	37.1%
Auto/Industrial	6.7%	9.8%	7.4%
Others ⁽³⁾	8.7%	9.6%	9.5%
By Service Type	2Q19	1Q19	2Q18
Wafers	93.9%	94.2%	90.0%
Mask making, testing, others ⁽³⁾	6.1%	5.8%	10.0%
By Geography	2Q19	1Q19	2Q18
United States ⁽¹⁾	27.5%	32.3%	33.0%
Mainland China and Hong Kong	56.9%	53.9%	58.6%
Eurasia ⁽²⁾	15.6%	13.8%	8.4%
Wafer Revenue Analysis			
By Technology	2Q19	1Q19	2Q18
28 nm	3.8%	3.0%	8.6%
40/45 nm	19.2%	15.3%	17.5%
55/65 nm	26.2%	21.8%	24.2%
90 nm	1.7%	2.2%	1.2%
0.11/0.13 μm	6.5%	7.4%	7.6%
0.15/0.18 μm	38.6%	46.0%	37.1%
0.25/0.35 μm	4.0%	4.3%	3.8%

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.

(3) Recognized technology licensing revenue of \$52.8 million, 5.9% of total revenue in 2Q18.

Capacity*

Fab	2Q19	1Q19
Shanghai 200mm fab	115,000	112,000
Shanghai 300mm fab	18,000	22,500
Beijing 300mm fab	112,500	105,750
Tianjin 200mm fab	57,000	58,000
Shenzhen 200mm fab	50,000	45,000
Shenzhen 300mm fab	6,750	6,750
Majority-owned Beijing 300mm fab	81,000	74,250
Majority-owned Avezzano 200mm fab	42,325	42,325
Total monthly wafer fabrication capacity	482,575	466,575

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 482,575 8-inch equivalent wafers in 2Q19 from 466,575 8-inch equivalent wafers in 1Q19, primarily because of the capacity expansion in Beijing 300mm fab and our majority-owned Beijing 300mm fab in 2Q19.

Shipment and Utilization

8" equivalent wafers	2Q19	1Q19	QoQ	2Q18	YoY
Wafer shipments	1,284,451	1,089,502	17.9%	1,258,336	2.1%
Utilization rate ⁽¹⁾	91.1%	89.2%	-	94.1%	-

Note:

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

Detailed Financial Analysis

Gross Profit Analysis

Amounts in US\$ thousands	2Q19	1Q19	QoQ	2Q18	YoY
Cost of sales	639,724	546,829	17.0%	672,880	-4.9%
Depreciation and amortization	185,397	161,750	14.6%	211,284	-12.3%
Other manufacturing costs	453,851	384,705	18.0%	460,440	-1.4%
Share-based compensation	476	374	27.3%	1,156	-58.8%
Gross profit	151,158	122,070	23.8%	217,833	-30.6%
Gross margin	19.1%	18.2%	-	24.5%	-

- Depreciation and amortization in the cost of sales was \$185.4 million in 2Q19, compared to \$161.8 million in 1Q19, mainly due to the increase in wafer shipment in 2Q19.
- Other manufacturing costs within the cost of sales were \$453.9 million in 2Q19, compared to \$384.7 million in 1Q19, mainly due to the increase in wafer shipment in 2Q19.
- Gross profit was \$151.2 million in 2Q19, an increase of 23.8% QoQ from \$122.1 million in 1Q19.
- Gross margin was 19.1% in 2Q19, compared to 18.2% in 1Q19.

Operating Expenses (Income) Analysis

Amounts in US\$ thousands	2Q19	1Q19	QoQ	2Q18	YoY
Operating expenses	193,988	97,625	98.7%	198,697	-2.4%
Research and development, net	123,869	77,175	60.5%	147,177	-15.8%
General and administrative	64,578	43,148	49.7%	48,456	33.3%
Selling and marketing	8,852	6,811	30.0%	8,139	8.8%
Net impairment losses recognized on financial assets	627	1,078	-41.8%	345	81.7%
Other operating income	(3,938)	(30,587)	-87.1%	(5,420)	-27.3%

- R&D expenses, net increased by \$46.7 million QoQ to \$123.9 million in 2Q19, compared to \$77.2 million in 1Q19. Excluding the funding of R&D contracts from the government, R&D expenses increased by \$31.9 million QoQ to \$182.2 million in 2Q19. The change was mainly due to higher level of R&D activities in 2Q19. Funding of R&D contracts from the government was \$58.3 million in 2Q19, compared to \$73.1 million in 1Q19.
- General and administrative expenses increased by 49.7% to \$64.6 million in 2Q19, compared to \$43.1 million in 1Q19. The change was mainly due to the start-up cost relating to our majority-owned Shanghai 300mm fab in 2Q19.
- The change in other operating income was mainly due to less government funding as other operating income received in 2Q19.

