



Contact:

Investor Relations
+86-21-3861-0000 ext. 12804
ir@smics.com

NEWS RELEASE

SMIC Reports 2014 Second Quarter Results

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

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

Shanghai, China –August 6, 2014. Semiconductor Manufacturing International Corporation (NYSE: SMI; SEHK: 981) ("SMIC" or the "Company"), one of the leading semiconductor foundries in the world, today announced its consolidated results of operations for the three months ended June 30, 2014.

Second Quarter 2014 Highlights

- Revenue was \$511.3 million in 2Q14, an increase of 13.4% quarter over quarter.
- Non-GAAP revenue excluding wafer shipments from Wuhan Xinxin reached a record high of \$511.3 million in 2Q14, an increase of 1.9% year over year compared to \$501.8 million in 2Q13.
- Gross margin was 28.0% in 2Q14, compared to 21.3% in 1Q14.
- Profit for the period attributable to SMIC was \$56.8 million in 2Q14, compared to \$20.3 million in 1Q14.
- China-region revenue grew to 44.4% of overall revenue becoming the largest contributor to revenue regionally in 2Q14.

Third Quarter 2014 Guidance:

The following statements are forward looking statements which are based on current expectations and which involve risks and uncertainties, some of which are set forth under "Safe Harbor Statements" below.

- Revenue is expected to increase 1% to 5% quarter over quarter.
- Gross margin is expected to range from 24% to 26%.
- Non-GAAP operating expenses excluding the effect of employee bonus accrual, government funding and gain from the disposal of living quarters are expected to range from \$96 million to \$101 million.

Dr. Tzu-Yin Chiu, SMIC's Chief Executive Officer and Executive Director, commented, "Excluding Wuhan contribution, SMIC achieved record high revenue in the second quarter, which is our ninth consecutive profitable quarter. We reached a gross margin of 28%--our highest since 2005.

Compared to Q1 2014, utilization was up more than 10 percentage points; while revenue increased 13.4% sequentially. When comparing Q2 2014 to Q1 2014, gross margin increased 6.7 percentage points, profit from operations nearly doubled, and net profit tripled. We continue to emphasize the priority of sustained profitability and carefully planned growth. Overall, we are optimistic about 2015 as we prepare our capacity and technology for many new and exciting opportunities.

One of our growth drivers for 2015 will be 28nm. We are happy to work with our long-time customer as we ramp up this new technology. We are on track to have production ramp up in 2015. We are also working with other customers who are targeting to capture the LTE handset IC market in China, AP for tablets, and RF applications on 28nm.

Our other growth driver for this year and more so in 2015 is our differentiated product offering. SMIC continues to experience high demand for 8-inch production capacity for PMIC, CIS, e-NVM, and sensors. Our effort in 12-inch specialty process development has recently yielded the industry's leading 55nm embedded NVM solution. Our customer has entered into high volume production based on this technology.

The strong IC demand in China is continuing to drive our growth. For the first time in SMIC's history, our China revenue has exceeded all other regions in the second quarter. Revenue from China now accounts for more than 44% of our total revenue.

The second quarter recovery ended with strong financials and profitability for SMIC. We are optimistic about 2015 as we prepare for growth on 8-inch and 28nm. We continue to have confidence in our strategy to capture growth opportunities in China."

Conference Call / Webcast Announcement

Date: August 7, 2014

Time: 8:30 a.m. Shanghai time

Dial-in numbers and pass code:

| | | |
|-------------------------|-----------------|-------------------|
| China | 400-620-8038 | (Pass code: SMIC) |
| Hong Kong | 852-2475-0994 | (Pass code: SMIC) |
| Taiwan | 886-2-2650-7825 | (Pass code: SMIC) |
| United States, New York | 1-845-675-0437 | (Pass code: SMIC) |

The call will be webcast live with audio at http://www.smics.com/eng/investors/ir_presentations.php or <http://www.media-server.com/m/p/89si7vqg>.

