

Hong Kong Exchanges and Clearing Limited and the Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.



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, 2016

- Revenue was a record high of \$634.3 million in 1Q16, increased by 4.0% QoQ from \$610.1 million in 4Q15 and increased by 24.4% YoY from \$509.8 million in 1Q15.
- Gross margin was 24.2% in 1Q16, compared to 28.5% in 4Q15 and 29.4% in 1Q15.
- Profit from operations was \$66.1 million in 1Q16, compared to \$41.6 million in 4Q15 and \$45.5 million in 1Q15.
- Net profit for the period attributable to SMIC was \$61.4 million in 1Q16, as compared to \$38.6 million in 4Q15 and \$55.5 million in 1Q15.

Set out below is a copy of the full text of the press release by the Company and its subsidiaries, the "Group" on May 12, 2016, in relation to its unaudited results for the three months ended March 31, 2016.

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

The consolidated financial information is prepared in accordance with International Financial Reporting Standards ("IFRS").

Shanghai, China, May 12, 2016 – Semiconductor Manufacturing International Corporation (NYSE: SMIC, HKEX: 0981), "SMIC," the "Company," or "our," one of the leading semiconductor foundries in the world, today announced its consolidated results of operations for the three months ended March 31, 2016.

Second Quarter 2016 Guidance:

The following statements are forward-looking statements which are based on current expectations and which involve risks and uncertainties, some of which are set forth under "Safe Harbor Statements" below. The Company expects:

- Revenue to increase by 10% to 15% quarter over quarter
- Gross margin to range from 24% to 26%
- Non GAAP operating expenses excluding the effect of employee bonus accrual, government funding and gain from the disposal of living quarters to range from \$11 million to \$12 million
- Non controlling interests of our majority owned subsidiaries to range from positive \$1 million to positive \$11 million losses to be borne by non controlling interests

Dr. Zhu Yin Chiu, MIC's Chief Executive Officer and Executive Director commented, "We had another quarter with record high revenue, continued demand and strength and continued high utilizations. Purchase orders from our customers continue to be robust and are being driven by our diversified product and customer exposure, which continues to drive our utilizations high. Our customers are expanding their market share and we now target to grow revenue more than 20% this year given the great demand."

The first quarter of 2011 was another great quarter for MIC. We surpassed the industry's revenue growth and grew more than 20% YoY. Overall utilization was 70% in the first quarter, in which even our newly ramping fabs experienced strong customer demand. Last quarter marks our 11th consecutive profitable quarter and we continue to target sustained profitability.

Overall, we believe MIC is strategically building competitiveness globally and further optimizing our position as the preferred foundry provider in Taiwan and China. We expect growth again in the second quarter, but remain constrained by the pace of our capacity growth. MIC is optimistic in the long term given our strategy, strong customer partnerships, and execution track record."

Conference Call / Webcast Announcement

Date: May 11, 2011

Time: 9:00 a.m. (Hong Kong time)

Dial-in numbers and pass code

China	86 21 3110 1111	Pass code	MIC
Hong Kong	852 21 1111 1111	Pass code	MIC
Taiwan	886 22 2222 2222	Pass code	MIC
United States, New York	1 212 211 1111	Pass code	MIC

The call will be webcast live with audio at http://www.silcs.com/eng/investors/ir_presentations.php or <http://edge.media.server.com/path/ivhxouh>.

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

About SMIC

Semiconductor Manufacturing International Corporation ("SMIC" NY EMI EHK 1) is one of the leading semiconductor foundries in the world and the largest and most advanced foundry in Mainland China. SMIC provides integrated circuit (IC) foundry and technology services at the micron to 28 nanometer. Headquartered in Shanghai, China, SMIC has a 300mm wafer fabrication facility (fab) and a 28nm mega fab in Shanghai, a 300mm mega fab and a second majority owned fab for advanced nodes in Beijing and 28nm fabs in Tianjin and Shenzhen. SMIC also has marketing and customer service offices in the U.S., Europe, Japan, and Taiwan, and a representative office in Hong Kong.

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

Safe Harbor Statements

Under the Private Securities Litigation Reform Act of 1995

This press release contains, in addition to historical information, "forward looking statements" within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These forward looking statements, including statements under "Second Quarter 2011 Guidance," "CapEx Summary" and the statements contained in the quotes of our CEO regarding our target for sustained profit, our revenue growth, continued demand and strength and high utilization and our strategy to capture growth opportunities brought by specific markets and products are based on

SMIC's current assumptions, expectations and projections about future events. SMIC uses words like "believe," "anticipate," "intend," "estimate," "expect," "project," "target" and similar expressions to identify forward looking statements, although not all forward looking statements contain these words.

