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, 2017

- **Revenue was $793.1 million in 1Q17, a decrease of 2.7% QoQ from $814.8 million in 4Q16 and an increase of 25.0% YoY from $634.3 million in 1Q16.**
- **Gross profit was $220.8 million in 1Q17, compared to $246.0 million in 4Q16 and $153.8 million in 1Q16.**
- **Gross margin was 27.8% in 1Q17, compared to 30.2% in 4Q16 and 24.2% in 1Q16.**
- **Net profit for the period attributable to SMIC was $69.8 million in 1Q17, as compared to**

Dr Hai un Zhao, MIC s Chief Executive Officer, co ented, Our tea de ivered a good quarter with year on year growth, i proved operating inco e, and strong EBI DA in Q R Revenue grew R year over year, representing a sequentia dec ine of Operating profit grew R YoY and QoQ EBI DA was a record high of 4 i ion, an increase of 4 YoY and QoQ and representing an EBI DA argin of 4

In the first ha f of R , we are confronting the cha enges of custo er changes in ar et positioning, seasona inventory ad ust ents, and overa uted handset ar et growth in China however, we have active y pursued new incre enta revenue fro a variety of custo ers and ar ets to itigate the i pact of such headwinds e be ieve we are in a great position, both strategica y and financia y to weather this cyc ica downturn and are positioned to benefit fro so e exciting future trends, inc uding auto otive, industria , internet of things, and others

Our n is ra ping up and reached R of wafer revenue in Q , representing a growth of R QoQ e continue to wor with our custo ers on n new tape outs for a diverse set of app ications n wafer revenue sequentia y grew YoY and QoQ e continue to ra p n , n and nu erous products on inch and fro a device perspective, we are pursuing growth in areas in which we are seeing eaningfu de and such as NOR f ash, RF connectivity, Power IC, and others

---

Conference Call / Webcast Announcement

Date: May , R

i e: : d 4 u 4 : R 4 R g 4 y R 4 t:n sprpcr R enn

About SMIC

e iconductor Manufacturing Internationa Corporation " MIC " NY E D MI EHK D is one of the eading se iconductor foundries in the wor d and the argest and ost advanced foundry in ain and China MIC provides integrated circuit IC foundry and techno ogy services on process nodes fro R icron to nano eter Headquartered in hanghai, China, MIC has an internationa anufacturing and service base In China, MIC has a RR wafer fabrication faci ity fab and a RR fab in hanghai a RR fab and a a ority owned RR fab for advanced nodes in Bei ing RR fabs in ian in and henzhen and a a ority owned oint venture RR bu ping faci ity in Jiangyin additiona y, in Ita y MIC has a a ority owned RR fab MIC a so has ar eting and custo er service offices in the , Europe, Japan, and aiwan, and a representative office in Hong Kong

For ore infor ation, p ease visit www s ics co

Safe Harbor Statements

nder the Private ecurities Litigation Refor Act of

his press re ease contains, in addition to historica infor ation, "forward oo ing state ents" within the eaning of the "safe harbor" provisions of the Private ecurities Litigation Refor Act of hese forward oo ing state ents, inc uding state ents under econd Quarter R Guidance , CapEx u ary and the state ents contained in the quotes of our CEO are based on

About Non-Generally Accepted Accounting Principles (“Non-GAAP”) Financial Measures

o supp e ent MIC s conso idated financia resu ts presented in accordance with IFR , MIC uses in this press re ease non GAAP easures of operating resu ts that are ad usted to exc ude finance cost, depreciation and a ortization, inco e tax benefits and expenses, the effect of e p oyee bonus accrua , govern ent funding and gain fro the disposa of iving quarters his earnings re ease a so inc udes second quarter R guidance for non GAAP operating expenses he presentation of non GAAP financia easures is not intended to be considered in iso ation or as a substitute for the financia infor ation prepared and presented in accordance with IFR his earnings re ease inc udes EBI DA, EBI DA argin and non GAAP operating expenses which consist of tota operating expenses as ad usted to exc ude the effect of e p oyee bonus accrua , govern ent funding and gain fro the disposa of iving quarters hese non GAAP financia easures are not ca cu ated or presented in accordance with, and are not a ternatives or substitutes for financia easures prepared in accordance with IFR , and shou d be read on y in con unction with the Group's financia easures prepared in accordance with IFR he Group's non GAAP financia easures ay be different fro si i ar y tit ed non GAAP financia easures used by other co panies

