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

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

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.

- **Revenue was a record high of \$1,082.5 million in 3Q20, an increase of 15.3% QoQ from \$938.5 million in 2Q20, and 32.6% YoY from \$816.5 million in 3Q19.**
- **Gross profit was \$262.0 million in 3Q20, an increase of 5.4% QoQ from \$248.6 million in 2Q20 and 54.3% YoY from \$169.8 million in 3Q19.**
- **Gross margin was 24.2% in 3Q20, compared to 26.5% in 2Q20 and 20.8% in 3Q19.**

Set out below is a copy of the full text of the release by the Company and its subsidiaries (the “Group”) on November 11, 2020, in relation to its unaudited results for the three months ended September 30, 2020.

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

Shanghai, China – November 11, 2020. Semiconductor Manufacturing International Corporation (SSE STAR MARKET: 688981; SEHK: 00981; OTCQX: SMICY) (“SMIC”, the “Company” or “we”), one of the leading semiconductor foundries in the world, today announced its consolidated results of operations for the three months ended September 30, 2020.

* For identification purposes only

Fourth Quarter 2020 Guidance

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

- Revenue to decrease by 10% to 12% QoQ.
- Gross margin to range from 16% to 18%.

Dr. Gao Yonggang, SMIC’s Chief Financial Officer commented:

“In the third quarter, the Company’s revenue continued to reach a record high of US\$1,083 million, up 15.3% quarter-over-quarter and 32.6% year-over-year. The Company achieved historical highs for gross profit of \$262 million, profit for the period attributable to SMIC of \$256 million, and EBITDA of \$653 million. The expected annual revenue growth is revised to increase 24%-26%, and the annual gross margin is targeted to be higher than last year.”

Dr. Zhao Haijun and Dr. Liang Mong Song, SMIC’s Co-Chief Executive Officers commented:

“Demand for non-FinFET technology application platforms continues to be strong, with significant growth from applications such as power management, RF signal processor, fingerprint sensor, and image signal processor. Our FinFET technology addresses a diverse range of applications, and the yield of our first-generation FinFET technology has achieved industry standards, while our second-generation FinFET technology is entering small-volume risk production. The Company’s capacity is expanding steadily; at the same time, our utilization rate maintains at a high level.

The macro-environment in 2020 has become increasingly complex. As a foundry, SMIC serves a diverse mix of customers both domestically and abroad. Since its inception, SMIC strictly operates in compliance with the laws and regulations of all jurisdictions in which it operates. We continue to actively communicate with suppliers, customers and relevant agencies, and evaluate the overall impact of US export restrictions on our production and operation. Currently, the Company is operating as usual, and though the export restrictions will have an impact on us, in the near-term we believe it is manageable. We will continue to follow up on this matter and further evaluate the impact. We thank our customers for their trust, suppliers for their support, and all our fellow employees for their diligent joint efforts.

In the Internet of Everything era, the semiconductor industry will continue to catalyze innovation and development across industries. SMIC will continue to be cooperative and open, to pursue development, and achieve collaborative success, in order to integrate into the global industry ecosystem, expanding technology platforms, enriching product applications, and providing complete solutions for domestic and foreign customers.”

Conference Call / Webcast Announcement

Date: November 12, 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/7678378>

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_financialSummary

or <https://edge.media-server.com/mmc/p/js48isvc>

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

About SMIC

Semiconductor Manufacturing International Corporation ("SMIC", SSE STAR MARKET: 688981; SEHK: 00981; OTCQX: SMICY) and its subsidiaries collectively constitute one of the leading foundries in the world, is Mainland China's most advanced and largest foundry, broadest in technology coverage, and most comprehensive in semiconductor manufacturing services. SMIC Group provides integrated circuit (IC) foundry and technology services on process nodes from 0.35 micron to 14 nanometer. Headquartered in Shanghai, China, SMIC Group has an international manufacturing and service base. In China, SMIC has a 300mm wafer fabrication facility (fab), a 200mm fab and a effectively controlled joint-venture 300mm fab for advanced nodes in Shanghai; a 300mm fab and a majority-owned 300mm fab in Beijing; 200mm fabs in Tianjin and Shenzhen; and a majority-owned joint-venture 300mm bumping facility in Jiangyin. SMIC Group also has marketing and customer service offices in the U.S., Europe, Japan, and Taiwan China, and a representative office in Hong Kong China.

