Third Quarter 2022 Guidance

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

- Revenue to increase by 0% to 2% QoQ.
- Gross margin to range from 38% to 40%.

SMIC management commented: “In the second quarter of this year, the company's revenue exceeded US$1.9 billion, up 3.3% sequentially, with a small increase in both shipments and ASP. Capacity utilization was 97.1% and gross margin was 39.4%. Due to the limitations on people’s movement as a result of the epidemic, some of the fabs did not conduct annual maintenance in the second quarter, causing the overall impact of the epidemic on output to be lower than expected, thus revenue and gross margin in the quarter slightly exceeded guidance.

In the third quarter, revenue is expected to be flat to up 2% sequentially, with gross margins in the range of 38% to 40%.

In the first half of the year, the Company spent a total of $2.5 billion on capital expenditures and increased its 8-inch equivalent capacity by 53 thousand wafers per month, which is in line with the expectation, and the new projects are progressing as planned.

At present, it seems that this cycle adjustment will last at least until the first half of next year. However, what is certain is that the IC industry's demand growth and global localization trend as well as the long-term logic of indigenous manufacturing remains unchanged, although there are short-term adjustments. We remain confident in the company's medium- to long-term growth.”

Conference Call / Webcast Announcement

Date: Friday, August 12, 2022
Time: 8:30 A.M. - 9:30 A.M.

WEBCAST
The call will be webcast live at:
https://edge.media-server.com/mmc/p/79v5xicz

CONFERENCE CALL
Please register in advance for the conference call at:
https://register.vevent.com/register/BI4cc21a3a7f7b4cb28d8449e0889ff8e3

REPLAY
Recording will be available approximately 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 14 nanometer process node technologies. Headquartered in Shanghai, China, SMIC Group has an international manufacturing and service base, with three 8-inch wafer fabrication facilities ("fabs") and three 12-inch fabs in Shanghai, Beijing, Tianjin and Shenzhen, and three 12-inch fabs under construction in Shanghai, Beijing 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 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 "believe", "anticipate", "intend", "estimate", "expect", "project", "target", "going forward", "continue", "ought to", "may", "seek", "should", "plan", "could", "vision", "goal", "aim", "aspire", "objective", "schedule", "outlook" and other similar expressions to identify forward looking statements. 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 cyclicality 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 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

To supplement SMIC's consolidated financial results presented in accordance with IFRS, SMIC uses 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-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 Second Quarter 2022 Operating Results

Amounts in US$ thousands, except for earnings per share and operating data

	2Q22	1Q22	QoQ	2Q21	YoY
Revenue	1,903,164	1,841,894	3.3%	1,344,102	41.6%
Cost of sales	(1,152,676)	(1,091,639)	5.6%	(939,090)	22.7%
Gross profit	750,488	750,255	0.0%	405,012	85.3%
Operating (expenses)/income	(211,045)	(214,284)	-1.5%	132,751	N/A
Profit from operations	539,443	535,971	0.6%	537,763	0.3%
Other income, net	96,804	38,179	153.6%	142,666	-32.1%
Profit before tax	636,247	574,150	10.8%	680,429	-6.5%
Income tax (expense)/credit	(7,174)	(4,989)	43.8%	27,673	N/A
Profit for the period	**629,073**	**569,161**	10.5%	**708,102**	-11.2%
Other comprehensive income:					
Exchange differences on translating foreign operations	(86,947)	1,145	N/A	19,624	N/A
Cash flow hedges	(4,303)	21,103	N/A	(5,216)	-17.5%
Total comprehensive income for the period	**537,823**	**591,409**	-9.1%	**722,510**	-25.6%
Profit for the period attributable to:					
Owners of the Company	514,332	447,227	15.0%	687,803	-25.2%
Non-controlling interests	114,741	121,934	-5.9%	20,299	465.3%
Profit for the period	**629,073**	**569,161**	10.5%	**708,102**	-11.2%
Gross margin	39.4%	40.7%		30.1%	
Earnings per share[(1)]					
Basic	$0.07	$0.06		$0.09	
Diluted	$0.06	$0.06		$0.09	
Wafers shipped (in 8” equivalent wafers)	1,886,530	1,840,189	2.5%	1,745,194	8.1%
Capacity utilization[(2)]	97.1%	100.4%		100.4%	

