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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 MARCH 31, 2021

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 \$1,103.6 million in 1Q21, an increase of 12.5% QoQ from \$981.1 million in 4Q20, and 22.0% YoY from \$904.9 million in 1Q20.
- Gross profit was \$250.1 million in 1Q21, an increase of 41.5% QoQ from \$176.8 million in 4Q20, and 7.1% YoY from \$233.6 million in 1Q20.
- Gross margin was 22.7% in 1Q21, compared to 18.0% in 4Q20 and 25.8% in 1Q20.

Set out below is a copy of the full text of the release by the Company and its subsidiaries (the "Group") on May 13, 2021, in relation to its unaudited results for the three months ended March 31, 2021.

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

Shanghai, China – May 13, 2021. Semiconductor Manufacturing International Corporation (SSE STAR MARKET: 688981; SEHK: 00981) ("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 March 31, 2021.

* For identification purposes only

Second Quarter 2021 Guidance

The following statements are forward looking statements based on current expectations and involved risks and uncertainties. The Company expects (in according with IFRS):

- Revenue to increase by 17% to 19% QoQ.
- Gross margin to range from 25% to 27%.

Dr. Gao Yonggang, Chief Financial Officer of SMIC commented:

“First quarter 2021 revenue and gross margin beat guidance, revenue was \$1104 million, an increase of 12.5% quarter over quarter and an increase of 22.0% year over year. Gross margin was 22.7%, sequentially up 4.7 percentage points. Second quarter revenue is expected to grow 17% to 19% sequentially, and gross margin is expected to range from 25% to 27%. Revenue for the first half of 2021 will be expected to be around \$2.4 billion.

This year, the semiconductor market notes a positive development. Under normal circumstances, the Company should have maintained the rapid growth momentum from last year. But as SMIC was placed on the US entity list, the Company is restricted from procuring related US-origin items and technologies. There are still risks and uncertainties to our second half of 2021. In February, the annual forecast we gave were revenue growth target to be mid-to-high single digit percentage, and gross margin target to be in the mid-teens range. In light of the information currently available to the Company, and based on the uncertain assumption that operational continuity will not be significantly adversely affected, our annual revenue and gross margin are expected to beat original forecast. However, out of an abundance of caution, we ask for your understanding that we will not provide an exact revised range of our second half and full-year expectation for the time being. We will do our best to ensure operation continuity and improve performance, for a better return to our shareholders.”

Dr. Haijun Zhao and Dr. Liang Mong Song, Co-CEOs of SMIC commented:

“Our revenue for the first half of 2021 will expect to beat original forecast, first quarter revenue reached one billion U.S. dollars on a firm footing. Facing difficulties, we tackle with precision, and continue to exceed ourselves. Non-FinFET capacity will continue to be fully loaded till the end of the year, and new capacity will mainly form in the second half of this year. In the first quarter FinFET revenue grew sequentially from a trough, and new tape-out projects are steadily engaging.”

Conference Call / Webcast Announcement

Date: May 14, 2021

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/6991907>

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/m9wdqh4>

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) and its subsidiaries constituting 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 an 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. 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, raw materials and software, 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 and gain or loss on the disposal of machinery and equipment. 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 and gain or loss on the disposal of machinery and equipment. 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 First Quarter 2021 Operating Results