These forward looking statements 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 the cyclical nature of the semiconductor industry, changes in demand for our products, competition in our markets, our reliance on a substantial number of customers, orders or judgments from pending litigation, intensive intellectual property lawsuits in the semiconductor industry, financial stability in end markets, general economic conditions and fluctuations in currency exchange rates.

Investors should consider the information contained in SMIC's filings with the Securities and Exchange Commission ("SEC"), including its annual report on Form 20-F filed with the SEC on April 2, 2011, especially the consolidated financial statements, and such other documents that SMIC may file with the SEC or the Hong Kong Stock Exchange Limited ("EHK") from time to time, including current reports on Form 20-F. Other unknown or unpredictable factors also could have material adverse effects on SMIC's future results, performance or achievements. In light of these risks, uncertainties, assumptions and factors, the forward looking events discussed in this press release

may not occur. You are cautioned not to place undue reliance on these forward looking statements, which speak only as of the date stated, or if no date is stated, as of the date of this press release. Except as may be required by law, SMIC undertakes no obligation and does not intend to update any forward looking statement, whether as a result of new information, future events or otherwise.

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

To supplement MIC's consolidated financial results presented in accordance with IFRS, MIC uses in this press release non GAAP operating expenses which consist of total operating expenses as adjusted to exclude the effect of employee bonus accrual, government funding and gain from the disposal of living quarters. This earnings release also includes second quarter 2011 guidance for non GAAP operating expenses. The presentation of non GAAP 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.

MIC believes that use of these non GAAP financial measures facilitates investors' and management's comparisons to MIC's historical performance. The Group's management regularly uses these non GAAP 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 GAAP financial measure to its most directly comparable GAAP financial measure. A reconciliation of non GAAP guidance measures to corresponding GAAP measures is not available on a forward looking basis.

Summary of First Quarter 2016 Operating Results

Amounts in US thousands, except for EPS and operating data

	1Q16	4Q15	QoQ	1Q15	YoY
Revenue	, 12	1 , 1		,	2
Cost of sales	,	, 211	1 2	, 1	
Gross profit	1 , 2	1 ,	11	1 , 2	2
Operating expenses	, 1	1 2,		1 , 2	1 1
Profit from operations	, 1	1 ,		,	
Other income expense, net	1 ,	,	1 2	, 12	
Profit before tax	2,	,		1, 2	1
Income tax expense		,	2		12
Profit for the period	51,76				

Analysis of Revenue

Revenue Analysis			
By Application	1Q16	4Q15	1Q15
Computer			
Communications	1	2	2
Consumer			
Others			
By Service Type	1Q16	4Q15	1Q15
Services			
Maintenance, testing, others			
By Geography	1Q16	4Q15	1Q15
North America	2	2	11
China ¹	2		
Eurasia ²	2	22	11
Wafer Revenue Analysis			
By Technology	1Q16	4Q15	1Q15
28nm			
28nm	1	1	1
28nm	21	2	21
28nm		2	

Operating Expenses (Income) Analysis

Amounts in US thousands	1Q16	4Q15	QoQ	1Q15	YoY
Operating expenses	1,121	1,211	11	1,211	11
Research and development, net	1,121	1,211	11	1,211	11
General and administrative expenses and marketing	2,211	2,211	1	2,211	2,211
Other operating income	1,211	1,211	21	21	2

- R D expenses decreased by 121 million QoQ to 1,121 million in 1Q1, compared to 1,211 million in 4Q15. Excluding the funding of R D contracts from the government, R D expenses decreased by 11 million QoQ to 1,110 million in 1Q1. The change was mainly due to lower number of R D activities in 1Q1. Funding of R D contracts from the government was 110 million in 1Q1, compared to 110 million in 4Q15.
- General and administrative expenses decreased to 2,211 million in 1Q1, down 1 million QoQ from 2,211 million in 4Q15, mainly due to a decrease of accrued employee bonus in 1Q1 and 2 million for a majority owned fab in Beijing entered into mass production in December 2015 and as a result, the pre operating related expenses largely decreased in 1Q1, as compared to 4Q15.
- Other operating income decreased from 1,211 million in 4Q15 to 1,121 million in 1Q1, mainly because of the lower gain realized from the disposal of certain living quarters in 1Q1.

