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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 MARCH 31, 2020

- **Revenue was \$904.9 million in 1Q20, an increase of 7.8% QoQ from \$839.4 million in 4Q19, and 35.3% YoY from \$668.9 million in 1Q19.**
- **Gross profit was \$233.6 million in 1Q20, an increase of 17.1% QoQ from \$199.4 million in 4Q19 and 91.4% YoY from \$122.1 million in 1Q19.**
- **Gross margin was 25.8% in 1Q20, compared to 23.8% in 4Q19 and 18.2% in 1Q19.**

Set out below is a copy of the full text of the press release by the Company and its subsidiaries (the "Group") on May 13, 2020, in relation to its unaudited results for the three months ended March 31, 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 – May 13, 2020. Semiconductor Manufacturing International Corporation (SEHK: 981; OTCQX: SMICY) ("SMIC", the "Company" or "our"), one of the leading semiconductor foundries in the world, today announced its consolidated results of operations for the three months ended March 31, 2020.

* For identification purposes only

2020 Second Quarter Guidance

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

- Revenue to increase by 3% to 5% QoQ.
- Gross margin to range from 26% to 28%.
- Non-IFRS operating expenses to range from \$240 million to \$245 million.
- Non-controlling interests of our majority-owned subsidiaries to range from \$0 to positive \$10 million (losses to be borne by non-controlling interests).

Dr. Zhao Haijun and Dr. Liang Mong Song, SMIC’s Co-Chief Executive Officers commented, “The company’s revenue in the first quarter has reached a historical high of \$905 million, an increase of 8% quarter over quarter, and 35% year over year, as market demand and product mix are better than expected. Revenue related to communications, computer and consumer electronics grew, gradually increasing in market share.

Our capacity for mature technology platform applications continue to be fully loaded; the demand for CIS related ICs, power management, fingerprint sensors, specialty memory and other related applications are strong. Advanced technology R&D and business are progressing smoothly, as we continue to expand in communications, smartphone, automotive and consumer electronics related fields. Our customers’ feedback on 14nm is positive; our 14nm is covering both communications and automotive sectors with applications including low-end application processors, baseband and consumer related products. We decided to increase capital expenditure by \$1.1 billion to a total of \$4.3 billion, to meet the market demand.

We are confident in leading the company in continued growth momentum, focusing on building up competitiveness under uncertainty, providing comprehensive technology and business platform solutions for domestic and global customers, and capturing growth opportunities in the semiconductor industry.”

Conference Call / Webcast Announcement

Date: May 14, 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/1749469>

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/n7zrz3yk>

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

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

To supplement SMIC's consolidated financial results presented in accordance with IFRS, SMIC uses in this press release non-IFRS measures of operating results that are adjusted to exclude finance cost, depreciation and amortization, income tax benefits and expenses, the effect of employee bonus accrual, government funding, impairment loss of tangible and intangible assets, gain or loss on the disposal of machinery and equipment and gain from the disposal of living quarters. This earnings release also includes 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 First Quarter 2020 Operating Results

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

	1Q20	4Q19	QoQ	1Q19	YoY
Revenue	904,912	839,439	7.8%	668,899	35.3%
Cost of sales	(671,327)	(640,023)	4.9%	(546,829)	22.8%
Gross profit	233,585	199,416	17.1%	122,070	91.4%
Operating expenses	(186,244)	(179,271)	3.9%	(97,625)	90.8%
Profit from operations	47,341	20,145	135.0%	24,445	93.7%
Other income, net	18,317	67,395	-72.8%	6,055	202.5%
Profit before tax	65,658	87,540	-25.0%	30,500	115.3%
Income tax expense	(14,340)	(11,866)	20.8%	(6,123)	134.2%
Profit for the period	51,318	75,674	-32.2%	24,377	110.5%
Other comprehensive income (loss):					
Exchange differences on translating foreign operations	1,919	2,942	-34.8%	10,378	-81.5%
Cash flow hedges	(13,858)	6,573	-	(12,572)	10.2%
Actuarial gains and losses on defined benefit plans	-	-	-	(757)	-
Total comprehensive income for the period	39,379	85,189	-53.8%	21,426	83.8%
Profit (loss) for the period attributable to:					
Owners of the Company	64,164	88,735	-27.7%	12,272	422.8%
Non-controlling interests	(12,846)	(13,061)	-1.6%	12,105	-
Profit for the period	51,318	75,674	-32.2%	24,377	110.5%
Gross margin	25.8%	23.8%		18.2%	
Earnings per ordinary share ⁽¹⁾					
Basic	\$0.01	\$0.02		\$0.00	
Diluted	\$0.01	\$0.02		\$0.00	
Earnings per ADS ⁽²⁾					
Basic	\$0.06	\$0.08		\$0.01	
Diluted	\$0.06	\$0.08		\$0.01	
Wafers shipped (in 8" equivalent wafers)	1,406,714	1,339,400	5.0%	1,089,502	29.1%
Capacity utilization ⁽³⁾	98.5%	98.8%		89.2%	

