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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: 0981)

SMIC REPORTS UNAUDITED RESULTS FOR THE THREE MONTHS ENDED JUNE 30, 2016

- Revenue was a record high of \$690.2 million in 2Q16, an increase of 8.8% QoQ from \$634.3 million in 1Q16 and an increase of 26.3% YoY from \$546.6 million in 2Q15.
- Gross margin was 31.6% in 2Q16, compared to 24.2% in 1Q16 and 32.3% in 2Q15.
- Profit from operations was \$115.4 million in 2Q16, compared to \$66.1 million in 1Q16 and \$60.7 million in 2Q15.
- Net profit for the period attributable to SMIC was \$97.6 million in 2Q16, as compared to \$61.4 million in 1Q16 and \$76.7 million in 2Q15.

Set out below is a copy of the full text of the press release by the Company and its subsidiaries, the "Group" on August 1, 2016, in relation to its unaudited results for the three months ended June 30, 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, August 1, 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 June 30, 2016.

Third 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 11% quarter over quarter
- Gross margin to range from 30% to 32%
- Non GAAP operating expenses excluding the effect of employee bonus accrual, government funding and gain from the disposal of living quarters to range from 1% increase to 1% decrease
- Non controlling interests of our majority owned subsidiaries to range from positive contribution to positive contribution losses to be borne by non controlling interests

Dr. Zhu Yin Chiu, MIQ's Chief Executive Officer and Executive Director commented, "Q2 was another excellent quarter with record high revenue, gross profit, and operating profit, marking our 11th consecutive quarter of profitability. Revenue reached a historical high of \$1.1 billion, growing 21% YoY and 10% QoQ. Gross and operating profits hit all-time highs, growing 21% and 22% respectively."

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 micro to 28-nanometer. Headquartered in Shanghai, China, SMIC has a 300mm wafer fabrication facility (fab) and a 28nm node fab in Shanghai, a 300mm node fab and a second majority-owned fab for advanced nodes in Beijing and 28nm node 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 "Third Quarter 2014 Guidance", "CapEx Summary" and the statements contained in the quotes of our CEO 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 and financial stability in emerging 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, 2014, 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 8-K. 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 measures of operating results that are adjusted to exclude finance cost, depreciation and amortization, income tax expenses, the effect of employee bonus accrual, government funding and gain from the disposal of i

Summary of Second Quarter 2016 Operating Results

Amounts in US_ thousands, except for EPS and operating data

	2Q16	1Q16	QoQ	2Q15	YoY
Revenue	,221	, 12		, 1	2
Cost of sales	2,	,	1	,21	2
Gross profit	21 , 1	1 , 2	1	1 ,	2
Operating expenses	1 2,	, 1	1	11 , 2	11
Profit from operations	11 , 2	,1		,	2
Other income expense , net	2 , 2	1 ,	1	11,	
Profit before tax	,	2,		2, 2	
Income tax expense	2			2	
Profit for the period	94,				

Analysis of Revenue

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

Note

1 Including Hong Kong, but excluding Taiwan

2 Excluding China and Hong Kong

Capacity*

Fab wafer size	2Q16	1Q16
hanghai Mega Fab 8"	1, 1	1, 1
hanghai 12 inch Fab 12"	2, 2	2, 2
Beijing Mega Fab 12"	2, 2	2, 2
Beijing 8 inch Fab 8"	2, 2	2, 2
Shenzhen Fab 8"	2, 2	1, 1
Beijing Majority Owned Fab 12"	2, 2	2, 2
total monthly wafer fabrication capacity	2, 2	2, 2

Note

Wafers per month at the end of the period in " equivalent wafers, calculated on a 30-day basis for comparison purposes

- Monthly capacity increased to 2, 2 million 8 inch equivalent wafers in 2Q16 from 2, 2 million 8 inch equivalent wafers in 1Q16, primarily because our majority owned Beijing 12 inch fab, hanghai 12 inch fab and shenzhen 8 inch fab expanded their capacity in 2Q16

Shipment and Utilization

8" equivalent wafers	2Q16	1Q16	QoQ	2Q15	YoY
wafer shipments	2, 2	2, 2	1, 1	1, 1	2, 2
utilization rate ¹	2, 2	2, 2	1, 1	1, 1	2, 2

Note

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

Detailed Financial Analysis

Gross Profit Analysis

Amounts in US_ thousands	2Q16	1Q16	QoQ	2Q15	YoY
Cost of sales	2, 2	2, 2	1, 1	2, 2	2, 2
Depreciation	1, 1	1, 1	1, 1	1, 1	1, 1
Other manufacturing costs	2, 2	2, 2	1, 1	2, 2	2, 2
share based compensation	1, 1	1, 1	1, 1	1, 1	1, 1
Gross profit	2, 2	2, 2	1, 1	2, 2	2, 2
Gross margin	2, 2	2, 2	1, 1	2, 2	2, 2