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

| | 1Q21 | 4Q20 | QoQ | 1Q20 | YoY |
|--|----------------|----------------|--------|---------------|--------|
| Revenue | 1,103,649 | 981,095 | 12.5% | 904,912 | 22.0% |
| Cost of sales | (853,535) | (804,333) | 6.1% | (671,327) | 27.1% |
| Gross profit | 250,114 | 176,762 | 41.5% | 233,585 | 7.1% |
| Operating expenses | (125,473) | (159,513) | -21.3% | (186,244) | -32.6% |
| Profit from operations | 124,641 | 17,249 | 622.6% | 47,341 | 163.3% |
| Other income, net | 16,859 | 228,353 | -92.6% | 18,317 | -8.0% |
| Profit before tax | 141,500 | 245,602 | -42.4% | 65,658 | 115.5% |
| Income tax expense | (25,573) | (16,982) | 50.6% | (14,340) | 78.3% |
| Profit for the period | 115,927 | 228,620 | -49.3% | 51,318 | 125.9% |
| Other comprehensive income (loss): | | | | | |
| Exchange differences on translating foreign operations | (4,272) | 39,184 | N/A | 1,919 | N/A |
| Cash flow hedges | 8,541 | 4,456 | 91.7% | (13,858) | N/A |
| Total comprehensive income for the period | 120,196 | 272,260 | -55.9% | 39,379 | 205.2% |
| Profit (loss) for the period attributable to: | | | | | |
| Owners of the Company | 158,876 | 257,038 | -38.2% | 64,164 | 147.6% |
| Non-controlling interests | (42,949) | (28,418) | N/A | (12,846) | N/A |
| Profit for the period | 115,927 | 228,620 | -49.3% | 51,318 | 125.9% |
| Gross margin | 22.7% | 18.0% | | 25.8% | |
| Earnings per ordinary share ⁽¹⁾ | | | | | |
| Basic | \$0.02 | \$0.03 | | \$0.01 | |
| Diluted | \$0.02 | \$0.03 | | \$0.01 | |
| Wafers shipped (in 8" equivalent wafers) | 1,558,893 | 1,415,788 | 10.1% | 1,406,714 | 10.8% |
| Capacity utilization ⁽²⁾ | 98.7% | 95.5% | | 98.5% | |

Note:

(1) Based on weighted average ordinary shares of 7,884 million (basic) and 7,924 million (diluted) in 1Q21, 7,700 million (basic) and 8,316 million (diluted) in 4Q20, and 5,095 million (basic) and 5,968 million (diluted) in 1Q20.

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

- Revenue was \$1,103.6 million in 1Q21, an increase of 12.5% QoQ from \$981.1 million in 4Q20. Revenue increased mainly due to the increase in wafer shipment and average selling price in 1Q21.
- Cost of sales was \$853.5 million in 1Q21, compared to \$804.3 million in 4Q20. Cost of sales increased mainly due to the increase in wafer shipment in 1Q21.
- Gross profit was \$250.1 million in 1Q21, an increase of 41.5% QoQ from \$176.8 million in 4Q20. Gross profit increased in 1Q21 mainly due to the increase in wafer shipment and average selling price in 1Q21.
- Gross margin was 22.7% in 1Q21, compared to 18.0% in 4Q20.
- Operating expenses were \$125.5 million in 1Q21, compared to \$159.5 million in 4Q20, mainly due to the reasons stated in Operating Expenses (Income) below.
- Other income, net was \$16.9 million gain in 1Q21, compared to \$228.4 million gain in 4Q20. The change was mainly due to the reasons stated in Other Income (Expenses), Net below.

Analysis of Revenue

| Revenue Analysis | | | |
|-------------------------------|-------------|-------------|-------------|
| By Geography | 1Q21 | 4Q20 | 1Q20 |
| North America ⁽¹⁾ | 27.7% | 27.7% | 25.5% |
| Mainland China and Hong Kong | 55.6% | 56.1% | 61.6% |
| Eurasia ⁽²⁾ | 16.7% | 16.2% | 12.9% |
| By Service Type | 1Q21 | 4Q20 | 1Q20 |
| Wafers | 91.2% | 89.0% | 91.1% |
| Others | 8.8% | 11.0% | 8.9% |
| Wafer Revenue Analysis | | | |
| By Application | 1Q21 | 4Q20 | 1Q20 |
| Smart Phone | 35.2% | 36.7% | 48.3% |
| Smart Home | 13.9% | 15.8% | 15.5% |
| Consumer Electronics | 20.4% | 20.2% | 18.4% |
| Others | 30.5% | 27.3% | 17.8% |
| By Technology | 1Q21 | 4Q20 | 1Q20 |
| 14/28 nm | 6.9% | 5.0% | 7.8% |
| 40/45 nm | 16.3% | 14.8% | 14.9% |
| 55/65 nm | 32.8% | 34.0% | 32.6% |
| 90 nm | 4.1% | 3.5% | 1.6% |
| 0.11/0.13 μm | 6.0% | 6.2% | 5.4% |
| 0.15/0.18 μm | 30.3% | 32.5% | 33.4% |
| 0.25/0.35 μm | 3.6% | 4.0% | 4.3% |

Note:

- (1) Presenting the revenue to those companies whose headquarters are in North America, but ultimately selling and shipping the products to their global customers.
- (2) Excluding Mainland China and Hong Kong.