Analysis of Revenue

Revenue Analysis			
By Geography[1]	**2Q22**	**1Q22**	**2Q21**
Chinese Mainland and Hong Kong, China	69.4%	68.4%	62.9%
North America	18.9%	19.0%	23.3%
Europe and Asia[2]	11.7%	12.6%	13.8%
By Service Type	**2Q22**	**1Q22**	**2Q21**
Wafers	94.1%	92.5%	91.7%
Others	5.9%	7.5%	8.3%
Wafer Revenue Analysis			
By Application	**2Q22**	**1Q22**	**2Q21**
Smart Phone	25.4%	28.7%	31.6%
Smart Home	16.2%	13.8%	12.4%
Consumer Electronics	23.8%	23.1%	25.1%
Others	34.6%	34.4%	30.9%
By Size	**2Q22**	**1Q22**	**2Q21**
8” wafers	31.7%	33.5%	35.7%
12” wafers	68.3%	66.5%	64.3%

Notes:

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

(2) Excluding Chinese Mainland and Hong Kong, China.

Capacity

- Monthly capacity increased to 673,750 8” equivalent wafers in 2Q22 from 649,125 8” equivalent wafers in 1Q22.

Shipment and Utilization

	2Q22	1Q22	QoQ	2Q21	YoY
Wafer shipments	1,886,530	1,840,189	2.5%	1,745,194	8.1%
Utilization rate(1)	97.1%	100.4%		100.4%	

Note:
(1) Based on total equivalent wafers out divided by estimated total quarterly capacity.

Detailed Financial Analysis

Gross Profit

Amounts in US$ thou96Tfm(e)4(r)20(s)8(6)7 t

Other Income, Net

Amounts in US$ thousands	2Q22	1Q22	QoQ	2Q21	YoY
Other income, net	96,804	38,179	153.6%	142,666	-32.1%
Interest income	74,688	51,933	43.8%	53,705	39.1%
Finance costs	(26,407)	(28,445)	-7.2%	(34,111)	-22.6%
Foreign exchange gain	7,009	6,260	12.0%	3,578	95.9%
Other gains/(losses), net	6,691	(7,957)	N/A	18,764	-64.3%
Share of profits and losses of joint venture and associates	34,823	16,388	112.5%	100,730	-65.4%

- The change in other gains/(losses), net in 2Q22 was primarily attributable to the change in the fair value of the investments in equity securities recognised as financial assets at fair value through profit or loss.

- The change in share of gain of investment accounted for using equity method was due to the increased gain on the investments in associates in 2Q22. Certain associates of the Group are investment funds with a number of investment portfolios. The gain on the equity investment of associates was primarily the result of the fair value change of the portfolios.

Liquidity

Amounts in US$ thousands	2Q22	1Q22
Inventories	1,448,790	1,317,126
Prepayment and prepaid operating expenses	58,162	77,378
Trade and other receivables	1,209,869	1,181,926
Financial assets at fair value through profit or loss	312,975	322,975
Financial assets at amortised cost	5,913,809	6,598,723
Derivative financial instruments	130,872	36,570
Restricted cash	221,820	266,045
Cash and cash equivalent	8,634,495	6,099,908
Assets classified as held-for-sale	26,017	26,469
Total current assets	**17,956,809**	**15,927,120**
Trade and other payables	2,878,441	1,889,744
Contract liabilities	2,076,685	1,572,050
Borrowings	872,465	798,489
Lease liabilities	75,675	88,234
Convertible bonds	-	1,989
Deferred government funding	148,231	202,518
Accrued liabilities	241,310	173,028
Derivative financial instruments	31,327	11,978
Current tax liabilities	11,044	26,044
Total current liabilities	**6,335,178**	**4,764,074**
Cash ratio[(1)]	1.4	1.3
Quick ratio[(2)]	2.6	3.1
Current ratio[(3)]	2.8	3.3