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

Forward-Looking Statements

This release contains, in addition to historical information, forward-looking statements. These forward-looking statements, including statements under "Quarterly Guidance", "Capex Summary" and the statements contained in the quotes of our Co-Chief Executive Officers and Chief Financial Officer are based on SMIC's current assumptions, expectations, beliefs, plans, objectives, and projections about future events or performance. SMIC uses words like "believe," "anticipate," "intend," "estimate," "expect," "project," "target," "going forward", "continue", "ought to", "may", "seek", "should", "plan", "could", "vision", "goals", "aim", "aspire", "objective", "schedules", "outlook" and similar expressions to identify forward looking statements, although not all forward-looking statements contain these words. These forward-looking statements are necessary estimates reflecting judgment of SMIC's senior management and involve significant risks, both known and unknown, uncertainties and other factors that may cause SMIC's actual performance, financial condition or results of operations to be materially different from those suggested by the forward-looking statements including, among others, risks associated with cyclical and market conditions in the semiconductor industry, intense competition in

the semiconductor industry, SMIC's reliance on a small number of customers, timely wafer acceptance by SMIC's customers, timely introduction of new technologies, SMIC's ability to ramp new products into volume, supply and demand for semiconductor foundry services, industry overcapacity, shortages in equipment, components and raw materials, availability of manufacturing capacity, financial stability in end markets, orders or judgments from pending litigation, intensive intellectual property litigation in the semiconductor industry, general economic conditions and fluctuations in currency exchange rates.

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

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

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

Summary of Third Quarter 2020 Operating Results

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

	3Q20	2Q20	QoQ	3Q19	YoY
Revenue	1,082,505	938,463	15.3%	816,452	32.6%
Cost of sales	(820,528)	(689,874)	18.9%	(646,637)	26.9%
Gross profit	261,977	248,589	5.4%	169,815	54.3%
Operating expenses	(79,287)	(183,923)	-56.9%	(122,665)	-35.4%
Profit from operations	182,690	64,666	182.5%	47,150	287.5%
Other income, net	101,793	76,999	32.2%	41,537	145.1%
Profit before tax	284,483	141,665	100.8%	88,687	220.8%
Income tax expense	(20,959)	(16,029)	30.8%	(4,061)	416.1%
Profit for the period	263,524	125,636	109.8%	84,626	211.4%
Other comprehensive income (loss):					
Exchange differences on translating foreign operations	29,953	(4,941)	-	(20,032)	-
Cash flow hedges	2,693	(14,577)	-	(10,617)	-
Total comprehensive income for the period	296,170	106,118	179.1%	53,977	448.7%
Profit (loss) for the period attributable to:					
Owners of the Company	256,379	137,969	85.8%	115,135	122.7%
Non-controlling interests	7,145	(12,333)	-	(30,509)	-
Profit for the period	263,524	125,636	109.8%	84,626	211.4%
Gross margin	24.2%	26.5%		20.8%	
Earnings per ordinary share ⁽¹⁾					
Basic	\$0.04	\$0.03		\$0.02	
Diluted	\$0.03	\$0.02		\$0.02	
Earnings per ADS ⁽²⁾					
Basic	\$0.18	\$0.13		\$0.11	
Diluted	\$0.16	\$0.12		\$0.10	
Wafers shipped (in 8" equivalent wafers)	1,440,531	1,435,591	0.3%	1,315,443	9.5%
Capacity utilization ⁽³⁾	97.8%	98.6%		97.0%	

Note:

(1) Based on weighted average ordinary shares of 7,256 million (basic) and 7,901 million (diluted) in 3Q20, 5,337 million (basic) and 6,006 million (diluted) in 2Q20, and 5,052 million (basic) and 5,784 million (diluted) in 3Q19.