- Cost of sales was 2, 2 million in 2Q16, down 1, 1 million QoQ from 2, 2 million in 1Q16
- Depreciation within the cost of sales increased by 1, 1 million to 1, 1 million in 2Q16

Operating Expenses (Income) Analysis

Amounts in US_ thousands	2Q16	1Q16	QoQ	2Q15	YoY
Operating expenses	1,2	, 1	1	11, 2	11
Research and development, net	, 2	,	2	, 2 2	1
General and administrative	,	2, 2	21	2, 1	
Engineering and marketing	, 22	, 1	1	, 1	1 2
Other operating income	,	,	2		

- R D expenses increased by 11 million QoQ to million in 2Q16, compared to million in 1Q16. Excluding the funding of R D contracts from the government, R D expenses increased by 1 million QoQ to million in 2Q16. The change was mainly due to higher number of R D activities in 2Q16. Funding of R D contracts from the government was 12 million in 2Q16, compared to million in 1Q16.
- General and administrative expenses increased to million in 2Q16, up 21% QoQ from 2 million in 1Q16, mainly due to 1 salary increase for some employees in 2Q16 and 2 an increase in legal and consulting fees.

Other Income (expense), Net

Amounts in US_ thousands	2Q16	1Q16	QoQ	2Q15	YoY
Other income expense, net	2, 2	1,	1	11,	
Interest income	1,	1,			
Finance costs	, 1	,		2, 1	1
Foreign exchange gains or losses	,	, 1 2			

Depreciation and Amortization

<i>Amounts in US_ thousands</i>	2Q16	1Q16	QoQ	2Q15	YoY
Depreciation and amortization	1 ,	1 ,		12 , 11	2

The increase in depreciation and amortization in 2Q16 was primarily due to an increase in the capacity of the majority owned Beijing 12 inch fab,

Capital Structure

Amounts in US_ thousands	2Q16	1Q16
Cash and cash equivalent	1, 1	1, 1
Restricted cash	22, 1	22, 1
Other financial assets ¹	, 21	1, 1
Short term borrowings	1,	12, 2
Long term borrowings	1, 22,	,
Short term notes	,	,
Medium term notes	22,	,
Convertible bonds	, 1	, 22
Corporate bonds	,	, 2
Total debt	2, 1,	1, 2
Net debt ²	1,	2, 1 1
Equity	, , 1	, 2, 1
Total debt to equity ratio		
Net debt to equity ratio	12	12

Note

- 1 Other financial assets mainly contain financial products sold by bank and bank deposits over 3 months.
- 2 Net debt is total debt minus cash and cash equivalent, and other financial assets.
- 3 Total debt divided by equity.
- 4 Net debt divided by equity.

- As of June 30, 2016, cash and cash equivalent was 1, million compared to 1, million as of March 31, 2016. The increase was mainly due to capital contribution from non-controlling shareholders of Semiconductor Manufacturing North China Corporation, our majority owned subsidiary in Beijing in 2Q16.

Recent Highlights and Announcements

- Notification of Board Meeting 2018
- Closure of Register of Members 2018
- Notice of Extraordinary General Meeting 2018
- Circulars Notification Letter and Request Form for Non registered Shareholders 2018
- Circulars Notification Letter for Registered Shareholders 2018
- Circulars Material Transaction and Continuing Connected Transactions in Relation to Framework Agreement and 2018 Notice of Extraordinary General Meeting 2018
- Proxy Forms Form of Proxy Form at the Extraordinary General Meeting to be Held on 1 August 2018
- Continuing Connected Transactions Supply of Goods and Services, Leasing of Assets, Transfer of Equipment and Provision of Technical Authorisation and Licensing 2018
- Overseas Regulatory Announcement 2018
- Centralised Fund Management Agreement with Semiconductor Manufacturing North China Beijing Corporation 2018
- Completion of the Issue of 100,000,000 Zero Coupon Convertible Bonds Due 2022 2018
- Disclosure Transaction Acquisition of 100% of the Corporate Capital of Lfoundry R L 2018
- Post Results of Extraordinary General Meeting Held on 2 June 2018
- Post Results of the Annual General Meeting Held on 2 June 2018
- Connected Transaction Entering Into Partnership Agreement for the Establishment of A Fund 2018
- MIC Companies Successful Mass Production of Quao R Napdragon M 2018 Processor in Beijing 2018
- 100 Proposed Issue of 100 Million Zero Coupon Convertible Bonds Due 2022 2018 Pre-emptive Rights of Datang, Country Hi and China IC Fund 2018
- MIC and Synopsys Deliver 2018 HKMG Low Power Reference Flow 2018
- Further Delay in Despatch of Circular 2018
- Closure of Register of Members 2018
- Notice of Extraordinary General Meeting 2018
- Circulars Notification Letter and Request Form

- Disclosure of Transaction and Connected Transaction in Relation to 1. Disposal of 100% Equity Interest in Hologram by iTech Shanghai to JCE and Issue of A Shares to iTech Shanghai by JCE and 2. Private Placement of A Shares to iTech Shanghai by JCE
- Resumption of Trading 2017
- Trading Halt 2017
- Circumstances Notification Letter and Request Form for Non-Registered Shareholders 2017
- Circumstances Notification Letter for Registered Shareholders 2017
- Circumstances Notification Letter and Change Request Form to Registered Shareholders 2017
- Circumstances Letter and Reply Form to New Registered Shareholders Election of Means of Receipt and Language of Corporate Communication 2017

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.