Capacity

- Monthly capacity increased to 540,750 8-inch equivalent wafers in 1Q21 from 520,750 8-inch equivalent wafers in 4Q20, primarily due to the capacity expansion in 200mm fabs in 1Q21.

Shipment and Utilization

| 8" equivalent wafers | 1Q21 | 4Q20 | QoQ | 1Q20 | YoY |
|---------------------------------|-------------|-------------|------------|-------------|------------|
| Wafer shipments | 1,558,893 | 1,415,788 | 10.1% | 1,406,714 | 10.8% |
| Utilization rate ⁽¹⁾ | 98.7% | 95.5% | | 98.5% | |

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> | 1Q21 | 4Q20 | QoQ | 1Q20 | YoY |
|----------------------------------|-------------|-------------|------------|-------------|------------|
| Cost of sales | 853,535 | 804,333 | 6.1% | 671,327 | 27.1% |
| Depreciation and amortization | 279,883 | 242,768 | 15.3% | 213,832 | 30.9% |
| Other manufacturing costs | 573,652 | 561,565 | 2.2% | 457,495 | 25.4% |
| Gross profit | 250,114 | 176,762 | 41.5% | 233,585 | 7.1% |
| Gross margin | 22.7% | 18.0% | | 25.8% | |

- Cost of sales was \$853.5 million in 1Q21, compared to \$804.3 million in 4Q20. Cost of sales increased mainly due to the increase in wafer shipment in 1Q21.

Depreciation and Amortization

| <i>Amounts in US\$ thousands</i> | 1Q21 | 4Q20 | QoQ | 1Q20 | YoY |
|----------------------------------|-------------|-------------|------------|-------------|------------|
| Depreciation and amortization | 419,669 | 366,045 | 14.6% | 289,838 | 44.8% |

Operating Expenses (Income)

| <i>Amounts in US\$ thousands</i> | 1Q21 | 4Q20 | QoQ | 1Q20 | YoY |
|--|-------------|-------------|------------|-------------|------------|
| Operating expenses | 125,473 | 159,513 | -21.3% | 186,244 | -32.6% |
| Research and development expenses | 156,273 | 194,408 | -19.6% | 166,486 | -6.1% |
| General and administrative expenses | 48,803 | 75,794 | -35.6% | 74,231 | -34.3% |
| Selling and marketing expenses | 5,495 | 12,081 | -54.5% | 5,841 | -5.9% |
| Net impairment losses recognized (reversal) on financial assets | 203 | 1,212 | -83.3% | (1,102) | N/A |
| Other operating income, net | (85,301) | (123,982) | -31.2% | (59,212) | 44.1% |

- Research and development expenses decreased to \$156.3 million in 1Q21, compared to \$194.4 million in 4Q20. The change was mainly due to decrease of R&D activities in 1Q21.
- General and administrative expenses decreased by 35.6% to \$48.8 million in 1Q21, compared to \$75.8 million in 4Q20. The change was mainly due to the decrease in accrued employee bonus and government tax surcharges in 1Q21.
- The change in other operating income, net was mainly due to the income recognized in relation to government funding of \$86.3 million in 1Q21, compared to \$125.0 million in 4Q20.

Other Income (Expenses), Net

| Amounts in US\$ thousands | 1Q21 | 4Q20 | QoQ | 1Q20 | YoY |
|--|----------|----------|--------|----------|--------|
| Other income, net | 16,859 | 228,353 | -92.6% | 18,317 | -8.0% |
| Interest income | 53,509 | 51,960 | 3.0% | 33,923 | 57.7% |
| Finance costs | (21,731) | (19,266) | 12.8% | (18,158) | 19.7% |
| Foreign exchange (losses) gains | (2,150) | 26,050 | N/A | 1,866 | N/A |
| Other gains, net | 2,643 | 37,497 | -93.0% | 2,553 | 3.5% |
| Share of (loss) gain of investment accounted for using equity method | (15,412) | 132,112 | N/A | (1,867) | 725.5% |

- Foreign exchange (losses) gains were mainly due to the net impact of cash flow hedging and the differences arising from currency conversion in 1Q21. 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 gains, net in 1Q21 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 (loss) gain of investment accounted for using equity method was due to the loss on the investments in associates in 1Q21. Certain associates of the Group are investment funds with a number of investment portfolios. The loss on the equity investment of associates was a result of the fair value change of the portfolios.