(2) Each ADS represents 5 ordinary shares.

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

- Revenue was \$1,082.5 million in 3Q20, an increase of 15.3% QoQ from \$938.5 million in 2Q20. Revenue increased in 3Q20 mainly due to the strong demand, the increase in average selling price and increase in other revenue in 3Q20.
- Cost of sales was \$820.5 million in 3Q20, compared to \$689.9 million in 2Q20. Cost of sales increased in 3Q20 mainly due to the additional manufacturing costs associated with the commencement of mass production of the effectively controlled Shanghai 300mm fab since June 2020.
- Gross profit was \$262.0 million in 3Q20, an increase of 5.4% QoQ from \$248.6 million in 2Q20. Gross profit increased in 3Q20 due to the net effects above mentioned in Revenue and Cost of sales.
- Gross margin was 24.2% in 3Q20, compared to 26.5% in 2Q20.
- Operating expenses were \$79.3 million in 3Q20, a decrease of 56.9% QoQ from \$183.9 million in 2Q20, mainly due to the reasons stated in Operating Expenses (Income) below.
- Other income (expense), net was \$101.8 million gain in 3Q20, as compared to \$77.0 million gain in 2Q20. The change was mainly due to the reasons stated in Other Income (Expense), Net below.

Analysis of Revenue

Revenue Analysis			
By Geography	3Q20	2Q20	3Q19
North America ⁽¹⁾	18.6%	21.6%	24.7%
Mainland China and Hong Kong	69.7%	66.1%	60.5%
Eurasia ⁽²⁾	11.7%	12.3%	14.8%
By Service Type	3Q20	2Q20	3Q19
Wafers	85.4%	90.9%	92.5%
Others	14.6%	9.1%	7.5%
Wafer Revenue Analysis			
By Application	3Q20	2Q20	3Q19
Smart Phone	46.1%	46.7%	42.3%
Smart Home	20.5%	16.4%	17.0%
Consumer Electronics	17.0%	17.2%	22.2%
Others	16.4%	19.7%	18.5%
By Technology	3Q20	2Q20	3Q19
14/28 nm	14.6%	9.1%	4.3%
40/45 nm	17.2%	15.4%	18.5%
55/65 nm	25.8%	30.0%	29.3%
90 nm	3.4%	2.8%	1.3%
0.11/0.13 μm	4.4%	5.4%	6.6%
0.15/0.18 μm	31.2%	33.0%	35.8%
0.25/0.35 μm	3.4%	4.3%	4.2%

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

- Monthly capacity was 510,150 8-inch equivalent wafers in 3Q20 from 480,150 8-inch equivalent wafers in 2Q20, primarily due to the capacity expansion in the Beijing 300mm fab and the majority-owned Beijing 300mm fab in 3Q20.

Shipment and Utilization

8" equivalent wafers	3Q20	2Q20	QoQ	3Q19	YoY
Wafer shipments	1,440,531	1,435,591	0.3%	1,315,443	9.5%
Utilization rate ⁽¹⁾	97.8%	98.6%	-	97.0%	-

Note:

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

Detailed Financial Analysis

Gross Profit

<i>Amounts in US\$ thousands</i>	3Q20	2Q20	QoQ	3Q19	YoY
Cost of sales	820,528	689,874	18.9%	646,637	26.9%
Depreciation and amortization	249,415	210,976	18.2%	201,476	23.8%
Other manufacturing costs	571,113	478,898	19.3%	445,161	28.3%
Gross profit	261,977	248,589	5.4%	169,815	54.3%
Gross margin	24.2%	26.5%	-	20.8%	-

- Cost of sales was \$820.5 million in 3Q20, compared to \$689.9 million in 2Q20. Cost of sales increased in 3Q20 mainly due to the additional manufacturing costs associated with the commencement of mass production of the effectively controlled Shanghai 300mm fab since June 2020.