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"; NYSE: SMI; SEHK: 981) is one of the leading semiconductor foundries in the world and the largest and most advanced foundry in mainland China. SMIC provides integrated circuit (IC) foundry and technology services at 0.35-micron to 28-nanometer. Headquartered in Shanghai, China, SMIC has a 300mm wafer fabrication facility (fab) and a 200mm mega-fab in Shanghai; a 300mm mega-fab in Beijing with a joint-venture 300mm fab that is currently under construction; a 200mm fab in Tianjin; and a 200mm fab project under development in Shenzhen. 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. These forward-looking statements, including statements under "Third Quarter 2014 Guidance" and the statements regarding our optimism about our 2015 opportunities, our expected 2015 growth driver of 28nm technology, our expectation to have production ramp up in 2015, our expectation of differentiated products offering being another growth driver for this year and more so in 2015, our anticipation to experience high demand for 8-inch production capacity for PMIC, CIS, e-NVM, and sensors and our confidence in our strategy to capture growth opportunities in China, as well as the statements regarding future 2014 capital expenditures 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 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 the global economic slowdown, orders or judgments from pending litigation and financial stability in end markets.

Investors should consider the information contained in SMIC's filings with the U.S. Securities and Exchange Commission (SEC), including its annual report on 20-F filed with the SEC on April 14, 2014, especially the consolidated financial statements, and such other documents that SMIC 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 SMIC's 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 may be 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 measures of operating results that are adjusted to exclude wafer shipments from Wuhan Xinxin Semiconductor Manufacturing Corporation (“Wuhan Xinxin”), which SMIC began gradually phasing out in 3Q13. There were no wafer shipments from Wuhan Xinxin from 1Q14 onwards. This earnings release includes non-GAAP revenue, non-GAAP cost of sales, non-GAAP gross margin and non-GAAP operating expenses, which consists of total operating expenses as adjusted to exclude the effect of employee bonus accrual, government funding and gain from the disposal of living quarters. It also includes third quarter 2014 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.

SMIC believes that use of these non-GAAP financial measures facilitates investors’ and management’s comparisons to SMIC’s historical performance. The Company’s management regularly uses these non-GAAP financial measures to understand, manage and evaluate the Company’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.



Summary of Second Quarter 2014 Operating Results

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

| | 2Q14 | 1Q14 | QoQ | 2Q13 | YoY |
|--|---------------|---------------|--------|---------------|--------|
| Revenue | 511,344 | 451,083 | 13.4% | 541,302 | -5.5% |
| Cost of sales | (368,291) | (354,965) | 3.8% | (406,075) | -9.3% |
| Gross profit | 143,053 | 96,118 | 48.8% | 135,227 | 5.8% |
| Operating expenses | (84,861) | (66,533) | 27.5% | (56,095) | 51.3% |
| Profit from operations | 58,192 | 29,585 | 96.7% | 79,132 | -26.5% |
| Other income (expense), net | (1,105) | (9,189) | -88.0% | (3,292) | -66.4% |
| Profit before tax | 57,087 | 20,396 | 179.9% | 75,840 | -24.7% |
| Income tax benefit (expense) | 93 | (1,454) | - | (510) | - |
| Profit for the period | 57,180 | 18,942 | 201.9% | 75,330 | -24.1% |
| Other comprehensive income: | | | | | |
| Exchange differences on translating foreign operations | (858) | (1,095) | -21.6% | 278 | - |
| Total comprehensive income for the period | 56,322 | 17,847 | 215.6% | 75,608 | -25.5% |
| Profit for the period attributable to: | | | | | |
| Attributable to SMIC | 56,801 | 20,261 | 180.3% | 75,401 | -24.7% |
| Non-controlling interests | 379 | (1,319) | - | (71) | - |
| Profit for the period | 57,180 | 18,942 | 201.9% | 75,330 | -24.1% |
| Gross margin | 28.0% | 21.3% | - | 25.0% | - |
| Earnings per ordinary share ⁽¹⁾ | | | | | |
| Basic | 0.00 | 0.00 | - | 0.00 | - |
| Diluted | 0.00 | 0.00 | - | 0.00 | - |
| Earnings per ADS | | | | | |
| Basic | 0.09 | 0.03 | - | 0.12 | - |
| Diluted | 0.08 | 0.03 | - | 0.12 | - |
| Wafers shipped (in 8" equivalent wafers) | 648,764 | 581,621 | 11.5% | 687,651 | -5.7% |
| Capacity utilization ⁽²⁾ | 94.6% | 84.2% | - | 98.5% | - |

Note:

(1) Based on weighted average ordinary shares of 32,766 million (basic) and 35,291 million (diluted) in 2Q14, 32,169 million (basic) and 32,513 million (diluted) in 1Q14, and 32,051 million (basic) and 32,312 million (diluted) in 2Q13.