Notes:
(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	**2Q22**	**1Q22**
Cash and cash equivalent	8,634,495	6,099,908
Restricted cash - current	221,820	266,045
Financial assets at fair value through profit or loss - current[1]	312,975	322,975
Financial assets at amortised cost[2]	9,449,223	10,586,163
Total cash on hand	**18,618,513**	**17,275,091**
Borrowings - current	872,465	798,489
Borrowings - non-current	5,628,583	5,109,660
Lease liabilities	155,858	183,110
Convertible bonds	-	1,989
Bonds payable	598,018	597,839
Total debt	**7,254,924**	**6,691,087**
Net debt[3]	(11,363,589)	(10,584,004)
Equity	27,330,635	26,317,641
Total debt to equity ratio[4]	26.5%	25.4%
Net debt to equity ratio[5]	-41.6%	-40.2%

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	**2Q22**	**1Q22**
Net cash generated from operating activities	2,122,489	

Recent Highlights and Announcements

- Advance Announcement on Performance Meeting in 2nd Quarter of 2022 (2022-07-12)
- Notification of Board Meeting (2022-07-12)
- Announcement on the Listing and Circulation of IPO Strategic Placing Restricted Shares (2022-07-08)
- Announcement on Retirement of Senior Management and Core Technician and Newly Accredited Core Technicians (2022-06-30)
- Poll Results of the Annual General Meeting Held on 24 June 2022 (2022-06-24)
- Announcement on Granting Reserved Restricted Shares to Incentive Participants (2022-06-21)
- Announcement of Complete Dismissal of Civil Lawsuit (2022-06-10)
- Closure of Register of Members (2022-05-31)
- Form of Proxy for Use at the Annual General Meeting to be Held on 24 June 2022 (2022-05-31)
- Notice of the Annual General Meeting (2022-05-31)
- Circular - (1) Re-election of Directors (2) Re-appointment of Auditors (3) Proposal on Profit Distribution for the Year 2021 (4) Proposed General Mandate to Issue and Repurchase Shares (5) Non-exempt Connected Transactions in relation to the 2021 RSU Grant (6) Non-exempt Connected Transactions in relation to 2022 RSU Grant and (7) Notice of the Annual General Meeting (2022-05-31)
- 2021 Environmental, Social and Governance Report (2022-05-31)
- Announcement on Re-appointment of the Auditors (2022-05-12)
- Announcement on Re-election of Directors (2022-05-12)
- 2022 First Quarter Report (2022-05-12)
- SMIC Reports Unaudited Results for the three months ended March 31,2022 (2022-05-12)
- Continuing Connected Transactions - the 2022 Framework Agreement with Datang Holdings - Revision of the Existing Annual Cap (2022-05-12)
- 2021 Annual Report (2022-04-26)
- Advance Announcement on Performance Meeting in 1st Quarter of 2022 (2022-04-13)
- Notification of Board Meeting (2022-04-13)
- Non-exempt Connected Transactions - Proposed Grant of Restricted Share Units (2022-04-10)
- Donation of RMB 10 Million to Support Shanghai to Fight the Novel Coronavirus Epidemic (2022-04-06)

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	
	June 30, 2022 (Unaudited)	**March 31, 2022 (Unaudited)**
Revenue	1,903,164	1,841,894
Cost of sales	(1,152,676)	(1,091,639)
Gross profit	750,488	750,255
Research and development expenses	(187,484)	(165,269)
Sales and marketing expenses	(9,497)	(9,130)
General and administration expenses	(119,130)	(94,591)
Impairment losses on financial assets, net	(313)	412
Other operating income	105,379	54,294
Operating expenses	(211,045)	(214,284)
Profit from operations	539,443	535,971
Other income, net	96,804	38,179
Profit before tax	636,247	574,150
Income tax expense	(7,174)	(4,989)
Profit for the period	**629,073**	**569,161**
Other comprehensive income:		
Items that may be reclassified to profit or loss in subsequent periods		
Exchange differences on translating foreign operations	(86,947)	1,145
Cash flow hedges	(4,303)	21,103
Total comprehensive income for the period	**537,823**	**591,409**
Profit for the period attributable to:		
Owners of the Company	514,332	447,227
Non-controlling interests	114,741	121,934
	629,073	569,161
Total comprehensive income for the period attributable to:		
Owners of the Company	423,082	469,475
Non-controlling interests	114,741	121,934
	537,823	591,409
Earnings per share		
Basic	$0.07	$0.06
Diluted	$0.06	$0.06
Shares used in calculating basic earnings per share	7,905,292,195	7,903,982,617
Shares used in calculating diluted earnings per share	7,934,949,130	7,945,292,737
Non-IFRS Financial Measures		
Non-IFRS operating expenses[(1)]	(298,700)	(254,938)
EBITDA[(2)]	1,219,993	1,136,423
EBITDA margin[(2)]	64.1%	61.7%