Operating Expenses (Income)

<i>Amounts in US\$ thousands</i>	3Q20	2Q20	QoQ	3Q19	YoY
Operating expenses	79,287	183,923	-56.9%	122,665	-35.4%
Research and development	158,520	157,999	0.3%	185,019	-14.3%
General and administrative	56,970	59,381	-4.1%	70,041	-18.7%
Selling and marketing	6,472	5,072	27.6%	5,900	9.7%
Net impairment losses (reversal) recognized on financial assets	(1,835)	1,924	-	1,752	-
Other operating income	(140,840)	(40,453)	248.2%	(140,047)	0.6%

- Research and development increased to \$158.5 million in 3Q20, compared to \$158.0 million in 2Q20.
- General and administrative expenses decreased by 4.1% to \$57.0 million in 3Q20, compared to \$59.4 million in 2Q20. The change was mainly due to the commencement of mass production in our effectively controlled fab in Shanghai in June 2020 and as a result, the pre-operating related expenses decreased.
- The change in other operating income was mainly due to other operating income recognized in relation to government funding of \$137.8 million in 3Q20, compared to \$40.5 million in 2Q20.

Other Income (Expense), Net

<i>Amounts in US\$ thousands</i>	3Q20	2Q20	QoQ	3Q19	YoY
Other income, net	101,793	76,999	32.2%	41,537	145.1%
Interest income	48,842	36,069	35.4%	36,810	32.7%
Finance costs	(17,590)	(18,220)	-3.5%	(15,187)	15.8%
Foreign exchange gains (losses)	60,012	1,890	3,075.2%	(248)	-
Other (losses) gains, net	(17,099)	27,789	-	594	-
Share of gain of investment accounted for using equity method	27,628	29,471	-6.3%	19,568	41.2%

- Foreign exchange gains were mainly due to the net impact of cash flow hedging and the appreciation of RMB against USD in 3Q20. 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 and trade and other payables in RMB.
- The decrease in other (losses) gains, net in 3Q20 was mainly caused by the loss 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 gain on the investments in associates in 3Q20. Certain associates of the Group are investment funds with a number of investment portfolios. The change in share of gain of investment accounted for using equity method was a result of the fair value change of the portfolios and the increase in the operating income of certain associates in 3Q20.

Depreciation and Amortization

Amounts in US\$ thousands	3Q20	2Q20	QoQ	3Q19	YoY
Depreciation and amortization	351,077	305,734	14.8%	279,622	25.6%

Liquidity

Amounts in US\$ thousands	3Q20	2Q20
Inventories	647,625	669,202
Prepayment and prepaid operating expenses	38,804	53,310
Trade and other receivables	1,115,825	1,448,234
Financial assets at fair value through profit or loss	343,521	-
Financial assets at amortized cost	2,938,086	3,272,024
Derivative financial instruments	-	8,248
Restricted cash	438,583	595,064
Cash and cash equivalent	8,619,395	3,130,068
Assets classified as held-for-sale	4,729	7,213
Total current assets	14,146,568	9,183,363
Trade and other payables	2,346,625	1,782,387
Contract liabilities	143,963	88,414
Borrowings	1,082,866	1,053,686
Lease liabilities	94,734	94,418
Convertible bonds	-	65,000
Short-term notes	-	211,840
Deferred government funding	291,301	312,441
Accrued liabilities	140,291	154,325
Derivative financial instruments	132,365	26,767
Other financial liabilities	-	11,581
Current tax liabilities	14,276	12,508
Other liabilities	33,650	23,002
Total current liabilities	4,280,071	3,836,369
Cash ratio ⁽¹⁾	2x	0.8x
Quick ratio ⁽²⁾	3.2x	2.2x
Current ratio ⁽³⁾	3.3x	2.4x

Note:

- (1) Cash and cash equivalent divided by total current liabilities.
(2) Current assets excluding inventories divided by total current liabilities.
(3) Total current assets divided by total current liabilities.