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

- Revenue increased 13.4% QoQ from \$451.1 million in 1Q14 to \$511.3 million in 2Q14 mainly because of an increase in wafer shipments in 2Q14. Revenue decreased 5.5% YoY from \$541.3 million in 2Q13 mainly because there were no wafer shipments from Wuhan Xinxin since 1Q14.
- Non-GAAP revenue excluding wafer shipments from Wuhan Xinxin was a record high of \$511.3 million in 2Q14, an increase of 1.9% YoY compared to \$501.8 million in 2Q13.
- Cost of sales increased to \$368.3 million in 2Q14, only up 3.8% QoQ from \$355.0 million in 1Q14.
- Gross profit was \$143.1 million in 2Q14, an increase of 48.8% QoQ from \$96.1 million in 1Q14.
- Gross margin was 28.0% in 2Q14, up from 21.3% in 1Q14, primarily due to an increase in fab utilization.
- Operating expenses increased to \$84.9 million in 2Q14, an increase of 27.5% QoQ from \$66.5 million in 1Q14, mainly due to the reasons stated in Operating Expenses (Income) Analysis below.

Analysis of Revenue

| Revenue Analysis | | | |
|---------------------------------------|-------|-------|-------|
| | 2Q14 | 1Q14 | 2Q13 |
| By Application | | | |
| Computer | 2.8% | 3.0% | 1.5% |
| Communications | 41.4% | 39.1% | 45.6% |
| Consumer | 48.0% | 48.8% | 45.3% |
| Others | 7.8% | 9.1% | 7.6% |
| By Service Type | 2Q14 | 1Q14 | 2Q13 |
| Wafers | 95.4% | 93.3% | 96.2% |
| Mask making, testing, others | 4.6% | 6.7% | 3.8% |
| By Customer Type | 2Q14 | 1Q14 | 2Q13 |
| Fabless semiconductor companies | 85.2% | 89.0% | 87.7% |
| Integrated device manufacturers (IDM) | 3.0% | 3.1% | 7.0% |
| System companies and others | 11.8% | 7.9% | 5.3% |
| By Geography | 2Q14 | 1Q14 | 2Q13 |
| North America | 42.0% | 46.6% | 48.3% |
| China ⁽¹⁾ | 44.4% | 40.6% | 40.9% |
| Eurasia ⁽²⁾ | 13.6% | 12.8% | 10.8% |
| Wafer Revenue Analysis | | | |
| By Technology | 2Q14 | 1Q14 | 2Q13 |
| 40/45 nm | 13.2% | 9.8% | 10.0% |
| 55/65 nm | 26.3% | 21.3% | 30.9% |
| 90 nm | 3.4% | 4.3% | 4.6% |
| 0.13 µm | 12.1% | 12.9% | 10.5% |
| 0.15/0.18 µm | 40.2% | 46.8% | 40.1% |
| 0.25/0.35 µm | 4.8% | 4.9% | 3.9% |

Note:

(1) Including Hong Kong, but excluding Taiwan
(2) Excluding China

Capacity*

| Fab / (Wafer Size) | 2Q14 | 1Q14 |
|--|---------|---------|
| Shanghai Mega Fab (8") | 96,000 | 94,000 |
| Shanghai 12-inch Fab (12") | 31,500 | 31,500 |
| Beijing Mega Fab (12") | 81,000 | 81,000 |
| Tianjin Fab (8") | 39,000 | 37,000 |
| Total monthly wafer fabrication capacity | 247,500 | 243,500 |

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 increased to 247,500 8-inch equivalent wafers in 2Q14 from 243,500 8-inch equivalent wafers in 1Q14, primarily due to an increase in capacity in our Shanghai and Tianjin 8-inch fabs.

Shipment and Utilization

| 8" equivalent wafers | 2Q14 | 1Q14 | QoQ | 2Q13 | YoY |
|---------------------------------|---------|---------|-------|---------|-------|
| Wafer shipments | 648,764 | 581,621 | 11.5% | 687,651 | -5.7% |
| Utilization rate ⁽¹⁾ | 94.6% | 84.2% | - | 98.5% | - |

Note:

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

- Wafer shipments in 2Q14 increased 11.5% QoQ mainly because of an increase in wafer shipments. Wafer shipments decreased 5.7% YoY compared to 2Q13 mainly because there were no wafer shipments from Wuhan Xinxin since 1Q14.