Other Income (expense), Net

Amounts in US thousands	1Q16	4Q15	QoQ	1Q15	YoY
Other income expense, net	1,211	1,211	12	1,211	12
Interest income	1,211	1,211	1	1,211	2
Finance costs	2,211	2,211	1	2,211	1
Foreign exchange gains or losses	1,211	1,211	2	1,211	2
Other gains or losses, net	1,211	1,211	1	1,211	21
Share of profit/loss of investment using equity method	2,211	2,211	2	2,211	2

- The change in finance costs was mainly due to a government funding recognized as reduction of interest expense in 4Q15 and 2 million more borrowings drawn down in 1Q16.
- The change in other gains or losses, net was mainly due to the lower gains from investment in the financial products sold by banks in 1Q16 and 2 million the gain arising from the put option in 4Q15, which was granted by Jiangsu Changiang Electronics Technology Co., Ltd "JCE", to the Company to sell the shares of Suzhou Changiang Electric Xine Investment Co., Ltd "Changiang Xine" to JCE, pursuant to an investment exit agreement entered into by JCE, a Shanghai subsidiary of MIC, JCE and Jiangsu Xinchao Technology Group Co., Ltd a substantial shareholder of JCE.
- The change in share of profit/loss of investment using equity method was mainly due to the loss attributable to Changiang Xine, which was partially offset by the investment income of 2 million from our joint venture investment fund company.

Depreciation and Amortization

Amounts in US thousands	1Q16	4Q15	QoQ	1Q15	YoY
Depreciation and amortization	1,211	1,211	11	1,211	2

- The increase of depreciation and amortization in 1Q16 was because our majority owned fab in Beijing entered into mass production in December 2015.

Liquidity

Amounts in US thousands	1Q16	4Q15
Cash and cash equivalent	1, 2	1, 2
Restricted cash	2, 2	2, 1
Other financial assets ¹	1, 1	2, 2
Trade and other receivables	1, 1	1, 1
Prepayment and prepaid operating expenses	1, 2	1, 1
Inventories	1, 1	1, 2
Assets classified as held for sale	1, 1	2, 1
Total current assets	2, 2	2, 2
Current tax liabilities	2, 2	2, 2
Other financial liabilities	1, 1	1, 1
Accrued liabilities	1, 2	1, 2
Deferred government funding	2, 2	2, 2
Convertible bonds	1, 2	2, 2
Short term Borrowings	1, 2	1, 1
Trade and other payables	1, 2	1, 2
Total current liabilities	1, 2	1, 2
Cash Ratio ²	1.0x	1.0x
Quick Ratio	1.1x	1.2x
Current Ratio	1.0x	1.0x

Note

- 1 Other financial assets mainly contain financial products sold by bank and bank deposits over 3 months.
- 2 Cash and cash equivalent divided by total current liabilities.
- 3 Current assets excluding inventories divided by total current liabilities
- 4 Total current assets divided by total current liabilities.

Capital Structure

Amounts in US thousands

1Q16

Cash Flow

Amounts in US thousands	1Q16	4Q15
Net cash from operating activities	12,1	2,1
Net cash used in investing activities	1,1	2,2
Net cash from financing activities	2,2	2,2
Effect of exchange rate changes	,1	,
Net change in cash and cash equivalent	2,2	2,2

Capex Summary

- Capita expenditures for 1Q1 were in billion
- The planned 2016 capita expenditures for foundry operations are up from approximately 2.1 billion to approximately 2.2 billion, which are mainly for the expansion of capacity in our majority owned 12 inch fab in Beijing, 12 inch fab in Shenzhen, 12 inch fab in Shanghai and a new majority owned 12 inch joint venture fab with buying services in Jiangyin, 2 a new majority owned joint venture company, which will focus on research and development on 16 nm logic technology, and research and development equipment, gas shops and intellectual property acquisition
- The planned 2016 capita expenditures for non foundry operations are approximately 0.1 billion, mainly for the construction of living quarters