Capital Structure

Amounts in US\$ thousands	3Q20	2Q20
Cash and cash equivalent	8,619,395	3,130,068
Restricted cash - Current	438,583	595,064
Financial assets at fair value through profit or loss - Current ⁽¹⁾	343,521	-
Financial assets at amortized cost - Current ⁽²⁾	2,938,086	3,272,024
Total cash on hand	12,339,585	6,997,156
Borrowings - Current	1,082,866	1,053,686
Borrowings - Non-current	2,084,253	1,690,928
Lease liabilities	268,791	292,268
Short-term notes	-	211,840
Medium-term notes	219,567	211,313
Convertible bonds	15,403	65,000
Bonds payable	596,795	596,625
Total debt	4,267,675	4,121,660
Net debt ⁽³⁾	(8,071,910)	(2,875,496)
Equity	21,037,574	13,177,675
Total debt to equity ratio ⁽⁴⁾	20.3%	31.3%
Net debt to equity ratio ⁽⁵⁾	-38.4%	-21.8%

Note:

(1) Mainly contain structural deposits over 3 months and within one year.

(2) Mainly contain bank deposits over 3 months and within one year.

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

(4) Total debt divided by equity.

(5) Net debt divided by equity.

Cash Flow

Amounts in US\$ thousands	3Q20	2Q20
Net cash from operating activities	719,150	147,719
Net cash used in investing activities	(3,332,124)	(247,602)
Net cash from financing activities	7,964,151	1,577,785
Effect of exchange rate changes	138,150	(11,642)
Net change in cash and cash equivalent	5,489,327	1,466,260

Capex Summary

- Capital expenditures were \$2,279.7 million in 3Q20, compared to \$1,342.5 million in 2Q20.
- Capex plan is decreased to \$5.9 billion from \$6.7 billion, mainly due to extended or uncertain delivery lead-times of certain equipment from US suppliers due to export restrictions and the delay in equipment move-in schedule caused by logistics.

Recent Highlights and Announcements

- Form of Proxy for Use at the 2020 Fifth Extraordinary General Meeting to be Held on 15 December 2020 (2020-10-19)
- Notification Letter and Request Form for Non-registered Shareholders (2020-10-19)
- Notification Letter and Change Request Form to Registered Holders (2020-10-19)
- Closure of Register of Members (2020-10-19)
- Notice of the 2020 Fifth Extraordinary General Meeting (2020-10-19)
- Circulars - Continuing Connected Transactions in relation to (1) SMNC Framework Agreement (2) Revision of the Existing Annual Caps in relation to SMSC Framework Agreement (3) Centralised Fund Management Agreement with SMSC (4) Major transaction in relation to Sino IC Leasing Framework Agreement and (5) Connected Transactions in relation to Proposed Grant of Restricted Share Units to Directors and (6) Notice of the 2020 Fifth Extraordinary General Meeting (2020-10-19)
- Announcement on the Forthcoming Convening Performance Meeting of 3rd Quarter of 2020 (2020-10-16)
- SMIC Revises Up Third Quarter 2020 Revenue and Gross Margin Guidance (2020-10-15)
- Notification of Board Meeting (2020-10-12)
- Inside Information Further Information on U.S. Export Restrictions (2020-10-4)
- Announcement on Paying for Funds Needed in Investment Projects Financed by Raised Funds with Bank Telegraphic Transfer, Letter of Credit and Bank Acceptance and Equal Replacement with Raised Funds (2020-9-30)
- Clarification Announcement (2020-9-27)
- Grant of Options (2020-9-9)
- Notification Letter and Request Form for Non-registered Shareholders (2020-9-7)
- Notification Letter for Registered Shareholders (2020-9-7)
- Notification Letter and Change Request Form to Registered Holders (2020-9-7)
- Letter and Reply Form to New Registered Shareholders - Election of Means of Receipt and Language of Corporate Communication (2020-9-7)
- 2020 Interim Report (2020-9-7)
- Clarification Announcement (2020-9-7)
- Major Transaction and Continuing Connected Transactions in relation to Sino IC Leasing Framework Agreement (2020-9-4)
- Continuing Connected Transactions and Discloseable Transactions in relation to SMNC Framework Agreement (2020-9-2)
- Revision of the Existing Annual Caps for Continuing Connected Transactions in relation to SMSC Framework Agreement (2020-8-31)
- Continuing Connected Transactions in relation to Centralised Fund Management Agreement with SMSC (2020-8-31)
- 2020 Interim Report (2020-8-27)
- 2020 Interim Results Announcement (2020-8-27)
- Announcement on Signing Agreements on Supervision over Saving of Special Account for Raised Funds (concerning Over-allotment) among Four Parties (2020-8-21)
- Announcement on Implementation Result of Over-allotment Option (2020-8-20)
- Inside Information Results of Implementation of Over-allotment Option for the RMB Share Issue (2020-8-19)
- Announcement on Initial Public Offering of Shares and Listing of Over-allotment Option on Science and Technology Innovation Board (2020-8-18)
- Inside Information the Implementation of the Over-allotment Option for the RMB Share Issue and Use of Proceeds from Surplus Funds Raised from the RMB Share Issue (2020-8-17)
- Notification of Board Meeting (2020-8-12)
- Announcement on Replacing Self-raised Funds Invested in Advance in Investment Projects with Funds Raised from Initial Public Offering (2020-8-7)
- Announcement on Use of Proceeds from Surplus Funds Raised from Initial Public Offering (2020-8-7)
- SMIC Reports Unaudited Results for the Three Months ended June 30, 2020 (2020-8-6)
- Inside Information Entering Into of Cooperation Framework Agreement (2020-7-31)
- 2019 Corporate Social Responsibility Report (2020-7-22)
- Compensation Committee Charter (2020-7-15)
- Nomination Committee Charter (2020-7-15)
- Audit Committee Charter (2020-7-15)
- Amended and Restated Memorandum and Articles of Association (2020-7-15)

