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SEMICONDUCTOR MANUFACTURING INTERNATIONAL CORPORATION

*

(Incorporated in the Cayman Islands with limited liability)* nBT/F3 9.96 Tf1 0 0 1 308.95 64

The following statements are forward looking statements based on current expectations and involved risks and uncertainties.

Second Quarter 2023 Guidance

The Company expects (in accordance with IFRS):

- Revenue to increase by 5% to 7% QoQ.
- Gross margin to range from 19% to 21%.

The Management Comments

According to the international financial reporting standards, in the first quarter, the Company's revenue slightly beat guidance, gross margin was close to the high end of our guided range; in the second quarter, the Company expects the capacity utilization rate and shipments will perform better than first quarter. Revenue is expected to increase by 5% to 7% sequentially, with a decline in blended ASP due to the impact of changes in product mix; gross margin is expected to be between 19% and 21%.

The Company carries out capital expenditures in line with the expansion plan. Currently, SMIC Shenzhen has entered mass production; SMIC Jingcheng is expected to enter mass production in the second half of the year; SMIC Oriental is expected to start the mini-line by the end of this year; SMIC Xiqing is still under the construction.

Looking ahead to the full year of 2023, although the revenue bottoms out in the second quarter, the visibility of recovery magnitude for the second half of the year is still not clear. Overall, we haven't seen the sign of market full recovery. Thus, the full year's guidance remains unchanged, revenue is expected to decline by low-teens percentage year-over-year, and the gross margin is expected to be around 20%. We will strive to do better based on the current situation.

Facing the dynamic market changes, we will continue to follow the strategy of being market-oriented and customer-focused, strengthen communication with the end market; we will fully cooperate with the launch of new products, and make adjustments to fix bottleneck issues, so as to meet the next round of growth cycle.

Conference Call / Webcast Announcement

Date: Friday, May 12, 2023
Time: 8:30 A.M. - 9:30 A.M.

WEBCAST

The call will be webcast live at:
<https://edge.media-server.com/mmc/p/496fcwj6>

CONFERENCE CALL

Please register in advance for the conference call at:
<https://register.vevent.com/register/BI8af784294cda4ffd922600e49250090e>

REPLAY

Recording will be available 1 hour after the event and it will be archived for 12 months.
https://www.smics.com/en/site/company_financialSummary

About SMIC

Semiconductor Manufacturing International Corporation (SEHK: 00981; SSE STAR MARKET: 688981) and its subsidiaries is one of the leading foundries in the world and is the front runner in manufacturing capability, manufacturing scale, and comprehensive service in the Chinese Mainland. SMIC Group provides semiconductor foundry and technology services to global customers on 0.35 micron to FinFET process node technologies. Headquartered in Shanghai, China, SMIC Group has an international manufacturing and service base, with three 8-~~IG~~ A : : ; B: ~~IG~~ : ~~BB~~ : ; : G four 12-inch fabs in Shanghai, Beijing, Tianjin and Shenzhen, and three 12-inch fabs under construction in Shanghai, Beijing and Tianjin. 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 are based on SMIC's current assumptions, expectations, beliefs, plans, objectives, and projections about future events or performance. SMIC uses words including but not limited to ; ~~B~~ : GBB: ~~IG~~ G ~~IF~~ : ~~HC~~ : ~~HIG~~ H : ~~HIG~~ H A H F: D A H E EG H E ~~BBIG~~ H E : ~~IF~~ : B H C B A E H ~~EHD~~ : G H A ~~IF~~ ~~IE~~ ~~BBIG~~ H B GB H : ~~EHD~~ : F G - A H : -looking statements are estimates made by SMIC's senior management based on their best judgment 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 cyclicalities and market conditions in the semiconductor industry, intense competition in the semiconductor industry, 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, parts, raw materials and software, availability of manufacturing capacity, orders or judgments from pending litigation, intellectual property litigation in the semiconductor industry, general economic conditions, fluctuations in currency exchange rates and the risk of geopolitics.

In addition to the information contained in this release, you should also consider the information HG: 6 6H HA 66 BA- A , HD A G H HG \$HG %B , \$ 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 possible or actual occurrence of unanticipated events after the date on which such statement is made, whether as a result of new information, future events or otherwise.