Note:

(1) Based on weighted average ordinary shares of 5,095 million (basic) and 5,968 million (diluted) in 1Q20, 5,055 million (basic) and 5,788 million (diluted) in 4Q19, and 5,041 million (basic) and 5,060 million (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 \$904.9 million in 1Q20, an increase of 7.8% QoQ from \$839.4 million in 4Q19. Revenue increased in 1Q20 mainly due to the increase of wafer shipment in 1Q20.
- Cost of sales was \$671.3 million in 1Q20, compared to \$640.0 million in 4Q19. Cost of sales increased in 1Q20 mainly due to the increase in wafer shipment and the product-mix change in 1Q20.
- Gross profit was \$233.6 million in 1Q20, an increase of 17.1% QoQ from \$199.4 million in 4Q19. Gross profit increased in 1Q20 due to the increase in wafer shipment and the product-mix change in 1Q20.
- Gross margin was 25.8% in 1Q20, compared to 23.8% in 4Q19.
- Operating expenses were \$186.2 million in 1Q20, an increase of 3.9% QoQ from \$179.3 million in 4Q19, mainly due to the reasons stated in Operating Expenses (Income) Analysis below.
- Other income (expense), net was \$18.3 million gain in 1Q20, as compared to \$67.4 million gain in 4Q19. The change was mainly due to the reasons stated in Other Income (Expense), Net below.

Analysis of Revenue

Revenue Analysis			
By Application	1Q20	4Q19	1Q19
Computer	5.1%	5.5%	5.1%
Communications	48.9%	44.4%	43.0%
Consumer	35.4%	38.1%	32.5%
Auto/Industrial	2.9%	3.1%	9.8%
Others	7.7%	8.9%	9.6%
By Service Type	1Q20	4Q19	1Q19
Wafers	91.1%	91.6%	94.2%
Mask making, testing, others	8.9%	8.4%	5.8%
By Geography	1Q20	4Q19	1Q19
United States ⁽¹⁾	25.5%	22.2%	32.3%
Mainland China and Hong Kong	61.6%	65.1%	53.9%
Eurasia ⁽²⁾	12.9%	12.7%	13.8%
Wafer Revenue Analysis			
By Technology	1Q20	4Q19	1Q19
14 nm	1.3%	1.0%	-
28 nm	6.5%	5.0%	3.0%
40/45 nm	14.9%	16.2%	15.3%
55/65 nm	32.6%	31.0%	21.8%
90 nm	1.6%	1.5%	2.2%
0.11/0.13 μm	5.4%	6.2%	7.4%
0.15/0.18 μm	33.4%	35.0%	46.0%
0.25/0.35 μm	4.3%	4.1%	4.3%

Note:

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

(2) Excluding Mainland China and Hong Kong.

Capacity*

Fab	1Q20	4Q19
Shanghai 200mm fab	115,000	115,000
Shanghai 300mm fab	4,500	4,500
Beijing 300mm fab	117,000	117,000
Tianjin 200mm fab	63,000	58,000
Shenzhen 200mm fab	55,000	55,000
Majority-owned Beijing 300mm fab	112,500	92,250
Majority-owned Shanghai 300mm fab	9,000	6,750
Total monthly wafer fabrication capacity	476,000	448,500

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 was 476,000 8-inch equivalent wafers in 1Q20 from 448,500 8-inch equivalent wafers in 4Q19, primarily due to capacity expansion in the majority-owned Beijing 300mm fabs in 1Q20.