MIC be ieves that use of these non GAAP financia easures faci itates investors and anage ent s co parisons to MIC s historica perfor ance he Group s anage ent regu ar y uses these non GAAP financia easures to understand, anage and eva uate the Group's business and a e financia and operationa decisions

he acco panying tab e has ore infor ation and reconci iations of each non GAAP financia easure to its ost direct y co parab e GAAP financia easure A reconci iation of non GAAP guidance easures to corresponding GAAP easures is not avai ab e on a forward oo ing basis

Summary of First Quarter 2017 Operating Results

A oun n US ou an p o S an op a n a a

	1Q17	4Q16	QoQ	1Q16	YoY
Revenue	R	4. R		4.	R
Cost of sa es	.	. R	R	4 R. R	
Gross profit	R.	4 . R	R	.	4
Operating expenses	4 . 4	. 4		.	
Profit fro operations	.	4 . R		.	R
Other inco e expense . net	.	4		.	
Profit before tax	R	4 . 4	4	. RR	
Inco e tax expense benefit	R	. 4			
Profit for the period	**64,213**	**58,038**	R	**51,762**	4
Other co prehensive inco e					
Exchange differences on trans ating foreign operations	.	. R		4	
Change in va ue of avai ab e for sa e financia assets	R			4	R
Cash f ow hedges	4.	4.			
Actuaria gains and osses on defined benefit p ans	RR	.4			
Others					
Total comprehensive income for the period	**90,616**	**13,931**	R	**50,967**	
Profit for the period attributab e to					
MIC	.	R4 RR		.4	
Non contro ing interests	.	4 . R		.	4
Profit for the period	**64,213**	**58,038**	R	**51,762**	4
Gross argin		R		4	
Earnings per ordinary share [1]					
Basic	RR	RR		RR	
Di uted	RR	RR		RR	
Earnings per AD [2]					
Basic	RR	R		RR	
Di uted	RR	R		RR	
afers shipped in equiva ent wafers	R .	R R		. R	
Capacity uti ization					

o

1 Ba on a a o na a o 4 48 on a an 4 on u n 1Q17 4 2 on a an on u n 4Q1 an 4 2 on a an 4 on u n 1Q1 T a an u a n n p a o 1Q1 a n a u o pa o a on o a on on a a n o na a o pa a u o 4 a on o a n o on on o a a o pa a u o 4 a a a oun o a a o p on D 7 2 1 S a Con o a on

2 a ADS p n o na a Ba on o a qu a n a ou a o a qua apa

- Revenue decreased by QoQ fro 4 i ion in 4Q to i ion in Q ain y due to a product ix change in Q and the headwinds described in our CEO s quotes above
- Cost of sa es was i ion in Q . up R QoQ fro i ion in 4Q
- Gross profit was R i ion in Q . a decrease of R QoQ fro 4 R i ion in 4Q
- Gross argin was in Q . as co pared to R in 4Q due to ower fab uti ization
- Operating expenses were 4 4 i ion in Q . a decrease of QoQ fro R i ion in 4Q . ain y due to the reasons stated in Operating Expenses Inco e Ana ysis be ow

- Other inco e expense, net was 4 i ion oss in Q , as co pared to R i ion gain in 4Q he change was ain y due to the reasons stated in Other Inco e Expense, Net be ow
- Inco e tax expense was R i ion in Q , as co pared to inco e tax benefit of i ion in 4Q he change in inco e tax benefit expense was ain y due to the recognition of deferred tax asset for deductib e te porary differences in 4Q
- Exchange differences on trans ating foreign operations were i ion gain in Q and