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

-H EF G , & HG HB: 6 G BE E G 6: H :G BA , , & the presentation of non-IFRS financial measures, including EBITDA, EBITDA margin and non-IFRS operating expenses in this release. 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. 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-I , 6 G BEF : : 6 6 H :G F:G F G HF : BHG H , & AB HB: E HF: G - A H F:G F G EE A GHG 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 2023

Analysis of Revenue

Revenue Analysis			
By Geography⁽¹⁾	1Q23	4Q22	1Q22
China	75.5%	69.1%	75.4%
America	19.6%	25.3%	19.0%
Eurasia	4.9%	5.6%	5.6%
By Service Type	1Q23	4Q22	1Q22
Wafers	92.1%	91.1%	92.5%
Others	7.9%	8.9%	7.5%
Wafer Revenue Analysis			
By Application	1Q23	4Q22	1Q22
Smart Phone	23.5%	28.6%	28.7%
Internet of Things	16.6%	15.0%	17.7%
Consumer Electronics	26.7%	24.2%	27.8%
Others	33.2%	32.2%	25.8%
By Size	1Q23	4Q22	1Q22
:	28.1%	35.6%	33.5%
:	71.9%	64.4%	66.5%

Note:

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

Other Income, Net

<i>Amounts in US\$ thousands</i>	1Q23	4Q22	QoQ	1Q22	YoY
Other income, net	192,627	136,777	40.8%	38,179	404.5%
Interest income	179,347	120,615	48.7%	51,933	245.3%
Finance costs	(44,003)	(39,336)	11.9%	(28,445)	54.7%
Foreign exchange gain/(loss)	2,104	(10,793)	N/A	6,260	-66.4%
Other gains/(losses), net	24,612	32,253	-23.7%	(7,957)	N/A
Share of profits and losses of joint venture and associates	30,567	34,038	-10.2%	16,388	86.5%

- The change in other gains/(losses), net in 1Q23 was primarily caused by the change in the fair value of the investments in securities recognis

Capital Structure

Amounts in US\$ thousands	1Q23	4Q22
Cash and cash equivalents	8,703,465	6,932,587
Restricted cash - current	512,687	676,937
Financial assets at fair value through profit or loss - current ⁽¹⁾	405,426	375,776
Financial assets at amortised cost ⁽²⁾	9,632,629	10,676,151
Total cash on hand	19,254,207	18,661,451
Borrowings - current	1,787,053	1,268,218
Borrowings - non-current	6,872,271	6,718,304
Lease liabilities	94,924	109,531
Bonds payable	598,561	598,379
Total debt	9,352,809	8,694,432
Net debt ⁽³⁾	(9,901,398)	(9,967,019)
Equity	29,584,682	28,961,421
Debt to equity ratio ⁽⁴⁾	31.6%	30.0%
Net debt to equity ratio ⁽⁵⁾	-33.5%	-34.4%

Notes:

(1) Mainly contain structural deposits and monetary funds.

(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	1Q23	4Q22
Net cash generated from operating activities	801,520	563,308
Net cash generated from/(used in) investing activities	22,611	(2,419,975)
Net cash generated from financing activities	920,864	1,135,197
Effect of exchange rate changes	25,883	109,283
Net increase/(decrease) in cash and cash equivalents	1,770,878	(612,187)

Capex Summary

- Capital expenditure was \$ 1,258.6 million in 1Q23, compared to \$1,987.1 million in 4Q22.

Recent Highlights and Announcements

- 2022 Annual Report 2023-4-20
- Indicative Announcement on Change of Domestic Stocks of SMIC Held by Huaxia SSE STAR Market 50 Component Trading Open-End Index Securities Investment Fund 2023-4-13
- Advance Announcement on Performance Meeting in 1st Quarter of 2023 2023-4-13
- Notification of Board Meeting 2023-4-12
- Connected Transaction RSU Grant 2023-4-2
- Announcement on Estimated Amount of Outward Guarantees in 2023 2023-3-29
- Announcement on Resolutions of Board of Directors 2023-3-29
- Announcement on Estimated Amount of Daily Connected Transactions in 2023 2023-3-29
- Special Report on Storage and Actual Use of Raised Funds in 2022 2023-3-29
- 2022 Audit Report 2023-3-28
- 2022 Annual Report 2023-3-28
- 2022 Environmental, Social and Governance Report 2023-3-28
- Announcement on 2022 Annual Results 2023-3-28
- Notification of Approval of the Publication of 2022 Annual Results by the Board 2023-3-14
- Announcement on Preliminary Earnings Estimate for 4th Quarter of 2022 2023-2-9
- SMIC Reports Unaudited Results for the Three Months Ended December 31,2022 2023-2-9
- Resignation of Chief Financial Officer and Appointment of Person-in-charge of Finance and Senior Management 2023-2-9
- Change of Company Secretary 2023-2-9
- Advance Announcement on Performance Meeting in 4th Quarter of 2022 2023-1-10
- Notification of Board Meeting 2023-1-10

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<https://www.smics.com/en/site/news> and
https://www.smics.com/en/site/company_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, 2023	December 31, 2022
	(Unaudited)	(Unaudited)
Revenue	1,462,288	1,621,270
Cost of sales	(1,157,619)	(1,102,581)
Gross profit	<u>304,669</u>	<u>518,689</u>

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 amortisation, and income tax credit 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