Shipment and Utilization

8" equivalent wafers	1Q20	4Q19	QoQ	1Q19	YoY
Wafer shipments	1,406,714	1,339,400	5.0%	1,089,502	29.1%
Utilization rate ⁽¹⁾	98.5%	98.8%	-	89.2%	-

Note:

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

Detailed Financial Analysis

Gross Profit

Amounts in US\$ thousands	1Q20	4Q19	QoQ	1Q19	YoY
Cost of sales	671,327	640,023	4.9%	546,829	22.8%
Depreciation and amortization	213,832	198,536	7.7%	161,750	32.2%
Other manufacturing costs	457,382	441,020	3.7%	384,705	18.9%
Share-based compensation	113	467	-75.8%	374	-69.8%
Gross profit	233,585	199,416	17.1%	122,070	91.4%
Gross margin	25.8%	23.8%	-	18.2%	-

- Depreciation and amortization in the cost of sales was \$213.8 million in 1Q20, compared to \$198.5 million in 4Q19, mainly due to the increase in wafer shipment and the product-mix change in 1Q20.

Operating Expenses (Income)

<i>Amounts in US\$ thousands</i>	1Q20	4Q19	QoQ	1Q19	YoY
Operating expenses	186,244	179,271	3.9%	97,625	90.8%
Research and development	166,486	169,871	-2.0%	150,272	10.8%
General and administrative	74,231	77,157	-3.8%	43,148	72.0%
Selling and marketing	5,841	5,273	10.8%	6,811	-14.2%
Net impairment losses (reversal) recognized on financial assets	(1,102)	(2,381)	-53.7%	1,078	-
Other operating income	(59,212)	(70,649)	-16.2%	(103,684)	-42.9%

- The change in other operating income was mainly due to other operating income recognized in relation to government funding of \$59.3 million in 1Q20, compared to \$71.8 million in 4Q19.

Other Income (Expense), Net

<i>Amounts in US\$ thousands</i>	1Q20	4Q19	QoQ	1Q19	YoY
Other income, net	18,317	67,395	-72.8%	6,055	202.5%
Interest income	33,923	35,867	-5.4%	29,699	14.2%
Finance costs	(18,158)	(16,808)	8.0%	(14,819)	22.5%
Foreign exchange gains	1,866	4,118	-54.7%	11,112	-83.2%
Other gains, net	2,553	32,075	-92.0%	6,222	-59.0%
Share of (loss) gain of investment accounted for using equity method	(1,867)	12,143	-	(26,159)	-92.9%

- Foreign exchange gains were mainly due to the net impact of cash flow hedging and the depreciation of RMB against USD in 1Q20. 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 decrease in other gains, net in 1Q20 was mainly caused by the decrease in the gain of 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 loss of the investments in associates in 1Q20.

Depreciation and Amortization

Amounts in US\$ thousands	1Q20	4Q19	QoQ	1Q19	YoY
Depreciation and amortization	289,838	285,997	1.3%	277,773	4.3%

Liquidity

Amounts in US\$ thousands	1Q20	4Q19
Inventories	616,688	628,885
Prepayment and prepaid operating expenses	79,509	34,256
Trade and other receivables	1,001,303	836,143
Financial assets at fair value through profit or loss	-	42,985
Financial assets at amortized cost	3,619,729	2,276,370
Derivative financial instruments	18,018	-
Restricted cash	721,977	804,547
Cash and cash equivalent	1,663,808	2,238,840
Assets classified as held-for-sale	7,214	11,815
Total current assets	7,728,246	6,873,841
Trade and other payables	1,179,376	1,034,079
Contract liabilities	194,812	92,333
Borrowings	916,346	562,833
Lease liabilities	93,476	80,651
Convertible bonds	605,994	630,428
Short-term notes	496,827	286,512
Deferred government funding	313,446	329,545
Accrued liabilities	127,832	151,178
Derivative financial instruments	19,611	4,782
Other financial liabilities	11,640	11,747
Current tax liabilities	14,609	3,210
Other liabilities	17,946	17,901
Total current liabilities	3,991,915	3,205,199
Cash ratio ⁽¹⁾	0.4x	0.7x
Quick ratio ⁽²⁾	1.8x	1.9x
Current ratio ⁽³⁾	1.9x	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.

Capital Structure

Amounts in US\$ thousands	1Q20	4Q19
Cash and cash equivalent	1,663,808	2,238,840
Financial assets at fair value through profit or loss - current ⁽¹⁾	-	42,985
Financial assets at amortized cost ⁽²⁾	3,619,729	2,276,370
Total current financial assets, cash and cash equivalent	5,283,537	4,558,195
Borrowings - Current	916,346	562,833
Borrowings - Non-current	1,829,925	2,003,836
Lease liabilities	314,639	247,732
Short-term notes	496,827	286,512
Medium-term notes	212,317	214,193
Convertible bonds	605,994	630,428
Bonds payable	596,457	-
Total debt	4,972,505	3,945,534
Net debt⁽³⁾	(311,032)	(612,661)
Equity	10,273,117	10,197,862
Total debt to equity ratio ⁽⁴⁾	48.4%	38.7%
Net debt to equity ratio ⁽⁵⁾	-3.0%	-6.0%

Note:

(1) Mainly contain financial products sold by bank.