- SMIC's Announcement on Listing Shares in Initial Public Offering on Science and Technology Innovation Board (2020-7-15)
- Inside Information Completion of RMB Share Issue (2020-7-15)
- Notification of Board Meeting (2020-7-13)
- SMIC's Prospectus on Initial Public Offering of Shares and Listing on the Science and Technology Innovation Board (2020-7-13)
- SMIC's Announcement on Issuance Result of Initial Public Offering of Shares and Listing on Science and Technology Innovation Board (2020-7-13)
- SMIC's Announcement on Preliminary Offline Allotment Result and Online Lot-winning Result of Initial Public Offering of Shares and Listing on Science and Technology Innovation Board (2020-7-9)
- SMIC's Announcement on Subscription and Lot-winning Rate of Online Issuance for Initial Public Offering of Shares and Listing on Science and Technology Innovation Board (2020-7-8)
- SMIC's Special Announcement on Investment Risks in Initial Public Offering of Shares and Listing on Science and Technology Innovation Board (2020-7-6)
- SMIC's Announcement on Issuance for Initial Public Offering of Shares and Listing on Science and Technology Innovation Board (2020-7-6)
- Inside Information Determination of Offer Size and Offer Price for Proposed RMB Share Issue under Specific Mandate and Progress of Subscriptions by Connected Persons as Strategic Investors under Proposed RMB Share Issue (2020-7-6)
- SMIC's Announcement on Online Road Show for Initial Public Offering of Shares and Listing on Science and Technology Innovation Board (2020-7-3)