Analysis of Revenue

Revenue Analysis			
By Application	**1Q17**	**4Q16**	**1Q16**
Co puter	4	4	4
Co unications	4	44	
Consu er	4	R	4
Auto Industria			
Others	4R	R	
By Service Type	**1Q17**	**4Q16**	**1Q16**
afers	R	4	
Mas a ing, testing, others	R		4
By Geography	**1Q17**	**4Q16**	**1Q16**
North A erica	4		4
China	4	4	4
Eurasia	R	R	4
Wafer Revenue Analysis			
By Technology	**1Q17**	**4Q16**	**1Q16**
n	R		R4
4R4 n	RR		
n	R		
R n			
R R	4	4	R
R R		4	4
R R			4

o

1 n u n on on u u n Ta an

2 u n C na an on on

Capacity*

Fab	1Q17	4Q16
hanghai RR Fab	R,RRR	R ,RRR

Operating Expenses (Income) Analysis

A oun n US ou an	1Q17	4Q16	QoQ	1Q16	YoY
Operating expenses	4 .4	. 4		.	
Research and deve op ent, net	R . R	.		.4	R
Genera and ad inistrative	. 4	R. 4		.4	4
e ing and ar eting	R.	.R	4	. R	
Other operating inco e oss	4. 4	. 4		.R 4	

- R D expenses decreased by R i ion QoQ to R i ion in Q , co pared to i ion in 4Q Exc uding the funding of R D contracts fro the govern ent, R D expenses decreased by i ion QoQ to i ion in Q he change was ain y due to higher eve of R D activities in 4Q Funding of R D contracts fro the govern ent was 4 i ion in Q , co pared to i ion in 4Q

- Genera and ad inistrative expenses decreased by to 4 i ion in Q , co pared to R i ion in 4Q he change was ain y due to a decrease in accrued e p oyee bonus in Q

- he change in other operating oss inco e was ain y due to govern ent funding received in Q and oss arising fro the disposa of equip ent in 4Q

Other Income (Expense), Net

A oun n US ou an	1Q17	4Q16	QoQ	1Q16	YoY
Other inco e expense , net	.	4		.	
Interest inco e	.	4. 4		.	
Finance costs	.	.		.	4
Foreign exchange gains or osses	. R	. 4		.	4
Other gains or osses, net	.	. 4		. 4	4 4
hare of oss of invest ent using equity ethod	.	.4	R	.	

- he decrease in other gains or osses, net was ain y due to the gain in the fair va ue recognized in re ating to the put option in 4Q , which was granted by Jiangsu Chang iang E ectronics echno ogy Co , Ltd , JCE , to the Group to se the shares of uzhou Chang iang E ectric Xin e Invest ent Co , Ltd , Chang iang Xin e to JCE , pursuant to an invest ent exit agree ent entered into by i ech hanghai a subsidiary of MIC , JCE and Jiangsu Xinchao echno ogy Group Co , Ltd a substantia shareho der of JCE

- he change in share of oss of invest ent using equity ethod was ain y due to an increase of the oss attributab e to Chang iang Xin e

Depreciation and Amortization

A oun n US ou an	**1Q17**	**4Q16**	**QoQ**	**1Q16**	**YoY**
Depreciation and a ortization	,4RR	,		, 4	4 4

he increase in depreciation and a ortization in Q was pri ari y due to an increase in the capacity of our a ority owned Bei ing RR fab and hanghai RR fab

Liquidity

A oun n US ou an	**1**

Capital Structure

A oun n US ou an	**1Q17**	**4Q16**
Cash and cash equiva ent	. .R4	. .R
Restricted cash current	R.	.
Restricted cash non current	.	R.R R
Other financia assets	.R4R	. 4
hort ter borrowings	R4.	R . 4
Long ter borrowings	. .4	. . 4
hort ter notes	.R	.4
Mediu ter notes	.	4. R
Convertib e bonds current		.4R
Convertib e bonds non current	.	. R
Corporate bonds	4 . 44	4 4. R
ota debt	. . 4	.R .
Net debt	. 4	.
Equity	. R. R	.4R .
ota debt to equity ratio	4	R
Net debt to equity ratio[4]		

o
1 *nan a a a n on a n nan a p o u o an an an po o on*
2 *o a nu a an a qu a n an o nan a a*
o a qu
4 *qu*

Convertib e bonds current decreased to zero at the end of Q fro 4 i ion at the end of 4Q he change was because the bondho ders of the bunch of convertib e bonds due R the Bonds exercised their conversion options to fu y convert the outstanding Bonds into the MIC s ordinary shares in Q

Cash Flow

A oun n US ou an	**1Q17**	**4Q16**
Net cash fro operating activities	4 .	4R .
Net cash used in investing activities	4 . R	.
Net cash fro financing activities	R	R
Effect of exchange rate changes	.R	.R 4
Net change in cash and cash equiva ent	.	4 .