Other Income (Expense), Net

Amounts in US\$ thousands	2Q19	1Q19	QoQ	2Q18	YoY
Other income, net	18,379	6,055	203.5%	14,955	22.9%
Interest income	36,612	29,699	23.3%	12,640	189.7%
Finance costs	(16,646)	(14,819)	12.3%	(10,645)	56.4%
Foreign exchange (losses) gains	(5,487)	11,112	-	10,490	-
Other gains, net	4,090	6,222	-34.3%	4,375	-6.5%
Share of loss of investment accounted for using equity method	(190)	(26,159)	-99.3%	(1,905)	-90.0%

- Foreign exchange gains or losses were mainly due to the net impact of cash flow hedging and the depreciation of RMB against USD in 2Q19. 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 change in share of loss of investment accounted for using equity method was due to fewer losses of investments in associates in 2Q19.

Depreciation and Amortization

Amounts in US\$ thousands	2Q19	1Q19	QoQ	2Q18	YoY
Depreciation and amortization	284,364	277,773	2.4%	267,528	6.3%

Liquidity

Amounts in US\$ thousands	2Q19	1Q19
Cash and cash equivalent	1,518,578	1,370,041
Restricted cash	1,157,668	685,598
Derivative financial instruments	5,796	10,362
Financial assets at fair value through profit or loss	25,161	46,951
Financial assets at amortized cost	2,205,246	2,510,503
Trade and other receivables	904,077	739,882
Prepayment and prepaid operating expenses	51,647	56,614
Inventories	647,154	661,633
Assets classified as held-for-sale	250,670	267,264
Total current assets	6,765,997	6,348,848
Current tax liabilities	1,197	5,653
Other financial liabilities	11,928	12,178
Derivative financial instruments	1,834	18,285
Accrued liabilities	138,086	118,307
Deferred government funding	295,159	239,909
Bonds payable	499,513	499,027
Medium-term notes	-	222,640
Short-term notes	218,191	-
Lease liabilities ⁽⁴⁾	82,189	92,032
Short-term borrowings	756,162	416,311
Contract liabilities	65,355	56,367
Trade and other payables	1,092,458	1,126,129
Other liabilities	22,703	18,541
Liabilities directly associated with assets classified as held-for-sale	145,139	143,903
Total current liabilities	3,329,914	2,969,282
Cash ratio ⁽¹⁾	0.5x	0.5x
Quick ratio ⁽²⁾	1.8x	1.9x
Current ratio ⁽³⁾	2.0x	2.1x

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.

(4) Part of other liabilities was reclassified to lease liabilities, compliment with IFRS 16.

Capital Structure

Amounts in US\$ thousands	2Q19	1Q19
Cash and cash equivalent	1,518,578	1,370,041
Financial assets at fair value through profit or loss - current ⁽¹⁾	25,161	46,951
Financial assets at amortized cost ⁽²⁾	2,205,246	2,510,503
Total current financial assets, cash and cash equivalent	3,748,985	3,927,495
Short-term borrowings	756,162	416,311
Long-term borrowings	1,849,016	1,907,211
Lease liabilities ⁽⁶⁾	239,402	263,399
Short-term notes	218,191	-
Medium-term notes	217,336	444,454
Convertible bonds	426,365	422,479
Corporate bonds	499,513	499,027
Total debt	4,205,985	3,952,881
Net debt⁽³⁾	457,000	25,386
Equity	9,597,588	8,947,675
Total debt to equity ratio ⁽⁴⁾	43.8%	44.2%
Net debt to equity ratio ⁽⁵⁾	4.8%	0.3%

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.

(6) Part of other liabilities was reclassified to lease liabilities, compliment with IFRS 16.

Cash Flow

Amounts in US\$ thousands	2Q19	1Q19
Net cash from operating activities	190,105	166,103
Net cash used in investing activities	(990,060)	(816,708)
Net cash from financing activities	974,010	216,590
Effect of exchange rate changes	(12,561)	18,645
Cash and cash equivalent of disposal group held-for-sale	(12,957)	(1,009)
Net change in cash and cash equivalent	148,537	(416,379)

Capex Summary

- Capital expenditures were \$908.1 million in 2Q19, compared to \$439.6 million in 1Q19.
- The planned 2019 capital expenditures for foundry operations are approximately \$2.1 billion, which are mainly for the equipment and facility in our majority-owned Shanghai 300mm fab and FinFET R&D line.
- The planned 2019 capital expenditures for non-foundry operations are approximately \$105.8 million, mainly for the construction of employee's living quarters.