Recent Highlights and Announcements

- Disclosure of Transaction and Connected Transaction Proposed Capital Contribution and Redeemed Disposal of Equity Interest in A Joint Venture in Beijing, the PRC [2/1/11](#)
- Delay in Despatch of Circular [2/1/11](#)
- Notification of Board Meeting [2/1/11](#)
- Disclosure of Transaction and Connected Transaction in Relation to Redeemed Disposal of Equity Interest in Hodo A by iotech Shanghai to Jcet and Issue of A Shares to iotech Shanghai by Jcet and [2/1/11](#) Private Placement of A Shares to iotech Shanghai by Jcet
- Resumption of Trading [2/1/11](#)
- Trading Halt [2/1/11](#)
- Circulars Notification Letter and Request Form for Non-Registered Shareholders [2/1/11](#)
- Circulars Notification Letter for Registered Shareholders [2/1/11](#)
- Circulars Notification Letter and Change Request Form to Registered Shareholders [2/1/11](#)
- Circulars Letter and Reply Form to New Registered Shareholders Election of Means of Receipt and Language of Corporate Communication [2/1/11](#)
- Announcement of [2/1/11](#) Annual Results [2/1/11](#)
- Framework Agreement Major Transaction and Continuing Connected Transactions [2/1/11](#)
- MIC Wins Mirror Post "Outstanding Corporate Social Responsibility" Award for the third time [2/1/11](#)
- MIC CEO Y Chiu Re-Elected to GAMA Board [2/1/11](#)
- Continuing Connected Transactions in Relation to Centralised Fund Management Agreement [2/1/11](#)
- Notification of Approval of the Publication of [2/1/11](#) Annual Results by the Board [2/1/11](#)
- Continuing Connected Transactions in Relation to Framework Agreement [2/1/11](#)
- MIC and RRAM Leader Crossbar Announce Strategic Partnership Agreement [2/1/11](#)
- Voluntary Announcement Potential Exercise of Put Option [2/1/11](#)
- MIC Reports Audited Results for the Three Months Ended December 31, [2/1/11](#)
- List of Directors and their Roles and Functions [2/1/11](#)
- Appointment of Non-executive Director and Members of Nomination Committee [2/1/11](#)
- MIC [2/1/11](#) HKMG Process Ready to Launch Smartphone SoC with Leadcore [2/1/11](#)
- Voluntary Announcement Temporary Suspension of Power Supply at MIC Beijing Fabs [2/1/11](#)
- Notification of Board Meeting [2/1/11](#)

Please visit SMIC's website at http://www.smics.com/eng/press/press_releases.php and http://www.smics.com/eng/investors/ir_filings.php for further details regarding the recent announcements.

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Semiconductor Manufacturing International Corporation

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

include a items that impact our net profit for the period. In addition, because non GAAP 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 GAAP 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 GAAP 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, 2016 (Unaudited)	December 31, 2015 (Unaudited)	March 31, 2015 (Unaudited)
Operating expenses	1,1	1,2	1,2
Employee bonus accrual	2	2,2	1,2
Government funding	,	1,21	,1
Gain from the disposal of living quarters		,	22
Non GAAP operating expenses	<u>2,2</u>	<u>1,1</u>	<u>,</u>

eiconductor Manufacturing International Corporation
CONDENSED CONSOLIDATED BALANCE SHEET OF FINANCIAL POSITION
In thousands

	As of	
	March 31, 2016 (Unaudited)	December 31, 2015 (Unaudited)
ASSETS		
<i>Non-current assets</i>		
Property, plant and equipment	1,000,000	1,000,000
Land use right	1,000	1,000
Intangible assets	21,120	22,200
Investments in associates	1,200	1,100
Investments in joint ventures	2,100	1,000
Deferred tax assets	1,000	2,000
Derivative financial instrument	2,200	1,000
Other assets	1,000	2,000
Non-current assets	1,000,000	1,000,000
<i>Current assets</i>		
Inventories	1,000	2,000
Prepayment and prepaid operating expenses	2,000	1,000
Trade and other receivables	1,000	1,000
Other financial assets	1,100	2,200
Restricted cash	2,200	2,100
Cash and cash equivalent	1,000	1,200
Current assets	2,220,000	2,200,000
Assets classified as held for sale	1,000	2,000
Non-current assets	2,220,000	2,200,000
TOTAL ASSETS	7,600,083	7,115,347
EQUITY AND LIABILITIES		
<i>Capital and reserves</i>		
Ordinary shares, par value, 1,000,000 shares authorized, 2,100,000 and 2,000,000 shares issued and outstanding at March 31, 2016 and December 31, 2015, respectively	1,000,000	1,000,000
Share premium	1,100,000	1,000,000
Reserves	1,100,000	1,100,000
Accumulated deficit	(1,220,000)	(1,200,000)
Equity attributable to owners of the Company	1,000,000	1,000,000
<i>Non-current liabilities</i>		
Borrowings	1,000,000	1,000,000
Bonds payable	2,000	2,000
Deferred tax liabilities	1,000	2,000
Deferred government funding	1,100	1,000
Other liabilities	2,000	1,000
Non-current liabilities	1,000,000	1,000,000
<i>Current liabilities</i>		
Trade and other payables	1,220,000	1,000,000
Borrowings	120,000	110,000
Convertible bonds	220,000	2,200
Deferred government funding	2,200	1,000
Accrued liabilities	1,200	1,200
Other financial liabilities	2,000	1,000
Current tax liabilities	2,000	1,000
Current liabilities	1,220,000	1,000,000
Non-current liabilities	1,000,000	1,000,000
TOTAL EQUITY AND LIABILITIES	7,600,083	7,115,347

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

Executive Directors