Detailed Financial Analysis

Gross Profit Analysis

| Amounts in US\$ thousands | 2Q14 | 1Q14 | QoQ | 2Q13 | YoY |
|---------------------------|---------|---------|-------|---------|--------|
| Cost of sales | 368,291 | 354,965 | 3.8% | 406,075 | -9.3% |
| Depreciation | 106,236 | 110,903 | -4.2% | 107,759 | -1.4% |
| Other manufacturing costs | 260,365 | 243,091 | 7.1% | 295,840 | -12.0% |
| Share-based compensation | 1,690 | 971 | 74.0% | 2,476 | -31.7% |
| Gross profit | 143,053 | 96,118 | 48.8% | 135,227 | 5.8% |
| Gross margin | 28.0% | 21.3% | - | 25.0% | - |

- Cost of sales was \$368.3 million in 2Q14, only up 3.8 % QoQ from \$355.0 million in 1Q14.
- Gross profit was \$143.1 million in 2Q14, an increase of 48.8% QoQ from \$96.1 million in 1Q14.
- Gross margin was 28.0% in 2Q14, up from 21.3% in 1Q14, mainly due to an increase in fab utilization.

Operating Expenses (Income) Analysis

| Amounts in US\$ thousands | 2Q14 | 1Q14 | QoQ | 2Q13 | YoY |
|----------------------------|---------|---------|-------|----------|--------|
| Operating expenses | 84,861 | 66,533 | 27.5% | 56,095 | 51.3% |
| Research and development | 45,080 | 36,653 | 23.0% | 36,736 | 22.7% |
| General and administrative | 35,528 | 23,193 | 53.2% | 42,636 | -16.7% |
| Selling and marketing | 9,018 | 9,708 | -7.1% | 9,775 | -7.7% |
| Other operating income | (4,765) | (3,021) | 57.7% | (33,052) | -85.6% |

- R&D expenses increased to \$45.1 million in 2Q14, compared to \$36.7 million in 1Q14. The increase was primarily due to 1) a decrease in the funding of R&D contracts from the government, which was \$7.6 million in 2Q14, compared to \$11.7 million in 1Q14 and 2) an increase of R&D activities in 2Q14.
- General and administrative expenses increased to \$35.5 million in 2Q14, up 53.2% QoQ from \$23.2 million in 1Q14, mainly because 1) accrued employee bonus increased by \$7.1 million and 2) government tax surcharges increased by \$2.4 million in 2Q14.
- Other operating income increased 57.7% QoQ from \$3.0 million in 1Q14 to \$4.8 million in 2Q14, mainly because of the gain arising from the disposal of part of the living quarters in Beijing. Other operating income decreased 85.6% YoY compared to \$33.1 million in 2Q13, mainly because of 1) the gain arising from the disposal of part of the living quarters in Shanghai in 2Q13 and 2) the gain arising from the disposal of the Company's total ownership interest in SMIC (Wuhan) Development Corporation which was mainly engaged in the construction, operation and management of SMIC living quarters and schools in Wuhan in 2Q13.

Other Income (expense), Net

| Amounts in US\$ thousands | 2Q14 | 1Q14 | QoQ | 2Q13 | YoY |
|----------------------------------|---------|----------|--------|---------|--------|
| Other income (expense), net | (1,105) | (9,189) | -88.0% | (3,292) | -66.4% |
| Interest income | 3,021 | 1,838 | 64.4% | 936 | 222.8% |
| Finance costs | (8,231) | (4,630) | 77.8% | (9,080) | -9.4% |
| Foreign exchange gains or losses | (1,860) | (12,594) | -85.2% | 2,949 | - |
| Other gains or losses, net | 5,399 | 5,312 | 1.6% | 1,126 | 379.5% |
| Share of profits of associates | 566 | 885 | -36.0% | 777 | -27.2% |

- The change of foreign exchange gains or losses was mainly due to a devaluation of RMB against USD in 1Q14.