(2) Mainly contain bank deposits over 3 months.

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

(4) Total debt divided by equity.

(5) Net debt divided by equity.

Cash Flow

Amounts in US\$ thousands	1Q20	4Q19
Net cash from operating activities	259,829	345,037
Net cash (used in) from investing activities	(1,816,977)	235,898
Net cash from financing activities	991,448	462,110
Effect of exchange rate changes	(9,332)	13,316
Net change in cash and cash equivalent	(575,032)	1,056,361

Capex Summary

- Capital expenditures were \$777.2 million in 1Q20, compared to \$491.9 million in 4Q19.
- The planned 2020 capital expenditures increase from approximately \$3.2 billion to \$4.3 billion. The incremental capital expenditures are mainly for the equipment and facility in Shanghai 300mm fab and mature technology production lines.

Recent Highlights and Announcements

- Notification Letter and Request Form for Non-registered Shareholders (2020-5-8)
- Notification Letter for Registered Shareholders (2020-5-8)
- Postponement of Extraordinary General Meeting Change of Book Closure Period (2020-5-8)
- Form of Proxy for Use at the Extraordinary General Meeting to Be Held on 1 June 2020 (2020-5-8)
- Notice of 2020 Second Extraordinary General Meeting (2020-5-8)
- Circular – Proposed RMB Share Issue under Specific Mandate Proposed Amendments to Memorandum and Articles of Association and Notice of the Extraordinary General Meeting (2020-5-8)
- Closure of Register of Members for Extraordinary General Meeting (2020-5-6)
- Proposed RMB Share Issue under Specific Mandate Proposed Amendment to Memorandum and Articles of Association (2020-5-5)
- Notification Letter and Request Form for Non-registered Shareholders (2020-4-23)
- Notification Letter for Registered Shareholders (2020-4-23)
- Notification Letter and Change Request Form to registered holder (2020-4-23)
- (2020-4-23)
- 2019 Annual Report (2020-4-23)
- Notification of Board Meeting (2020-4-14)
- SMIC Revises Up First Quarter 2020 Revenue and Gross Margin Guidance (2020-4-7)
- Announcement of 2019 Annual Results (2020-3-31)
- Discloseable Transactions Purchases Made Pursuant to Purchase Orders (2020-3-23)
- Notification of Approval of the Publication of 2019 Annual Results by the Board (2020-3-13)
- Discloseable Transactions Purchases Made Pursuant to Commercial Terms Agreement and Purchase Orders (2020-3-2)
- Completion of the Issue of US\$600 Million 2.693% Bonds Due 2025 (2020-2-28)
- Proposed Issue of US\$600 Million 2.693% Bonds Due 2025 (2020-2-21)
- Proposed Issue of Bonds (2020-2-19)
- Discloseable Transactions Purchases Made Pursuant to Purchase Orders (2020-2-18)
- Poll Results of Extraordinary General Meeting Held on 13 February 2020 (2020-2-13)
- SMIC Reports Unaudited Results for the Three Months Ended December 31, 2019 (2020-2-13)
- Voluntary Announcement Donation of RMB10 Million to Support the Frontline to Fight the Novel Coronavirus Epidemic (2020-2-7)
- Discloseable Transactions Purchases Made Pursuant to the Commercial Terms Agreement and Purchase Orders (2020-1-24)
- Notice of Extraordinary General Meeting (2020-1-20)
- Closure of Register of Members (2020-1-20)
- Notification Letter for Registered Shareholders (2020-1-20)
- Notification Letter and Request Form for Non-registered Shareholders (2020-1-20)
- Form of Proxy for Use at the Extraordinary General Meeting to Be Held on 13 February 2020 (2020-1-20)