Liquidity

| Amounts in US\$ thousands | 1Q21 | 4Q20 |
|---|-------------------|-------------------|
| Inventories | 889,832 | 798,776 |
| Prepayment and prepaid operating expenses | 73,331 | 48,176 |
| Trade and other receivables | 886,486 | 975,927 |
| Financial assets at fair value through profit or loss | 2,821 | 111,477 |
| Financial assets at amortized cost | 2,734,618 | 2,806,517 |
| Derivative financial instruments | 15,123 | 4,891 |
| Restricted cash | 308,356 | 575,258 |
| Cash and cash equivalent | 9,014,492 | 9,826,537 |
| Assets classified as held-for-sale | 23,604 | 23,796 |
| Total current assets | 13,948,663 | 15,171,355 |
| Trade and other payables | 1,317,233 | 1,648,556 |
| Contract liabilities | 291,864 | 181,425 |
| Borrowings | 464,723 | 1,239,996 |
| Lease liabilities | 95,296 | 94,949 |
| Medium-term notes | 228,198 | - |
| Deferred government funding | 256,596 | 282,601 |
| Accrued liabilities | 184,049 | 253,690 |
| Derivative financial instruments | 52,687 | 133,814 |
| Current tax liabilities | 10,787 | 17,579 |
| Other liabilities | 20,175 | 20,039 |
| Total current liabilities | 2,921,608 | 3,872,649 |
| Cash ratio ⁽¹⁾ | 3.1x | 2.5x |
| Quick ratio ⁽²⁾ | 4.5x | 3.7x |
| Current ratio ⁽³⁾ | 4.8x | 3.9x |

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 | 1Q21 | 4Q20 |
|--|-------------------|-------------------|
| Cash and cash equivalent | 9,014,492 | 9,826,537 |
| Restricted cash - Current | 308,356 | 575,258 |
| Financial assets at fair value through profit or loss - Current ⁽¹⁾ | 2,821 | 111,477 |
| Financial assets at amortized cost ⁽²⁾ | 5,002,770 | 4,445,238 |
| Total cash on hand | 14,328,439 | 14,958,510 |
| Borrowings - Current | 464,723 | 1,239,996 |
| Borrowings - Non-current | 4,288,825 | 4,050,837 |
| Lease liabilities | 221,563 | 245,270 |
| Medium-term notes | 228,198 | 229,217 |
| Convertible bonds | 1,947 | 11,131 |
| Bonds payable | 597,138 | 596,966 |
| Total debt | 5,802,394 | 6,373,417 |
| Net debt ⁽³⁾ | (8,526,045) | (8,585,093) |
| Equity | 22,185,247 | 21,681,738 |
| Total debt to equity ratio ⁽⁴⁾ | 26.2% | 29.4% |
| Net debt to equity ratio ⁽⁵⁾ | -38.4% | -39.6% |

Note:

(1) Mainly contain structural deposits.

(2) Mainly contain bank deposits over 3 months.

(3) Total debt minus total cash on hand.

(4) Total debt divided by equity.

(5) Net debt divided by equity.

Cash Flow

| Amounts in US\$ thousands | 1Q21 | 4Q20 |
|--|-------------|-------------|
| Net cash from operating activities | 463,637 | 533,712 |
| Net cash used in investing activities | (1,055,939) | (1,674,680) |
| Net cash from financing activities | (215,873) | 2,170,831 |
| Effect of exchange rate changes | (3,870) | 177,279 |
| Net change in cash and cash equivalent | (812,045) | 1,207,142 |

Capex Summary

- Capital expenditures were \$534.1 million in 1Q21, compared to \$1,333.4 million in 4Q20.
- The planned 2021 capital expenditures are approximately \$4.3 billion, the majority which is for non-FinFET capacity expansion, and the remaining is for FinFET, the infrastructure of the new Beijing joint-venture project and others.