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	
	September 30, 2020 (Unaudited)	June 30, 2020 (Unaudited)
Revenue	1,082,505	938,463
Cost of sales	(820,528)	(689,874)
Gross profit	<u>261,977</u>	<u>248,589</u>
Research and development expenses	(158,520)	(157,999)
General and administration expenses	(56,970)	(59,381)
Sales and marketing expenses	(6,472)	(5,072)
Net impairment losses reversal (recognized) on financial assets	1,835	(1,924)
Other operating income, net	140,840	40,453
Operating expenses	<u>(79,287)</u>	<u>(183,923)</u>
Profit from operations	182,690	64,666
Other income, net	101,793	76,999
Profit before tax	284,483	141,665
Income tax expense	<u>(20,959)</u>	<u>(16,029)</u>
Profit for the period	<u>263,524</u>	<u>125,636</u>
Other comprehensive income (loss):		
<i>Item that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translating foreign operations	29,953	(4,941)
Cash flow hedges	2,693	(14,577)
Total comprehensive income for the period	<u>296,170</u>	<u>106,118</u>
Profit (loss) for the period attributable to:		
Owners of the Company	256,379	137,969
Non-controlling interests	7,145	(12,333)
	<u>263,524</u>	<u>125,636</u>
Total comprehensive income (loss) for the period attributable to:		
Owners of the Company	288,852	118,554
Non-controlling interests	7,318	(12,436)
	<u>296,170</u>	<u>106,118</u>
Earnings per ordinary share		
Basic	\$0.04	\$0.03
Diluted	\$0.03	\$0.02
Earnings per ADS		
Basic	\$0.18	\$0.13
Diluted	\$0.16	\$0.12
Shares used in calculating basic earnings per share	7,255,778,547	5,337,141,635
Shares used in calculating diluted earnings per share	<u>7,900,909,418</u>	<u>6,005,705,290</u>
Reconciliations of Non-IFRS Financial Measures to Comparable IFRS Measures		
Non-IFRS operating expenses ⁽¹⁾	(215,185)	(215,011)
EBITDA ⁽²⁾	653,150	465,619
EBITDA margin ⁽²⁾	<u>60.3%</u>	<u>49.6%</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		
	September 30, 2020 (Unaudited)	June 30, 2020 (Unaudited)	September 30, 2019 (Unaudited)
Operating expenses	(79,287)	(183,923)	(122,665)
Employee bonus accrued	4,943	9,365	6,125
Government funding	(137,751)	(40,458)	(58,309)
Gain on the disposal of subsidiaries	(904)	-	(81,377)
(Gain) loss of the disposal of machinery and equipment	(2,293)	110	242
Loss (gain) of the disposal of living quarters	107	(105)	(603)
Non-IFRS operating expenses	(215,185)	(215,011)	(256,587)

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		
	September 30, 2020 (Unaudited)	June 30, 2020 (Unaudited)	September 30, 2019 (Unaudited)
Profit for the period	263,524	125,636	84,626
Finance costs	17,590	18,220	15,187
Depreciation and amortization	351,077	305,734	279,622
Income tax expense	20,959	16,029	4,061
EBITDA	653,150	465,619	383,496
Profit margin	24.3%	13.4%	10.4%
EBITDA margin	60.3%	49.6%	47.0%

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

	September 30, 2020	As of June 30, 2020
	(Unaudited)	(Unaudited)
ASSETS		
<i>Non-current assets</i>		
Property, plant and equipment	11,293,702	9,340,611
Right-of-use assets	401,308	425,701
Intangible assets	89,785	88,763
Investments in associates	1,209,846	1,132,823
Investments in joint ventures	27,707	57,886
Deferred tax assets	25,172	26,994
Financial assets at fair value through profit or loss	120,274	129,399
Financial assets at amortized cost	1,557,799	-
Derivative financial instruments	2,079	-
Restricted cash	110,017	-
Other assets	2,022	2,638
Total non-current assets	<u>14,839,711</u>	<u>11,204,815</u>
<i>Current assets</i>		
Inventories	647,625	669,202
Prepayment and prepaid operating expenses	38,804	53,310
Trade and other receivables	1,115,825	1,448,234
Financial assets at fair value through profit or loss	343,521	-
Financial assets at amortized cost	2,938,086	3,272,024
Derivative financial instruments	-	8,248
Restricted cash	438,583	595,064
Cash and cash equivalent	8,619,395	3,130,068
	<u>14,141,839</u>	<u>9,176,150</u>
Assets classified as held-for-sale	4,729	7,213
Total current assets	<u>14,146,568</u>	<u>9,183,363</u>
TOTAL ASSETS	<u>28,986,279</u>	<u>20,388,178</u>