Capex Summary

- Capita expenditures were R i ion in Q . co pared to 4 R i ion in 4Q
- he p anned R capita expenditures for foundry operations are approxi ate y bi ion. of which approxi ate y R bi ion is expected to be spent for the expansion of capacity in our a ority owned Bei ing RR fab
- he p anned R capita expenditures for non foundry operations are approxi ate y R i ion. ain y for the construction of e p oyees iving quarters

Recent Highlights and Announcements

- Circu ars Notification Letter and Request For for Non registered hareho ders R R4
- Circu ars Notification Letter for Registered hareho ders R R4
- Circu ars Notification Letter and Change Request For to Registered Ho ders R R4
- Circu ars Letter and Rep y For to New Registered hareho ders E ection of Means of Receipt and Language of Corporate Co unication R R4
- C arification Announce ent R R4 4
- Proposed Increase in Authorised hare Capita R R4
- Proposed hare Pre iu Reduction R R4
- Notification of Board Meeting R R4
- Co pensation Co ittee Charter R R4
- Grant of hare Options and Non exe pt Connected ransactions Proposed Grant of Restricted hare nits to Directors and Chief Executive Officer R R4 R
- Grant of Options R R4 R
- Announce ent of R Annua Resu ts R R
- MIC igns License Agree ent For Invensas DBI R echno ogy R R
-

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

	For the three months ended	
	March 31, 2017 (Unaudited)	December 31, 2016 (Unaudited)
Revenue	[illegible]	[illegible]
Cost of sales	[illegible]	[illegible]
Gross profit	[illegible]	[illegible]
Research and development expenses, net	[illegible]	[illegible]
General and administration expenses	[illegible]	[illegible]
Sales and marketing expenses	[illegible]	[illegible]
Other operating income (expense), net	[illegible]	[illegible]
Operating expenses	[illegible]	[illegible]
Profit from operations	[illegible]	[illegible]
Other income (expense), net	[illegible]	[illegible]
Profit before tax	[illegible]	[illegible]
Income tax (expense) benefit	[illegible]	[illegible]
Profit for the period	**64,213**	**58,038**
Other comprehensive income		
[illegible]		
Exchange differences on translating foreign operations	[illegible]	[illegible]
Change in value of available for sale financial assets	[illegible]	[illegible]
Cash flow hedges	[illegible]	[illegible]
[illegible]		[illegible]
Actuarial gains and losses on defined benefit plans	[illegible]	[illegible]
Total comprehensive income for the period	**90,616**	**13,931**
Profit for the period attributable to:		
Owners of the Company	[illegible]	[illegible]
Non controlling interests	[illegible]	[illegible]
	64,213	**58,038**
Total comprehensive income for the period attributable to:		
Owners of the Company	[illegible]	[illegible]
Non controlling interests	[illegible]	[illegible]
	90,616	**13,931**
Earnings per share attributable to Semiconductor Manufacturing International Corporation ordinary [illegible]	[illegible]	[illegible]

Non GAAP operating expenses are defined as operating expenses ad usted to exc ude the effect of e p oyee bonus accrua , govern ent funding and gain fro the disposa of iving quarters MIC reviews non GAAP operating expenses together with operating expenses to understand, anage and eva uate its business and a e financia and operationa decisions he Group a so be ieves it is usefu supp e enta infor ation for investors and ana ysts to assess its operating perfor ance However, the use of non GAAP financia easures has ateria i itations as an ana ytica too One of the i itations of using non GAAP financia easures is that they do not inc ude a ite s that i pact our net profit for the period In addition, because non GAAP financia easures are not ca cu ated in the sa e anner by a co panies, they ay not be co parab e to other si i ar y tit ed easures used by other co panies In ight of the foregoing i itations, you shou d not consider the non GAAP operating expenses in iso ation fro or as an a ternative to operating expenses prepared in accordance with IFR

he fo owing tab e sets forth the reconci iation of the non GAAP operating expenses to its ost direct y co parab e financia easure presented in accordance with IFR , for the periods indicated