Recent Highlights and Announcements

- List of Directors and their Roles and Functions (2019-8-7)
- Appointment of Independent Non-Executive Directors and Member of Compensation Committee (2019-8-7)
- 2018 Corporate Social Responsibility Report (2019-7-26)
- Extension of Closing Date of the Discloseable Transaction in relation to Disposal of subsidiary (2019-7-22)
- Notification of Board Meeting (2019-7-10)
- Amendment to Previous Discloseable Transaction in relation to Disposal of Subsidiary (2019-6-28)
- List of Directors and their Roles and Functions (2019-6-21)
- Poll Results of the Annual General Meeting Held on 21 June 2019 (2019-6-21)
- Retirement of Independent Non-Executive Director and Withdrawal of Ordinary Resolution Numbered 2(d) at the Annual General Meeting (2019-6-14)
- Overseas Regulatory Announcement- Announcement of Intention to Delist American Depository Shares from the New York Stock Exchange and to Deregister and Terminate Reporting Obligations under the U.S. Securities Exchange Act (2019-5-24)
- (1) Grant of Share Options and (2) Non-Exempt Connected Transactions-Proposed Grant of Restricted Share Units to Directors (2019-5-21)
- Closure of Register of Members (2019-5-21)
- Notification Letter and Request Form for Non-registered Shareholders (2019-5-21)
- Notification Letter for Registered Shareholders (2019-5-21)
- Notice of Annual General Meeting (2019-5-21)
- Form of Proxy For Use at the Annual General Meeting to be Held on 21 June 2019 (2019-5-21)
- Circular-(1) Re-Election of Directors (2) Proposed General Mandate to Issue and Repurchase Shares and (3) Notice of Annual General Meeting (2019-5-21)
- Continuing Connected Transactions in relation to NSI Framework Agreement (2019-5-15)
- SMIC Reports Unaudited Results for the Three Months ended March 31, 2019 (2019-5-08)
- Notification Letter and Request Form for Non-registered Shareholders (2019-4-29)
- Notification Letter for Registered Shareholders (2019-4-29)
- Notification Letter and Change Request Form to registered holders (2019-4-29)
- Letter and Reply Form to New Registered Shareholders - Election of Means of Receipt and Language of Corporate Communication (2019-4-29)
- 2018 Annual Report (2019-4-29)
- Notification of Board Meeting (2019-4-10)

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	
	June 30, 2019 (Unaudited)	March 31, 2019 (Unaudited)
Revenue	790,882	668,899
Cost of sales	(639,724)	(546,829)
Gross profit	<u>151,158</u>	<u>122,070</u>
Research and development expenses, net	(123,869)	(77,175)
General and administration expenses	(64,578)	(43,148)
Sales and marketing expenses	(8,852)	(6,811)
Net impairment losses recognized on financial assets	(627)	(1,078)
Other operating income, net	3,938	30,587
Operating expenses	<u>(193,988)</u>	<u>(97,625)</u>
(Loss) profit from operations	(42,830)	24,445
Other income, net	18,379	6,055
(Loss) profit before tax	<u>(24,451)</u>	<u>30,500</u>
Income tax expense	(1,366)	(6,123)
(Loss) profit for the period	<u>(25,817)</u>	<u>24,377</u>
Other comprehensive income (loss):		
<i>Item that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translating foreign operations	(10,057)	10,378
Cash flow hedges	<u>(9,908)</u>	<u>(12,572)</u>
<i>Items that will not be reclassified to profit or loss</i>		
Actuarial gains and losses on defined benefit plans	<u>(775)</u>	<u>(757)</u>
Total comprehensive income (loss) for the period	<u>(46,557)</u>	<u>21,426</u>
Profit (loss) for the period attributable to:		
Owners of the Company	18,539	12,272
Non-controlling interests	<u>(44,356)</u>	<u>12,105</u>
	<u>(25,817)</u>	<u>24,377</u>
Total comprehensive income (loss) for the period attributable to:		
Owners of the Company	(3,264)	9,195
Non-controlling interests	<u>(43,293)</u>	<u>12,231</u>
	<u>(46,557)</u>	<u>21,426</u>
Earnings per ordinary share		
Basic	\$0.00*	\$0.00*
Diluted	\$0.00*	\$0.00*
Earnings per ADS		
Basic	\$0.02	\$0.01
Diluted	\$0.02	\$0.01
Shares used in calculating basic earnings per share	5,050,196,361	5,040,946,334
Shares used in calculating diluted earnings per share	<u>5,063,774,623</u>	<u>5,059,764,787</u>
Reconciliations of Non-GAAP Financial Measures to Comparable GAAP Measures		
Non-GAAP operating expenses ⁽¹⁾	<u>(249,147)</u>	<u>(201,601)</u>
EBITDA ⁽²⁾	<u>276,559</u>	<u>323,092</u>
EBITDA margin ⁽²⁾	<u>35.0%</u>	<u>48.3%</u>