Depreciation and Amortization

| Amounts in US\$ thousands | 2Q14 | 1Q14 | QoQ | 2Q13 | YoY |
|-------------------------------|---------|---------|------|---------|------|
| Depreciation and amortization | 138,463 | 136,871 | 1.2% | 135,712 | 2.0% |

Liquidity

| Amounts in US\$ thousands | 2Q14 | 1Q14 |
|------------------------------------|-----------|-----------|
| Cash and cash equivalent | 573,332 | 437,575 |
| Restricted cash | 181,573 | 120,338 |
| Other financial assets | 358,417 | 178,383 |
| Trade and other receivables | 458,765 | 361,536 |
| Prepaid operating expenses | 42,261 | 43,181 |
| Inventories | 319,089 | 294,375 |
| Assets classified as held-for-sale | 1,543 | 2,361 |
| Total current assets | 1,934,980 | 1,437,749 |
| | | |
| Current tax liabilities | 246 | 161 |
| Other financial liabilities | - | 76 |
| Accrued liabilities | 132,273 | 114,463 |
| Deferred government funding | 31,484 | 24,431 |
| Borrowings | 365,269 | 313,191 |
| Trade and other payables | 474,268 | 401,041 |
| Total current liabilities | 1,003,540 | 853,363 |
| | | |
| Cash Ratio | 0.6x | 0.5x |
| Quick Ratio | 1.6x | 1.3x |
| Current Ratio | 1.9x | 1.7x |

Capital Structure

| Amounts in US\$ thousands | 2Q14 | 1Q14 |
|---|-----------|-----------|
| Cash and cash equivalent | 573,332 | 437,575 |
| Restricted cash | 181,573 | 120,338 |
| Other financial assets | 358,417 | 178,383 |
| | | |
| Short-term borrowings | 365,269 | 313,191 |
| Long-term borrowings | 430,520 | 512,075 |
| Convertible bonds | 352,317 | 182,149 |
| Total debt | 1,148,106 | 1,007,415 |
| | | |
| Equity | 2,889,045 | 2,617,698 |
| | | |
| Total debt to equity ratio ⁽¹⁾ | 39.7% | 38.5% |

Note:

(1) Total debt divided by equity, total debt including short-term and long-term borrowings and convertible bonds.

Cash and cash equivalent increased to \$573.3 million in 2Q14 from \$437.6 million in 1Q14 and other financial assets increased to \$358.4 million in 2Q14 from \$178.4 million in 1Q14, primarily because of the net proceeds received from the issuance of convertible bonds and new ordinary shares in 2Q14.

Cash Flow

| Amounts in US\$ thousands | 2Q14 | 1Q14 |
|--|-----------|-----------|
| Net cash from operating activities | 118,635 | 169,378 |
| Net cash used in investing activities | (339,761) | (24,912) |
| Net cash from (used in) financing activities | 357,214 | (168,382) |
| Effect of exchange rate changes | (331) | (992) |
| Net change in cash | 135,757 | (24,908) |

Capex Summary

- Capital expenditures for 2Q14 were \$142.4 million.
- The Company raised planned 2014 capital expenditures for foundry operations from approximately \$1.0 billion to approximately \$1.1 billion. The increase is mainly for product-mix change, including conversion from 40/45nm to 28nm in our Shanghai 12-inch fab, and the expansion of capacity in our Tianjin 8-inch fab from 39K to 42K. Around \$570 million of the total estimated 2014 capital expenditures is expected to be used for our new Beijing majority owned subsidiary, which is 55% funded by SMIC and 45% funded by the other shareholders of the subsidiary.
- As previously announced, 2014 capital expenditures for non-foundry operations is approximately \$110 million, mainly for the construction of living quarters. The Company plans to rent out or sell these living quarter units to employees in the future.