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	
	March 31, 2020 (Unaudited)	December 31, 2019 (Unaudited)
Revenue	904,912	839,439
Cost of sales	(671,327)	(640,023)
Gross profit	<u>233,585</u>	<u>199,416</u>
Research and development expenses	(166,486)	(169,871)
General and administration expenses	(74,231)	(77,157)
Sales and marketing expenses	(5,841)	(5,273)
Net impairment losses reversal on financial assets	1,102	2,381
Other operating income, net	59,212	70,649
Operating expenses	<u>(186,244)</u>	<u>(179,271)</u>
Profit from operations	47,341	20,145
Other income, net	18,317	67,395
Profit before tax	65,658	87,540
Income tax expense	<u>(14,340)</u>	<u>(11,866)</u>
Profit for the period	<u>51,318</u>	<u>75,674</u>
Other comprehensive income (loss):		
<i>Item that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translating foreign operations	1,919	2,942
Cash flow hedges	<u>(13,858)</u>	<u>6,573</u>
Total comprehensive income for the period	<u>39,379</u>	<u>85,189</u>
Profit (loss) for the period attributable to:		
Owners of the Company	64,164	88,735
Non-controlling interests	<u>(12,846)</u>	<u>(13,061)</u>
	<u>51,318</u>	<u>75,674</u>
Total comprehensive income (loss) for the period attributable to:		
Owners of the Company	52,225	98,250
Non-controlling interests	<u>(12,846)</u>	<u>(13,061)</u>
	<u>39,379</u>	<u>85,189</u>
Earnings per ordinary share		
Basic	\$0.01	\$0.02
Diluted	\$0.01	\$0.02
Earnings per ADS		
Basic	\$0.06	\$0.08
Diluted	\$0.06	\$0.08
Shares used in calculating basic earnings per share	5,095,402,229	5,054,740,322
Shares used in calculating diluted earnings per share	<u>5,967,949,232</u>	<u>5,788,398,121</u>
Reconciliations of Non-IFRS Financial Measures to Comparable IFRS Measures		
Non-IFRS operating expenses ⁽¹⁾	(238,509)	(248,129)
EBITDA ⁽²⁾	373,654	390,345
EBITDA margin ⁽²⁾	<u>41.3%</u>	<u>46.5%</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		
	March 31, 2020 (Unaudited)	December 31, 2019 (Unaudited)	March 31, 2019 (Unaudited)
Operating expenses	(186,244)	(179,271)	(97,625)
Employee bonus accrued	6,947	1,789	-
Government funding	(59,258)	(71,839)	(101,554)
Impairment loss of tangible and intangible assets	-	2,948	-
Loss on the disposal of machinery and equipment	(517)	(1,516)	(1,530)
Gain (loss) on the disposal of living quarters	563	(240)	(892)
Non-IFRS operating expenses	(238,509)	(248,129)	(201,601)

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		
	March 31, 2020 (Unaudited)	December 31, 2019 (Unaudited)	March 31, 2019 (Unaudited)
Profit for the period	51,318	75,674	24,377
Finance costs	18,158	16,808	14,819
Depreciation and amortization	289,838	285,997	277,773
Income tax expense	14,340	11,866	6,123
EBITDA	373,654	390,345	323,092
Profit margin	5.7%	9.0%	3.6%
EBITDA margin	41.3%	46.5%	48.3%

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

	As of	
	March 31, 2020 (Unaudited)	December 31, 2019 (Unaudited)
ASSETS		
<i>Non-current assets</i>		
Property, plant and equipment	8,278,206	7,757,247
Right-of-use assets	444,349	376,867
Intangible assets	91,170	96,943
Investments in associates	1,138,235	1,139,317
Investments in joint ventures	26,497	27,117
Deferred tax assets	28,271	62,975
Financial assets at fair value through profit or loss	88,889	90,067
Derivative financial instruments	-	1,872
Other assets	11,007	11,574
Total non-current assets	<u>10,106,624</u>	<u>9,563,979</u>
<i>Current assets</i>		
Inventories	616,688	628,885
Prepayment and prepaid operating expenses	79,509	34,256
Trade and other receivables	1,001,303	836,143
Financial assets at fair value through profit or loss	-	42,985
Financial assets at amortized cost	3,619,729	2,276,370
Derivative financial instruments	18,018	-
Restricted cash	721,977	804,547
Cash and cash equivalent	1,663,808	2,238,840
	<u>7,721,032</u>	<u>6,862,026</u>
Assets classified as held-for-sale	7,214	11,815
Total current assets	<u>7,728,246</u>	<u>6,873,841</u>
TOTAL ASSETS	<u>17,834,870</u>	<u>16,437,820</u>