	For the three months ended		
	March 31, 2017 (Unaudited)	**December 31, 2016 (Unaudited)**	**March 31, 2016 (Unaudited)**
Operating expenses	4 ,4	4	
E p oyee bonus accrua		44	4 R
Govern ent funding	R		
Gain fro the disposa of iving quarters	R	4	R
Non GAAP operating expenses	4 R		R

EBI DA is defined as profit for the period exc uding the i pact of the finance cost, depreciation and a ortization, and inco e tax benefit and expense EBI DA argin is defined as EBI DA divided by revenue MIC uses EBI DA argin as a easure of operating perfor ance for p anning purposes, inc uding the preparation of the Group s annua operating budget to a ocate resources to enhance the financia perfor ance of the Group s business to eva uate the effectiveness of the Group s business strategies and in co unications with MIC s board of directors concerning the Group s financia perfor ance A though EBI DA is wide y used by investors to easure a co pany s operating perfor ance without regard to ite s, such as net finance cost, inco e tax benefit and expense and depreciation and a ortization that can vary substantia y fro co pany to co pany depending upon their respective financing structures and accounting po icies, the boo va ues of their assets, their capita structures and the ethods by which their assets were acquired, EBI DA has i itations as an ana ytica too , and you shou d not consider it in iso ation or as a substitute for ana ysis of the Group s resu ts of operations as reported under IFR o e of these i itations are it does not ref ect the Group s capita expenditures or future require ents for capita expenditures or other contractua co it ents it does not ref ect changes in, or cash require ents for, the Group s wor ing capita needs it does not ref ect finance cost it does not ref ect cash require ents for inco e taxes that a though depreciation and a ortization are non cash charges, the assets being depreciated or a ortized wi often have to be rep ace a v s i 4 R e 44 s i 4

4 For the purpose of hedging against the foreign exchange ris re ating to the RMB deno inated iabi ities inc uding ban oans, short ter notes and ediu ter notes, the Group entered into cross currency swap contracts with a ter fu y atching the repay ent schedu e of these RMB deno inated iabi ities hese cross currency swap contracts were designated as hedging instru ent of cash f ow hedges since 4Q he effective portion of changes in fair va ue of the cross currency swap contracts is recognized in other co prehensive inco e, which are rec assified to profit or oss in the period when the RMB deno inated iabi ities affect profit or oss in response to foreign exchange f uctuation

e iconductor Manufacturing Internationa Corporation
CONDEN ED CON OLIDA ED A EMEN OF FINANCIAL PO I ION
In thousands

	As of	
	March 31, 2017 (Unaudited)	**December 31, 2016 (Unaudited)**
ASSETS		
on u n a		
Property. p ant and equip ent	. . R	. .
Land use right	.	.
Intangib e assets	4 .	4 .
Invest ents in associates	.4R	4R.
Invest ents in oint ventures	4.4	4.
Deferred tax assets	4 .	4 .
Derivative financia instru ent	. R	. 4
Restricted cash	.	R.R R
Other assets	4.R 4	4 . R
ota non current assets	. .	.4 .
Cu n a		
Inventories	R . R	4 4.
Prepay ent and prepaid operating expenses	.	. 4
rade and other receivab es	R	4 .
Other financia assets	R4R	. 4
Restricted cash	R.	.
Cash and cash equiva ent	. R4	. R
	. . R	. . 4R
Assets c assified as he d for sa e	4 .4	R.
ota current assets	. R . R	. .
TOTAL ASSETS	**10,362,115**	**10,115,278**
EQUITY AND LIABILITIES		
Cap a an		
Ordinary shares. R RR4 par va ue. RRR.RRR.RRR shares authorized. 4. 4 .4R . and 4. . . shares issued and outstanding at March . R and Dece ber . R . respective y	. R	R
hare pre iu	. .	4. R. 4
Reserves	. 4	.
Accu u ated deficit	4 .R	R. 4
Equity attributab e to owners of the Co pany	4. 4 . 4	4. R . 4
Non contro ing interests	. 4 . 4	. .
ota equity	. R. R	.4R .
on u n a		
Borrowings	. .4	. . 4
Convertib e bonds	.	. R
Bonds payab e	4 . 44	4 4. R
Mediu ter notes	.	4. R
Deferred tax iabi ities	.	.
Deferred govern ent funding	.	.
Other financia iabi ities	4 . R	4. R
Other iabi ities	.R	.4
ota non current iabi ities	. R.	. .
Cu n a		
rade and other payab es	R . 4	4R.
Borrowings	R4.	R . 4
hort ter notes	.R	.4
Convertib e bonds		.4R
Deferred govern ent funding	R.	.R
Accrued iabi ities	.	R.4 R
Other financia iabi ities	. RR	. 4
Current tax iabi ities		4 R
ota current iabi ities	.4R.	R. RR
ota iabi ities	4.4 .	4. R
TOTAL EQUITY AND LIABILITIES	**10,362,115**	**10,115,278**