* Earnings per share were \$0.0031 (basic) and \$0.0031 (diluted) in 2Q19, and \$0.0019 (basic) and \$0.0019 (diluted) in 1Q19.

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

Note:

(1) Non-GAAP operating expenses are defined as operating expenses 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. SMIC reviews non-GAAP 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-GAAP financial measures has material limitations as an analytical tool. One of the limitations of using non-GAAP financial measures is that they do not include all items that impact our net profit for the period. In addition, because non-GAAP 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-GAAP 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-GAAP 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, 2019 (Unaudited)	March 31, 2019 (Unaudited)	June 30, 2018 (Unaudited)
Operating expenses	(193,988)	(97,625)	(198,697)
Employee bonus accrued	6,999	-	2,916
Government funding	(61,785)	(101,554)	(21,162)
Impairment loss of tangible and intangible assets	-	-	443
Loss (gain) on the disposal of machinery and equipment	48	(1,530)	890
Gain on the disposal of living quarters	(421)	(892)	(1,701)
Non-GAAP operating expenses	(249,147)	(201,601)	(217,311)

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, 2019 (Unaudited)	March 31, 2019 (Unaudited)	June 30, 2018 (Unaudited)
(Loss) profit for the period	(25,817)	24,377	31,665
Finance costs	16,646	14,819	10,645
Depreciation and amortization	284,364	277,773	267,528
Income tax expense	1,366	6,123	2,426
EBITDA	276,559	323,092	312,264
Profit margin	-3.3%	3.6%	3.6%
EBITDA margin	35.0%	48.3%	35.1%

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

	As of	
	June 30, 2019 (Unaudited)	March 31, 2019 (Unaudited)
ASSETS		
<i>Non-current assets</i>		
Property, plant and equipment	7,610,109	7,005,263
Right-of-use assets ⁽¹⁾	230,854	255,268
Land use right	129,338	129,970
Intangible assets	110,295	115,285
Investments in associates	1,131,478	1,114,668
Investments in joint ventures	16,631	15,914
Deferred tax assets	46,326	46,102
Financial assets at fair value through profit or loss	55,591	56,514
Derivative financial instruments	2,225	5,708
Other assets	6,901	7,325
Total non-current assets	<u>9,339,748</u>	<u>8,752,017</u>
<i>Current assets</i>		
Inventories	647,154	661,633
Prepayment and prepaid operating expenses	51,647	56,614
Trade and other receivables	904,077	739,882
Financial assets at fair value through profit or loss	25,161	46,951
Financial assets at amortized cost	2,205,246	2,510,503
Derivative financial instruments	5,796	10,362
Restricted cash	1,157,668	685,598
Cash and cash equivalent	1,518,578	1,370,041
	<u>6,515,327</u>	<u>6,081,584</u>
Assets classified as held-for-sale	250,670	267,264
Total current assets	<u>6,765,997</u>	<u>6,348,848</u>
TOTAL ASSETS	<u>16,105,745</u>	<u>15,100,865</u>