Recent Highlights and Announcements

- HED Launches the First 55nm Smart Card Chip Based on SMIC's 55nm LL eFlash Platform (2014-08-04)
- SMIC Revises Up Second Quarter 2014 Gross Margin Guidance (2014-07-21)
- Notification of Board Meeting (2014-07-14)
- Poll Results of the Annual General Meeting Held on 27 June 2014 (2014-07-07)
- SMIC and Qualcomm Collaborate on 28nm Wafer Production in China (2014-07-03)
- Completion of the Issue of Us\$95,000,000 Zero Coupon Convertible Bonds Due 2018 (2014-06-27)
- Non-exempt Connected Transactions - Exercise of Pre-emptive Rights by Datang and Country Hill (2014-06-24)
- SMIC Establishes the First 12 inch CIS Supply Chain in China (2014-06-24)
- Completion of Placing of Existing Shares and Subscription of New Shares under 2013 General Mandate (2014-06-12)
- Grant of Options (2014-06-12)
- Closure of Register of Members (2014-06-12)
- SMIC and Brite Creates New Network Platform SMIC-ASIC.com (2014-06-05)
- (1) Placing of Existing Shares and Subscription of New Shares (2) Proposed Issue of Us\$95 Million Zero Coupon Convertible Bonds Due 2018 (3) Pre-emptive Right of Datang and (4) Pre-emptive Right of Country Hill (2014-06-04)
- Potential Non-exempt Connected Transactions - Potential Exercise of Pre-emptive Rights by Datang and Country Hill (2014-06-04)
- SMIC will Host its First Showcase in Design Automation Conference (2014-05-29)
- SMIC Donates an Additional 2 Million Yuan to its Children's Liver Transplant Program (2014-05-29)
- Circulars - Notification Letter and Request Form to Non-registered Holders (2014-05-27)
- Circulars - Notification Letter to Registered Shareholders (2014-05-27)
- Notice of Annual General Meeting (2014-05-27)
- Proxy Forms - Form of Proxy for Use at the Annual General Meeting to be Held on 27 June 2014 (2014-05-27)
- Circulars - Proposals for Re-election of Directors, Appointment of Auditors, General Mandates to Issue and Repurchase Shares, Non-exempt Connected Transaction - Proposed Grant of Restricted Share Units to a Director and Notice of Annual General Meeting (2014-05-27)
- SMIC Offers Stable and Robust Wafer Productions for Fingerprint Sensors (2014-05-20)
- SMIC Forms RD Consortium with Universities, Research Academy, and Industrial Partners to Speed Up Advance Technology Development 2014-05-16)
- Non-exempt Connected Transaction - Proposed Grant of Restricted Share Units to A Director (2014-04-29)
- Proposed Change of Auditors (2014-04-29)
- SMIC Reports Unaudited Results for the Three Months Ended March 31, 2014 (2014-04-28)
- SMIC Kicks Off 6th Technology Workshop in Shanghai (2014-04-24)
- SMIC Appoints Hiroshi Ogawa as General Manager of SMIC Japan (2014-04-15)
- Notification of Board Meeting (2014-04-14)
- Circulars - Letter and Reply Form to New Registered Shareholder - Election of Means of Receipt of Corporate Communication (2014-04-08)
- Circulars - Notification Letter and Request Form to Non-registered Holders (2014-04-08)
- Circulars - Notification Letter and Change Request Form to Registered Holders (2014-04-08)
- 2013 Annual Report (2014-04-07)

*Please visit SMIC's website at http://www.smics.com/eng/press/press_releases.php and
http://www.smics.com/eng/investors/ir_filings.php
for further details regarding the recent announcements.*

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

| | For the three months ended | |
|--|------------------------------|-------------------------------|
| | June 30, 2014 (Unaudited) | March 31, 2014 (Unaudited) |
| Revenue | 511,344 | 451,083 |
| Cost of sales | (368,291) | (354,965) |
| Gross profit | <u>143,053</u> | <u>96,118</u> |
| Research and development expenses | (45,080) | (36,653) |
| General and administration expenses | (35,528) | (23,193) |
| Sales and marketing expenses | (9,018) | (9,708) |
| Other operating income | 4,765 | 3,021 |
| Operating expenses | (84,861) | (66,533) |
| Profit from operation | 58,192 | 29,585 |
| Other income (expense), net | (1,105) | (9,189) |
| Profit before tax | <u>57,087</u> | <u>20,396</u> |
| Income tax benefit (expense) | 93 | (1,454) |
| Profit for the period | <u>57,180</u> | <u>18,942</u> |
| Other comprehensive income | | |
| <i>Item that may be reclassified subsequently to profit or loss</i> | | |
| Exchange differences on translating foreign operations | (858) | (1,095) |
| Total comprehensive income for the period | <u>56,322</u> | <u>17,847</u> |
| Profit (loss) for the period attributable to: | | |
| Owners of the Company | 56,801 | 20,261 |
| Non-controlling interests | 379 | (1,319) |
| Total comprehensive income (expense) for the period attributable to: | <u>57,180</u> | <u>18,942</u> |
| Owners of the Company | 55,943 | 19,166 |
| Non-controlling interests | 379 | (1,319) |
| Shares used in calculating basic earnings per share | <u>56,322</u> | <u>17,847</u> |
| Earnings per share attributable to Semiconductor Manufacturing International Corporation ordinary shareholders | | |
| Basic | 0.00 | 0.00 |
| Diluted | 0.00 | 0.00 |
| Earnings per ADS attributable to Semiconductor Manufacturing International Corporation ordinary ADS holders | | |
| Basic | 0.09 | 0.03 |
| Diluted | 0.08 | 0.03 |
| Shares used in calculating diluted earnings per share | <u>32,766,242,768</u> | <u>32,168,629,989</u> |
| | <u>35,291,192,640</u> | <u>32,512,915,972</u> |
| Reconciliations of Non-GAAP Financial Measures to Comparable GAAP Measures⁽¹⁾ | | |
| Non-GAAP operating expenses | <u>(86,600)</u> | <u>(79,363)</u> |