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

	As of	
	September 30, 2020 (Unaudited)	June 30, 2020 (Unaudited)
EQUITY AND LIABILITIES		
<i>Capital and reserves</i>		
Ordinary shares		
\$0.004 par value, 10,000,000,000 shares authorized, 5,759,999,472 and 5,690,665,932 shares outstanding at September 30, 2020 and June 30, 2020, respectively	30,794	22,763
Share premium	13,505,503	5,898,540
Reserves	29,404	1,879
Retained earnings	1,004,018	747,639
Equity attributable to owners of the Company	14,569,719	6,670,821
Perpetual subordinated convertible securities	299,388	339,307
Non-controlling interests	6,168,467	6,167,547
Total equity	21,037,574	13,177,675
<i>Non-current liabilities</i>		
Borrowings	2,084,253	1,690,928
Lease liabilities	174,057	197,850
Bonds payable	596,795	596,625
Medium-term notes	219,567	211,313
Deferred government funding	531,000	591,384
Derivative financial instruments	47,559	72,075
Convertible bonds	15,403	-
Other liabilities	-	13,959
Total non-current liabilities	3,668,634	3,374,134
<i>Current liabilities</i>		
Trade and other payables	2,346,625	1,782,387
Contract liabilities	143,963	88,414
Borrowings	1,082,866	1,053,686
Lease liabilities	94,734	94,418
Convertible bonds	-	65,000
Short-term notes	-	211,840
Deferred government funding	291,301	312,441
Accrued liabilities	140,291	154,325
Derivative financial instruments	132,365	26,767
Other financial liabilities	-	11,581
Current tax liabilities	14,276	12,508
Other liabilities	33,650	23,002
Total current liabilities	4,280,071	3,836,369
Total liabilities	7,948,705	7,210,503
TOTAL EQUITY AND LIABILITIES	28,986,279	20,388,178

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

	For the three months ended	
	September 30, 2020 (Unaudited)	June 30, 2020 (Unaudited)
Cash flow from operating activities:		
Profit for the period	263,524	125,636
Depreciation and amortization	351,077	305,734
Share of gain of investment accounted for using equity method	(27,628)	(29,471)
Changes in working capital and others	132,177	(254,180)
Net cash from operating activities	719,150	147,719
Cash flow from investing activities:		
Payments to acquire financial assets at fair value through profit or loss	(345,011)	(14,123)
Proceeds from sale of financial assets at fair value through profit or loss	-	1,698
Payments to acquire financial assets at amortized cost	(2,722,515)	(593,896)
Proceeds from maturity of financial assets at amortized cost	1,485,551	1,038,355
Payments for property, plant and equipment	(1,766,133)	(731,897)
Net proceeds after netting off land appreciation tax from disposal of property, plant and equipment and assets classified as held-for-sale	3,041	38
Payments for intangible assets	(4,929)	(524)
Payments for contingent consideration	(11,750)	-
Net cashoutflow from deconsolidation of subsidiaries	(223)	-
Proceeds from release of restricted cash relating to investing activities	11,428	53,615
Payments to acquire joint ventures and associates	(23,336)	(3,015)
Proceeds from disposal of joint ventures and associates	41,753	2,064
Distributions received from joint ventures and associates	-	83
Net cash used in investing activities	(3,332,124)	(247,602)
Cash flow from financing activities:		
Proceeds from borrowings	549,544	123,768
Repayment of borrowings	(189,823)	(119,666)
Principal elements of lease payments	(23,540)	(19,153)
Proceeds from issuance of short-term notes	-	213,062
Repayment of short-term notes	(214,347)	(493,477)
Proceeds from issue new shares	7,513,885	-
Proceeds from exercise of employee stock options	3,432	3,320
Proceeds from non-controlling interests – capital contribution	325,000	1,874,931
Distribution paid to perpetual subordinated convertible securities holders	-	(5,000)
Net cash from financing activities	7,964,151	1,577,785
Effects of exchange rate changes on the balance of cash held in foreign currencies	138,150	(11,642)
Net increase (decrease) in cash and cash equivalent	5,489,327	1,466,260
Cash and cash equivalent, beginning of period	3,130,068	1,663,808
Cash and cash equivalent, end of period	8,619,395	3,130,068

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

Shanghai, November 11, 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 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