Recent Highlights and Announcements

- List of Directors and their Roles and Functions (2021-04-30)
- Announcement on Resignation of Non-executive Director (2021-04-30)
- Notification Letter and Request Form for Non-registered Shareholders (2021-04-27)
- Notification Letter for Registered Shareholders (2021-04-27)
- Notification Letter and Change Request Form to registered holders (2021-04-27)
- Letter and Reply Form to New Registered Shareholders - Election of Means of Receipt and Language of Corporate Communication (2021-04-27)
- 2020 Annual Report (2021-04-27)
- Discloseable Transaction Disposal of Subsidiary (2021-04-22)
- Advance Announcement on Performance Press in 1st Quarter of 2021 (2021-04-16)
- Notification of Board Meeting (2021-04-16)
- Announcement on Change of Representative of Securities Affairs (2021-04-12)
- Announcement on Resolutions of the Board of Directors (2021-03-31)
- Special Report on Deposit and Actual Usage of Raised Funds in 2020 (2021-03-31)
- Announcement on Prediction on Outward Guarantee Lines in 2021 (2021-03-31)
- Announcement on Predicted Line of Daily Connected Transactions in 2021 (2021-03-31)
- Announcement on Initially Realizing Profit and Canceling Special Identification “U” of Stock Abbreviation (2021-03-31)
- Annual Report of 2020 (2021-03-31)
- Announcement of 2020 Annual Results (2021-03-31)
- Inside Information Entering into of Cooperation Framework Agreement in relation to the Development of 12-Inch Wafer Production Facilities in Shenzhen (2021-03-17)
- Notification of Approval of the Publication of 2020 Annual Results by the Board (2021-03-10)
- Discloseable Transactions Purchases made pursuant to the Volume Purchase Agreements and Purchase Orders (2021-03-03)
- Express on Performance in 4th Quarter of 2020 (2021-02-04)
- SMIC Reports Unaudited Results for the Three Months ended December 31, 2020 (2021-02-04)
- List of Directors and their Roles and Functions (2021-02-04)
- Appointment of Independent Non-Executive Director and Member of Strategic Committee (2021-02-04)
- Announcement in relation to Termination of American Depositary Receipts Level I Programme (2021-01-31)
- Announcement in relation to Removal from OTCQX (2021-01-31)
- Announcement in relation to Reinstatement to OTCQX (2021-01-10)
- Announcement on Listing and Floating of Offline Alloted Shares with Sales Limit in Initial Public Offering (2021-01-08)
- Connected Transaction New JV Agreement in relation to SMEC (2021-01-08)
- Announcement in relation to Removal from OTCQX (2021-01-06)
- Advance Announcement on Convening Performance Meeting in 4th Quarter of 2020 (2021-01-05)
- Notification of Board Meeting (2021-01-05)

*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, 2021 (Unaudited) | December 31, 2020 (Unaudited) |
| Revenue | 1,103,649 | 981,095 |
| Cost of sales | (853,535) | (804,333) |
| Gross profit | <u>250,114</u> | <u>176,762</u> |
| Research and development expenses | (156,273) | (194,408) |
| General and administration expenses | (48,803) | (75,794) |
| Sales and marketing expenses | (5,495) | (12,081) |
| Net impairment losses recognized on financial assets | (203) | (1,212) |
| Other operating income, net | 85,301 | 123,982 |
| Operating expenses | <u>(125,473)</u> | <u>(159,513)</u> |
| Profit from operations | 124,641 | 17,249 |
| Other income, net | 16,859 | 228,353 |
| Profit before tax | <u>141,500</u> | <u>245,602</u> |
| Income tax expense | <u>(25,573)</u> | <u>(16,982)</u> |
| Profit for the period | <u>115,927</u> | <u>228,620</u> |
| Other comprehensive income (loss): | | |
| <i>Item that may be reclassified subsequently to profit or loss</i> | | |
| Exchange differences on translating foreign operations | (4,272) | 39,184 |
| Cash flow hedges | 8,541 | 4,456 |
| Total comprehensive income for the period | <u>120,196</u> | <u>272,260</u> |
| Profit (loss) for the period attributable to: | | |
| Owners of the Company | 158,876 | 257,038 |
| Non-controlling interests | <u>(42,949)</u> | <u>(28,418)</u> |
| | <u>115,927</u> | <u>228,620</u> |
| Total comprehensive income (loss) for the period attributable to: | | |
| Owners of the Company | 163,145 | 300,677 |
| Non-controlling interests | <u>(42,949)</u> | <u>(28,417)</u> |
| | <u>120,196</u> | <u>272,260</u> |
| Earnings per ordinary share | | |
| Basic | \$0.02 | \$0.03 |
| Diluted | \$0.02 | \$0.03 |
| Shares used in calculating basic earnings per share | 7,884,433,053 | 7,699,704,895 |
| Shares used in calculating diluted earnings per share | <u>7,923,938,467</u> | <u>8,315,996,308</u> |
| Reconciliations of Non-IFRS Financial Measures to Comparable IFRS Measures | | |
| Non-IFRS operating expenses ⁽¹⁾ | (204,712) | (243,322) |
| EBITDA ⁽²⁾ | 582,900 | 630,913 |
| EBITDA margin⁽²⁾ | <u>52.8%</u> | <u>64.3%</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, 2021 (Unaudited) | December 31, 2020 (Unaudited) | March 31, 2020 (Unaudited) |
| Operating expenses | (125,473) | (159,513) | (186,244) |
| Employee bonus accrued | 6,062 | 40,174 | 6,947 |
| Government funding | (86,281) | (125,016) | (59,258) |
| Impairment loss of tangible and intangible assets | - | 1,145 | - |
| Loss (gain) of the disposal of machinery and equipment and living quarters | 980 | (112) | 46 |
| Non-IFRS operating expenses | (204,712) | (243,322) | (238,509) |