e iconductor Manufacturing Internationa Corporation
CONDEN ED CON OLIDA ED A EMEN OF CA H FLO
In thousands

	For the three months ended	
	March 31, 2017	**December 31, 2016**
	(Unaudited)	**(Unaudited)**
Cash flow from operating activities		
Profit for the period	[illegible]	[illegible]
Depreciation and a ortization	[illegible]	[illegible]
hare of oss of invest ent using equity ethod	[illegible]	[illegible]
Changes in wor ing capita and others	[illegible]	[illegible]
Net cash from operating activities	**146,923**	**405,516**
Cash flow from investing activities:		
Pay ents for property, p ant and equip ent	[illegible]	[illegible]
Pay ents for intangib e assets	[illegible]	[illegible]
Net proceeds after netting off and appreciation tax fro disposa of property, p ant and equip ent and assets c assified as he d for sa e	[illegible]	[illegible]
Changes in restricted cash re ating to investing activities	[illegible]	[illegible]
Pay ents to acquire financia assets	[illegible]	[illegible]
Proceeds on sa e of financia assets	[illegible]	[illegible]
Pay ent to acquire ong ter invest ent	[illegible]	
Net cash used in investing activities	**(848,870)**	**(128,199)**
Cash flow from financing activities:		
Proceeds fro borrowings	[illegible]	[illegible]
Repay ent of borrowings	[illegible]	[illegible]
Proceeds fro exercise of e p oyee stoc options	[illegible]	[illegible]
Proceeds fro non contro ing interest capita contribution		[illegible]
Net cash from financing activities	**125,920**	**231,016**
Effects of exchange rate changes on the balance of cash held in foreign currencies	[illegible]	[illegible]
Net increase in cash and cash equivalent	**(573,968)**	**491,259**
Cash and cash equivalent, beginning of period	**2,126,011**	**1,634,752**
Cash and cash equivalent, end of period	**1,552,043**	**2,126,011**

o

In Q , the a ount inc uded R i ion 4Q D 4 i ion of net proceeds under three easing contracts entered into by the Group with ino IC Leasing ian in Co , Ltd a who y owned subsidiary of ino IC Leasing Co , Ltd, an associate of the Group in the for of a sa e and easebac transaction with a repurchase option he sub ect so d and eased bac under the easing contract is a batch of production equip ent of the Group As the repurchase prices are set at the expected fair va ue and the Group is not reasonab y certain that it wi exercise the repurchase options, the above transaction have been accounted for disposa of property, p ant and equip ent fo owed with an operating ease

As at the date of this announce ent, the directors of the Co pany are:

Executive Directors
Zhou Zixue (Chair an)
Gao Yonggang (Chief Financia Officer)

Non-executive Directors
zu Yin Chiu (ice Chair an)
Chen hanzhi
Zhou Jie
Ren Kai
Lu Jun
ong Guohua

Independent Non-executive Directors
Lip Bu an
i ia udor Brown
Car en I Hua Chang
hang yi Chiang
Jason Jingsheng Cong

By order of the Board
Semiconductor Manufacturing International Corporation
Dr Hai un Zhao
Chief Executive Officer

hanghai, PRC
May R, R

For identification purposes on y