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

	As of	
	June 30, 2019 (Unaudited)	March 31, 2019 (Unaudited)
EQUITY AND LIABILITIES		
<i>Capital and reserves</i>		
Ordinary shares		
\$0.004 par value, 10,000,000,000 shares authorized, 5,051,576,430 and 5,046,671,661 shares outstanding at June 30, 2019 and March 31, 2019, respectively	20,206	20,187
Share premium	5,005,523	5,000,280
Reserves	80,058	101,375
Retained earnings	353,362	343,570
Equity attributable to owners of the Company	5,459,149	5,465,412
Perpetual subordinated convertible securities	563,848	563,848
Non-controlling interests ⁽²⁾	3,574,591	2,918,415
Total equity	9,597,588	8,947,675
<i>Non-current liabilities</i>		
Borrowings	1,849,016	1,907,211
Lease liabilities ⁽¹⁾	157,213	171,367
Convertible bonds	426,365	422,479
Medium-term notes	217,336	221,814
Deferred tax liabilities	7,288	2,694
Deferred government funding	434,916	372,232
Derivative financial instruments	39,584	14,144
Other liabilities	46,525	71,967
Total non-current liabilities	3,178,243	3,183,908
<i>Current liabilities</i>		
Trade and other payables	1,092,458	1,126,129
Contract liabilities	65,355	56,367
Borrowings	756,162	416,311
Lease liabilities ⁽¹⁾	82,189	92,032
Bonds payable	499,513	499,027
Short-term notes	218,191	-
Medium-term notes	-	222,640
Deferred government funding	295,159	239,909
Accrued liabilities	138,086	118,307
Derivative financial instruments	1,834	18,285
Other financial liabilities	11,928	12,178
Current tax liabilities	1,197	5,653
Other liabilities	22,703	18,541
	3,184,775	2,825,379
Liabilities directly associated with assets classified as held-for-sale	145,139	143,903
Total current liabilities	3,329,914	2,969,282
Total liabilities	6,508,157	6,153,190
TOTAL EQUITY AND LIABILITIES	16,105,745	15,100,865

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

Note:

- (1) As the adoption of IFRS 16, the Group recognized right-of-use assets and leased liabilities \$279.7 million on January 1, 2019. Part of property, plant and equipment was reclassified to right-of-use assets, and part of other liabilities was reclassified to lease liabilities for the three months ended June 30, 2019. The comparative figure for the three months ended March 31, 2019 in the Condensed Consolidated Statement of Financial Position has been revised to conform the current period's presentation.
- (2) In 2Q19, the Group received a capital contribution of US\$698.6 into the capital of the subsidiaries, Semiconductor Manufacturing South China Corporation from non-controlling interests shareholders.

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

	For the three months ended	
	June 30, 2019 (Unaudited)	March 31, 2019 (Unaudited)
Cash flow from operating activities:		
(Loss) profit for the period	(25,817)	24,377
Depreciation and amortization	284,364	277,773
Share of loss of investment accounted for using equity method	191	26,160
Changes in working capital and others	(68,633)	(162,207)
Net cash from operating activities	190,105	166,103
Cash flow from investing activities:		
Payments to acquire financial assets at fair value through profit or loss	(13,854)	(8,176)
Proceeds from sale of financial assets at fair value through profit or loss	37,190	6,419
Payments to acquire financial assets at amortized cost	(240,723)	(1,561,888)
Proceeds from maturity of financial assets at amortized cost	119,129	1,001,787
Payments for property, plant and equipment	(824,065)	(328,961)
Net proceeds after netting off land appreciation tax from disposal of property, plant and equipment and assets classified as held-for-sale	2,349	3,290
Payments for intangible assets	(5,085)	(254)
Payments for land use right	-	(1,402)
Deposit (returned) received for disposal of subsidiaries	(72,324)	72,324
Proceeds from release of restricted cash relating to investing activities	26,529	-
Payments to acquire joint ventures and associates	(19,206)	-
Distributions received from joint ventures and associates	-	153
Net cash used in investing activities	(990,060)	(816,708)
Cash flow from financing activities:		
Proceeds from borrowings	526,856	255,393
Repayment of borrowings	(212,088)	(263,760)
Principal elements of lease payments	(40,380)	-
Repayment of medium-term notes	(217,954)	-
Distribution paid to perpetual subordinated convertible securities holders	(5,650)	-
Proceeds from exercise of employee stock options	1,770	933
Proceeds from issuance of short-term notes	222,853	-
Proceeds from issuance of medium-term notes	-	224,024
Proceeds from non-controlling interest – capital contribution	698,603	-
Net cash from financing activities	974,010	216,590
Effects of exchange rate changes on the balance of cash held in foreign currencies	(12,561)	18,645
Cash and cash equivalent of disposal group held-for-sale	(12,957)	(1,009)
Net increase (decrease) in cash and cash equivalent	148,537	(416,379)
Cash and cash equivalent, beginning of period	1,370,041	1,786,420
Cash and cash equivalent, end of period	1,518,578	1,370,041

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

Shanghai, August 8, 2019

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