Note:

- (1) SMIC defines non-GAAP revenue, non-GAAP cost of sales and non-GAAP gross margin, which are non-GAAP financial measures, as revenue, cost of sales and gross margin, in each case excluding wafer shipments from Wuhan Xinxin. SMIC also defines non-GAAP operating expenses prepared on a forward-looking basis as a non-GAAP measure in our next quarter's guidance, which is adjusted to exclude the effect of employee bonus accrual, government funding and gain from the disposal of living quarters. SMIC reviews non-GAAP financial measures together with revenue, cost of sales, gross margin and operating expenses to understand, manage and evaluate its business and make financial and operational decisions. The Company also believes it is useful supplemental

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

information for investors and analysts to assess its operating performance without the effect of wafer shipments from Wuhan Xinxin, which were not output through its production capacity. SMIC announced in March 2013 that it had ceased to manage and operate the 300mm wafer fab in Wuhan owned by Wuhan Xinxin, and began gradually phasing out wafer shipments from Wuhan Xinxin in 3Q13. There were no wafer shipments from Wuhan Xinxin from 1Q14 onwards. 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 similar titled measures used by other companies. In light of the foregoing limitations, you should not consider non-GAAP financial measure in isolation from or as an alternative to revenue, cost of sales, gross margin and operating expenses prepared in accordance with IFRS.

The following table sets forth the reconciliation of each of non-GAAP revenue, non-GAAP cost of sales, non-GAAP gross margin and 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, 2014 (Unaudited) | March 31, 2014 (Unaudited) | June 30, 2013 (Unaudited) |
| Revenue | 511,344 | 451,083 | 541,302 |
| Revenue from Wuhan Xinxin | - | - | (39,458) |
| Non-GAAP revenue | <u>511,344</u> | <u>451,083</u> | <u>501,844</u> |
| Cost of sales | (368,291) | (354,965) | (406,075) |
| Cost of sales of Wuhan Xinxin | - | - | 38,465 |
| Non-GAAP cost of sales | <u>(368,291)</u> | <u>(354,965)</u> | <u>(367,610)</u> |
| Gross margin | 28.0% | 21.3% | 25.0% |
| Non-GAAP gross margin | <u>28.0%</u> | <u>21.3%</u> | <u>26.7%</u> |

| | For the three months ended | | |
|---|--------------------------------------|---------------------------------------|--------------------------------------|
| | June 30, 2014 (Unaudited) | March 31, 2014 (Unaudited) | June 30, 2013 (Unaudited) |
| Operating expenses | (84,861) | (66,533) | (56,095) |
| Employee bonus accrual | 10,849 | 2,001 | 18,467 |
| Government funding | (8,494) | (11,972) | (3,837) |
| Gain from the disposal of living quarters | (4,094) | (2,859) | (4,736) |
| Non-GAAP operating expenses | <u>(86,600)</u> | <u>(79,363)</u> | <u>(46,201)</u> |