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

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

ifications as an analytical tool. One of the implications of using non GAAP financial measures is that they do not include adjustments 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 implications, 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		
	June 30, 2016 (Unaudited)	March 31, 2016 (Unaudited)	June 30, 2015 (Unaudited)
Operating expenses	1,231	1,131	11,231
Employee bonus accrual	1,231	1,231	1,231
Government funding	1,231	1,231	11,231
Gain from the disposal of living quarters	1,231	1,231	1,231
Non GAAP operating expenses	<u>11,111</u>	<u>11,111</u>	<u>11,111</u>

EBITDA margin is defined as profit for the period excluding the impact of the finance cost, depreciation and amortization, and income tax expense divided by revenue. MIC 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 MIC'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. One of these limitations is that it does not reflect the Group's capital expenditures or future requirements for capital expenditures or other contractual commitments; it does not reflect

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

	As of	
	June 30, 2016 (Unaudited)	March 31, 2016 (Unaudited)
ASSETS		
<i>Non-current assets</i>		
Property, plant and equipment	1,231	, ,
Land use right	, 1	, ,
Intangible assets	21, 2	21, 12
Investments in associates	22, ,	1, 2,
Investments in joint ventures	1, ,	2, 1
Deferred tax assets	, 2	, 1
Derivative financial instrument	2, 1	2, 2
Other assets	1, 2	1, ,
Total non-current assets	<u>, , 11</u>	<u>, 1, 1</u>
<i>Current assets</i>		
Inventories	, 2	, 1
Prepayment and prepaid operating expenses	1, ,	, 2
Trade and other receivables	, ,	1, ,
Other financial assets	, 21	1, 1
Restricted cash	22, 1	2, 2,
Cash and cash equivalent	1, , 1	1, , ,
	<u>, 2 1,</u>	<u>2, 22, 11</u>
Assets classified as held for sale		
Total current assets	<u>, 2 , 2</u>	<u>2, 2,</u>
TOTAL ASSETS	<u>9,068,281</u>	<u>7,600,083</u>
EQUITY AND LIABILITIES		
<i>Capital and reserves</i>		
Ordinary shares, par value, , , , shares authorized, 2,131, and 2,132,22 shares issued and outstanding at June 30, 2016 and March 31, 2016, respectively	1, ,	1, 2
Share premium	, 1 ,	, 11, ,
Reserves	, ,	1, 1
Accumulated deficit	1,12, 1	1,22, 1
Equity attributable to owners of the Company	<u>, , 1</u>	<u>, , 121</u>
Noncontrolling interests	1, ,	, ,
Total equity	<u>, , 1</u>	<u>, 2, 1</u>
<i>Non-current liabilities</i>		
Borrowings	1,2 2,	, ,
Bonds payable	, ,	, 2
Medium-term notes	22, ,	, ,
Deferred tax liabilities	, 12	, 1
Deferred government funding	1, 1	1, 1
Other financial liabilities	1, ,	, ,
Other liabilities	1, ,	1, ,
Total non-current liabilities	<u>2,1 2,</u>	<u>1, , 2</u>
<i>Current liabilities</i>		
Trade and other payables	1, ,	1,2 2, 2
Borrowings	1, ,	12, 2
Short-term notes	, ,	, ,
Convertible bonds	, 1	, 22
Deferred government funding	, ,	2, 2
Accrued liabilities	1, ,	1, 2,
Other financial liabilities	22	, ,
Current tax liabilities	2 2	2
Total current liabilities	<u>1, 12, 2 1</u>	<u>1, , 2</u>
Total liabilities	<u>, , 1</u>	<u>, , 1</u>
TOTAL EQUITY AND LIABILITIES	<u>9,068,281</u>	<u>7,600,083</u>

semiconductor Manufacturing International Corporation
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
In thousands

	<u>For the three months ended</u>	
	<u>June 30, 2016</u>	<u>March 31, 2016</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
Cash flow from operating activities		
Profit for the period		

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

Executive Directors

Zhou Zixue Chairman
Zu Yin Chiu Chief Executive Officer
Gao Yonggang Chief Financial Officer

Non-executive Directors

Chen Hanzhi Li Yong Hua as his Alternate
Zhou Jie
Ren Kai
Lu Jun

Independent Non-executive Directors

William Tudor Brown
Sean Maoney
Lip Buan
Carsten I Hua Chang

By order of the Board

Semiconductor Manufacturing International Corporation

Dr. Zu Yin Chiu
Chief Executive Officer
Executive Director

Shanghai, PRC
August 1, 2011

For identification purposes only