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, 2021 (Unaudited) | December 31, 2020 (Unaudited) | March 31, 2020 (Unaudited) |
| Profit for the period | 115,927 | 228,620 | 51,318 |
| Finance costs | 21,731 | 19,266 | 18,158 |
| Depreciation and amortization | 419,669 | 366,045 | 289,838 |
| Income tax expense | 25,573 | 16,982 | 14,340 |
| EBITDA | 582,900 | 630,913 | 373,654 |
| Profit margin | 10.5% | 23.3% | 5.7% |
| EBITDA margin | 52.8% | 64.3% | 41.3% |

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

| | As of | |
|---|-------------------------------|----------------------------------|
| | March 31, 2021 (Unaudited) | December 31, 2020 (Unaudited) |
| ASSETS | | |
| <i>Non-current assets</i> | | |
| Property, plant and equipment | 12,270,527 | 12,138,021 |
| Right-of-use assets | 469,744 | 491,238 |
| Intangible assets | 80,342 | 81,953 |
| Investments in associates | 1,434,296 | 1,440,976 |
| Investments in joint ventures | 29,650 | 31,521 |
| Deferred tax assets | 24,801 | 24,900 |
| Financial assets at fair value through profit or loss | 147,751 | 156,367 |
| Financial assets at amortized cost | 2,268,152 | 1,638,721 |
| Derivative financial instruments | 18,089 | 29,046 |
| Restricted cash | 114,258 | 114,811 |
| Other assets | 1,517 | 1,666 |
| Total non-current assets | <u>16,859,127</u> | <u>16,149,220</u> |
| <i>Current assets</i> | | |
| Inventories | 889,832 | 798,776 |
| Prepayment and prepaid operating expenses | 73,331 | 48,176 |
| Trade and other receivables | 886,486 | 975,927 |
| Financial assets at fair value through profit or loss | 2,821 | 111,477 |
| Financial assets at amortized cost | 2,734,618 | 2,806,517 |
| Derivative financial instruments | 15,123 | 4,891 |
| Restricted cash | 308,356 | 575,258 |
| Cash and cash equivalent | 9,014,492 | 9,826,537 |
| | <u>13,925,059</u> | <u>15,147,559</u> |
| Assets classified as held-for-sale | 23,604 | 23,796 |
| Total current assets | <u>13,948,663</u> | <u>15,171,355</u> |
| TOTAL ASSETS | <u>30,807,790</u> | <u>31,320,575</u> |