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

| | As of | |
|--|------------------------------|-------------------------------|
| | June 30, 2014 (Unaudited) | March 31, 2014 (Unaudited) |
| ASSETS | | |
| <i>Non-current assets</i> | | |
| Property, plant and equipment | 2,515,105 | 2,500,845 |
| Prepaid land use right | 136,623 | 137,296 |
| Intangible assets | 198,952 | 208,775 |
| Investments in associates | 30,820 | 29,997 |
| Deferred tax assets | 44,161 | 43,974 |
| Other assets | 7,228 | 7,666 |
| Total non-current assets | <u>2,932,889</u> | <u>2,928,553</u> |
| <i>Current assets</i> | | |
| Inventories | 319,089 | 294,375 |
| Prepaid operating expenses | 42,261 | 43,181 |
| Trade and other receivables | 458,765 | 361,536 |
| Other financial assets | 358,417 | 178,383 |
| Restricted cash | 181,573 | 120,338 |
| Cash and cash equivalent | 573,332 | 437,575 |
| Assets classified as held-for-sale | <u>1,933,437</u> | <u>1,435,388</u> |
| Total current assets | <u>1,543</u> | <u>2,361</u> |
| TOTAL ASSETS | <u>1,934,980</u> | <u>1,437,749</u> |
| | <u>4,867,869</u> | <u>4,366,302</u> |
| EQUITY AND LIABILITIES | | |
| <i>Capital and reserves</i> | | |
| Ordinary shares, \$0.0004 par value, 50,000,000,000 shares authorized, 34,831,860,338 and 32,214,208,143 shares issued and outstanding at June 30, 2014 and March 31, 2013, respectively | 13,933 | 12,886 |
| Share premium | 4,296,190 | 4,098,490 |
| Reserves | 87,004 | 71,584 |
| Accumulated deficit | (1,616,797) | (1,673,598) |
| Equity attributable to owners of the Company | <u>2,780,330</u> | <u>2,509,362</u> |
| Non-controlling interests | <u>108,715</u> | <u>108,336</u> |
| Total equity | <u>2,889,045</u> | <u>2,617,698</u> |
| <i>Non-current liabilities</i> | | |
| Borrowings | 430,520 | 512,075 |
| Convertible bonds | 352,317 | 182,149 |
| Deferred tax liabilities | 122 | 167 |
| Deferred government funding | 192,325 | 200,850 |
| Total non-current liabilities | <u>975,284</u> | <u>895,241</u> |
| <i>Current liabilities</i> | | |
| Trade and other payables | 474,268 | 401,041 |
| Borrowings | 365,269 | 313,191 |
| Deferred government funding | 31,484 | 24,431 |
| Accrued liabilities | 132,273 | 114,463 |
| Other financial liabilities | - | 76 |
| Current tax liabilities | 246 | 161 |
| Total current liabilities | <u>1,003,540</u> | <u>853,363</u> |
| Total liabilities | <u>1,978,824</u> | <u>1,748,604</u> |
| TOTAL EQUITY AND LIABILITIES | <u>4,867,869</u> | <u>4,366,302</u> |

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

| | For the three months ended | |
|---|-----------------------------------|-----------------------|
| | June 30, 2014 | March 31, 2014 |
| | (Unaudited) | (Unaudited) |
| Cash flow from operating activities | | |
| Profit for the period | 57,180 | 18,942 |
| Depreciation and amortization | 138,463 | 136,871 |
| Share of profits of associates | (566) | (885) |
| Changes in working capital and others | (76,442) | 14,450 |
| Net cash from operating activities | 118,635 | 169,378 |
| Cash flow from investing activities: | | |
| Payments for property, plant and equipment | (108,683) | (118,563) |
| Payments for intangible assets | (9,948) | (1,364) |
| Payments for land use right | - | (1,123) |
| Proceeds from disposal of property, plant and equipment | 2,654 | 13,348 |
| Changes in restricted cash relating to investing activities | (43,749) | 20,879 |
| Payments to acquire financial assets | (443,617) | (267,084) |
| Proceeds on sale of financial assets | 263,582 | 329,011 |
| Others | - | (16) |
| Net cash used in investing activities | (339,761) | (24,912) |
| Cash flow from financing activities: | | |
| Proceeds from borrowings | 99,514 | 51,284 |
| Repayment of borrowings | (121,382) | (223,711) |
| Proceeds from issuance of ordinary shares | 197,604 | - |
| Proceeds from issuance of convertible bonds | 181,230 | - |
| Proceeds from exercise of employee stock options | 248 | 3,800 |
| Proceeds from non-controlling interests | - | 245 |
| Net cash from (used in) financing activities | 357,214 | (168,382) |
| Effects of exchange rate changes on the balance of cash held in foreign currencies | (331) | (992) |
| Net increase (decrease) in cash and cash equivalent | 135,757 | (24,908) |
| Cash and cash equivalent, beginning of period | 437,575 | 462,483 |
| Cash and cash equivalent, end of period | 573,332 | 437,575 |