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

	As of	
	March 31, 2020 (Unaudited)	December 31, 2019 (Unaudited)
EQUITY AND LIABILITIES		
<i>Capital and reserves</i>		
Ordinary shares		
\$0.004 par value, 10,000,000,000 shares authorized, 5,128,198,272 and 5,056,868,912 shares outstanding at March 31, 2020 and December 31, 2019, respectively	20,513	20,227
Share premium	5,116,553	5,011,915
Reserves	66,578	86,749
Retained earnings	614,669	550,506
Equity attributable to owners of the Company	5,818,313	5,669,397
Perpetual subordinated convertible securities	502,473	563,848
Non-controlling interests	3,952,331	3,964,617
Total equity	10,273,117	10,197,862
<i>Non-current liabilities</i>		
Borrowings	1,829,925	2,003,836
Lease liabilities	221,163	167,081
Bonds payable	596,457	-
Medium-term notes	212,317	214,193
Deferred tax liabilities	-	34,360
Deferred government funding	617,805	535,266
Derivative financial instruments	72,780	58,243
Other liabilities	19,391	21,780
Total non-current liabilities	3,569,838	3,034,759
<i>Current liabilities</i>		
Trade and other payables	1,179,376	1,034,079
Contract liabilities	194,812	92,333
Borrowings	916,346	562,833
Lease liabilities	93,476	80,651
Convertible bonds	605,994	630,428
Short-term notes	496,827	286,512
Deferred government funding	313,446	329,545
Accrued liabilities	127,832	151,178
Derivative financial instruments	19,611	4,782
Other financial liabilities	11,640	11,747
Current tax liabilities	14,609	3,210
Other liabilities	17,946	17,901
Total current liabilities	3,991,915	3,205,199
Total liabilities	7,561,753	6,239,958
TOTAL EQUITY AND LIABILITIES	17,834,870	16,437,820

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

	For the three months ended	
	March 31, 2020 (Unaudited)	December 31, 2019 (Unaudited)
Cash flow from operating activities:		
Profit for the period	51,318	75,674
Depreciation and amortization	289,838	285,997
Share of gain of investment accounted for using equity method	1,867	(12,142)
Changes in working capital and others	(83,194)	(4,492)
Net cash from operating activities	259,829	345,037
Cash flow from investing activities:		
Payments to acquire financial assets at fair value through profit or loss	-	(50,076)
Proceeds from sale of financial assets at fair value through profit or loss	44,062	20,772
Payments to acquire financial assets at amortized cost	(2,253,642)	(979,849)
Proceeds from maturity of financial assets at amortized cost	1,046,546	1,350,248
Payments for property, plant and equipment	(664,999)	(328,885)
Net proceeds after netting off land appreciation tax from disposal of property, plant and equipment and assets classified as held-for-sale	459	5,450
Payments for intangible assets	(1,222)	(5,305)
Payments for deposit to acquire land use right	-	(1,287)
Proceeds from disposal of subsidiaries	-	76,716
Proceeds from release of restricted cash relating to investing activities	4,140	148,700
Payments to acquire associates	(8,517)	-
Proceeds from disposal of associates	16,196	-
Payments to acquire non-controlling interests	-	(586)
Net cash used in investing activities	(1,816,977)	235,898
Cash flow from financing activities:		
Proceeds from borrowings	395,672	100,000
Repayment of borrowings	(193,934)	(73,836)
Principal elements of lease payments	(28,117)	(24,635)
Proceeds from issuance of bonds	596,768	-
Proceeds from issuance of convertible bonds	-	229,680
Proceeds from issuance of short-term notes	216,291	212,074
Repayment of short-term notes	-	(426,485)
Proceeds from exercise of employee stock options	4,768	2,795
Proceeds from non-controlling interests – capital contribution	-	448,167
Distribution paid to perpetual subordinated convertible securities holders	-	(5,650)
Net cash from financing activities	991,448	462,110
Effects of exchange rate changes on the balance of cash held in foreign currencies	(9,332)	13,316
Net increase (decrease) in cash and cash equivalent	(575,032)	1,056,361
Cash and cash equivalent, beginning of period	2,238,840	1,182,479
Cash and cash equivalent, end of period	1,663,808	2,238,840

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

Shanghai, May 13, 2020

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

Executive Directors

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

Non-executive Directors

CHEN Shanzhi
ZHOU Jie
REN Kai
LU Jun
TONG Guohua

Independent Non-executive Directors

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