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

| | As of | |
|---|-------------------------------|----------------------------------|
| | March 31, 2021 (Unaudited) | December 31, 2020 (Unaudited) |
| EQUITY AND LIABILITIES | | |
| <i>Capital and reserves</i> | | |
| Ordinary shares | 31,597 | 30,814 |
| Share premium | 13,828,951 | 13,512,397 |
| Reserves | 75,940 | 73,939 |
| Retained earnings | 1,416,932 | 1,258,056 |
| Equity attributable to owners of the Company | 15,353,420 | 14,875,206 |
| Perpetual subordinated convertible securities | - | 299,388 |
| Non-controlling interests | 6,831,827 | 6,507,144 |
| Total equity | 22,185,247 | 21,681,738 |
| <i>Non-current liabilities</i> | | |
| Borrowings | 4,288,825 | 4,030,776 |
| Lease liabilities | 126,267 | 150,321 |
| Bonds payable | 597,138 | 596,966 |
| Medium-term notes | - | 229,217 |
| Deferred tax liabilities | 4,168 | - |
| Deferred government funding | 650,581 | 707,016 |
| Derivative financial instruments | 32,009 | 20,700 |
| Convertible bonds | 1,947 | 11,131 |
| Total non-current liabilities | 5,700,935 | 5,746,127 |
| <i>Current liabilities</i> | | |
| Trade and other payables | 1,317,233 | 1,648,556 |
| Contract liabilities | 291,864 | 181,425 |
| Borrowings | 464,723 | 1,260,057 |
| Lease liabilities | 95,296 | 94,949 |
| Medium-term notes | 228,198 | - |
| Deferred government funding | 256,596 | 282,601 |
| Accrued liabilities | 184,049 | 253,690 |
| Derivative financial instruments | 52,687 | 133,814 |
| Current tax liabilities | 10,787 | 17,579 |
| Other liabilities | 20,175 | 20,039 |
| Total current liabilities | 2,921,608 | 3,892,710 |
| Total liabilities | 8,622,543 | 9,638,837 |
| TOTAL EQUITY AND LIABILITIES | 30,807,790 | 31,320,575 |

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

| | For the three months ended | |
|--|-------------------------------|----------------------------------|
| | March 31, 2021 (Unaudited) | December 31, 2020 (Unaudited) |
| Cash flow from operating activities: | | |
| Profit for the period | 115,927 | 228,620 |
| Depreciation and amortization | 419,669 | 366,045 |
| Share of gain of investment accounted for using equity method | 15,412 | (132,112) |
| Changes in working capital and others | (87,371) | 71,159 |
| Net cash from operating activities | 463,637 | 533,712 |
| Cash flow from investing activities: | | |
| Payments to acquire financial assets at fair value through profit or loss | (2,440) | (6,592) |
| Proceeds from sale of financial assets at fair value through profit or loss | 112,909 | 253,589 |
| Payments to acquire financial assets at amortized cost | (1,679,787) | (478,809) |
| Proceeds from maturity of financial assets at amortized cost | 1,271,215 | 539,948 |
| Payments for property, plant and equipment | (690,011) | (2,087,988) |
| Proceeds from disposal of property, plant and equipment and assets classified as held-for-sale | 7,941 | 4,199 |
| Payments for intangible assets | (3,666) | (3,258) |
| Proceeds from disposal of land use right | - | 6,798 |
| Payments for land use right | (98,739) | (24,646) |
| Net cash inflow from deconsolidation of subsidiaries | - | 7,381 |
| Payments for investment of joint ventures and associates | (9,902) | (98,889) |
| Proceeds from disposal of joint ventures and associates | 1,567 | 10,048 |
| Distributions received from joint ventures and associates | - | 2,755 |
| Proceeds from release of restricted cash relating to investing activities | 34,974 | 200,784 |
| Net cash used in investing activities | (1,055,939) | (1,674,680) |
| Cash flow from financing activities: | | |
| Proceeds from borrowings | 480,024 | 2,384,750 |
| Repayment of borrowings | (997,345) | (355,028) |
| Principal elements of lease payments | (23,696) | (23,592) |
| Proceeds from exercise of employee stock options | 1,825 | 1,198 |
| Proceeds from non-controlling interests – capital contribution | 367,350 | 417,706 |
| Payments to settle derivative financial instruments | (44,031) | (251,203) |
| Distribution paid to perpetual subordinated convertible securities holders | - | (3,000) |
| Net cash from financing activities | (215,873) | 2,170,831 |
| Effects of exchange rate changes on the balance of cash held in foreign currencies | (3,870) | 177,279 |
| Net (decrease) increase in cash and cash equivalent | (812,045) | 1,207,142 |
| Cash and cash equivalent, beginning of period | 9,826,537 | 8,619,395 |
| Cash and cash equivalent, end of period | 9,014,492 | 9,826,537 |

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

Shanghai, May 13, 2021

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

Executive Directors

ZHOU Zixue (Chairman)
CHIANG Shang-Yi (Vice 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
HUANG Dengshan
LU Guoqing

Independent Non-executive Directors

William Tudor BROWN
LAU Lawrence Juen-Yee
FAN Ren Da Anthony
YOUNG Kwang Leei
LIU Ming