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

	As of	
	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
ASSETS		
<i>Non-current assets</i>		
Property, plant and equipment	19,499,744	18,855,532
Right-of-use assets	513,478	529,795
Intangible assets	42,368	45,331
Investments in associates	1,983,834	1,912,042
Investment in joint venture	4,828	9,051
Deferred tax assets	13,926	14,244
Financial assets at fair value through profit or loss	233,606	208,307
Financial assets at amortised cost	5,545,134	5,553,445
Derivative financial instruments	30,450	32,958
Other assets	39,734	52,877
Total non-current assets	27,907,102	27,213,582
<i>Current assets</i>		
Inventories	2,115,572	1,911,487
Prepayment and prepaid operating expenses	117,955	103,368
Trade and other receivables	1,114,978	1,302,642
Financial assets at fair value through profit or loss	405,426	375,776
Financial assets at amortised cost	4,087,495	5,122,706
Derivative financial instruments	29,020	146,669
Restricted cash	512,687	676,937
Cash and cash equivalents	8,703,465	6,932,587
	17,086,598	16,572,172
Assets classified as held-for-sale	22,030	22,030
Total current assets	17,108,628	16,594,202
TOTAL ASSETS	45,015,730	43,807,784

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

	As of	
	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
EQUITY AND LIABILITIES		
<i>Capital and reserves</i>		
Ordinary shares	31,673	31,651
Share premium	13,973,757	13,963,465
Other reserves	389,605	377,059
Retained earnings	5,008,903	4,777,801
Equity attributable to owners of the Company	19,403,938	19,149,976
Non-controlling interests	10,180,744	9,811,445
Total equity	29,584,682	28,961,421
<i>Non-current liabilities</i>		
Borrowings	6,872,271	6,718,304
Lease liabilities	49,677	57,682
Bonds payable	598,561	598,379
Deferred tax liabilities	38,763	34,980
Deferred government funding	378,645	396,803
Derivative financial instruments	19,267	15,286
Total non-current liabilities	7,957,184	7,821,434
<i>Current liabilities</i>		
Trade and other payables	3,106,847	3,217,001
Contract liabilities	2,082,915	1,977,058
Borrowings	1,787,053	1,268,218
Lease liabilities	45,247	51,849
Deferred government funding	136,831	153,812
Accrued liabilities	255,529	309,183
Derivative financial instruments	54,364	45,217
Current tax liabilities	5,078	2,591
Total current liabilities	7,473,864	7,024,929
Total liabilities	15,431,048	14,846,363
TOTAL EQUITY AND LIABILITIES	45,015,730	43,807,784

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

	For the three months ended	
	March 31, 2023	December 31, 2022
	(Unaudited)	(Unaudited)
Operating activities:		
Profit for the period	267,120	425,474
Depreciation and amortisation	631,497	604,324
Share of profits and losses of joint venture and associates	(30,567)	(34,038)
Changes in working capital and others	(66,530)	(432,452)
Net cash generated from operating activities	801,520	563,308
Investing activities:		
Payments to acquire financial assets at fair value through profit or loss	(674,719)	(315,637)
Proceeds from sale of financial assets at fair value through profit or loss	633,959	226,901
Payments to acquire financial assets at amortised cost	(1,013,049)	(8,257,376)
Proceeds from maturity of financial assets at amortised cost	2,349,039	7,750,521
Payments for property, plant and equipment	(1,327,401)	(2,004,517)
Proceeds from disposal of property, plant and equipment and assets classified as held-for-sale	105	14,549
Payments for intangible assets	(517)	(1,062)
Payments for land-use right	(275)	-
Capital injection in associates	(49,371)	(17,977)
Proceeds from disposal of joint venture and associates	22,109	16,990
Distributions received from associates	284	881
Proceeds from settlement of derivative financial instruments	82,447	166,752
Net cash generated from/(used in) investing activities	22,611	(2,419,975)
Financing activities:		
Proceeds from borrowings	1,736,738	709,982
Repayments of borrowings	(1,129,819)	(90,895)
Principal elements of lease payments	(14,512)	(15,179)
Proceeds from issue of shares under stock incentive plans	2,547	1,313
Capital injection from non-controlling interests	331,420	527,400
(Payments for)/proceeds from settlement of derivative financial instruments	(5,510)	2,576
Net cash generated from financing activities	920,864	1,135,197
Effects of exchange rate changes on the balance of cash held in foreign currencies	25,883	109,283
Net increase/(decrease) in cash and cash equivalents	1,770,878	(612,187)
Cash and cash equivalents, beginning of the period	6,932,587	7,544,774
Cash and cash equivalents, end of the period	8,703,465	6,932,587

By order of the Board
Semiconductor Manufacturing International Corporation
Company Secretary / Board Secretary
Guo Guangli

Shanghai, May 11, 2023

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

Executive Director

GAO Yonggang

LIU Xunfeng

Non-executive Directors

LU Guoqing

CHEN Shanzhi

YANG Lumin

Independent Non-executive Directors

LAU Lawrence Juen-Yee

FAN Ren Da Anthony

LIU Ming

WU Hanming