Notes:

(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.

	Fo	[redacted]
	June 30, 2022 (Unaudited)	
Operating (expenses)/income	(211,045)	
Employee bonus accrued	17,724	
Government funding	(100,272)	
Gain on disposal of subsidiaries	-	
Gain of the disposal of machinery and equipment and living quarters	(5,107)	
Non-IFRS operating expenses	**(298,700)**	**(** **)**

(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 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 finance cost, income tax expense and credit and depreciation and amortisation 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 amortisation are non-cash charges, the assets being depreciated or amortised 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		
	June 30, 2022 (Unaudited)	**March 31, 2022 (Unaudited)**	**June 30, 2021 (Unaudited)**
Profit for the period	629,073	569,161	708,102
Finance costs	26,407	28,445	34,111
Depreciation and amortisation	557,339	533,828	461,617
Income tax expense/(credit)	7,174	4,989	(27,673)
EBITDA	**1,219,993**	**1,136,423**	**1,176,157**
Profit margin	**33.1%**	**30.9%**	**52.7%**
EBITDA margin	**64.1%**	**61.7%**	**87.5%**

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

	As of	
	June 30, 2022 (Unaudited)	**March 31, 2022 (Unaudited)**
ASSETS		
Non-current assets		
Property, plant and equipment	15,773,199	14,632,601
Right-of-use assets	496,171	524,939
Intangible assets	50,577	54,081
Investments in associates	1,868,839	1,907,790
Investment in joint venture	10,809	9,439
Deferred tax assets	14,615	14,602
Financial assets at fair value through profit or loss	199,895	210,080
Financial assets at amortised cost	3,535,414	3,987,440
Derivative financial instruments	53,739	70,320
Restricted cash	515,127	117,988
Other assets	529	1,657
Total non-current assets	22,518,914	21,530,937
Current assets		
Inventories	1,448,790	1,317,126
Prepayment and prepaid operating expenses	58,162	77,378
Trade and other receivables	1,209,869	1,181,926
Financial assets at fair value through profit or loss	312,975	322,975

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

	As of	
	June 30, 2022 (Unaudited)	**March 31, 2022 (Unaudited)**
EQUITY AND LIABILITIES		
Capital and reserves		
Ordinary shares	31,608	31,626
Share premium	13,829,888	13,869,623
Reserves	412,978	350,229
Retained earnings	3,921,418	3,407,086
Equity attributable to owners of the Company	18,195,892	17,658,564
Non-controlling interests	9,134,743	8,659,077
Total equity	27,330,635	26,317,641
Non-current liabilities		
Borrowings	5,628,583	5,109,660
Lease liabilities	80,183	94,876
Bonds payable	598,018	597,839
Deferred tax liabilities	27,117	28,321
Deferred government funding	473,523	515,770
Derivative financial instruments	2,486	29,876
Total non-current liabilities	6,809,910	6,376,342
Current liabilities		
Trade and other payables	2,878,441	1,889,744
Contract liabilities	2,076,685	1,572,050
Borrowings	872,465	798,489
Lease liabilities	75,675	88,234
Convertible bonds	-	1,989
Deferred government funding	148,231	202,518
Accrued liabilities	241,310	173,028
Derivative financial instruments	31,327	11,978
Current tax liabilities	11,044	26,044
Total current liabilities	6,335,178	4,764,074
Total liabilities	13,145,088	11,140,416
TOTAL EQUITY AND LIABILITIES	**40,475,723**	**37,458,057**

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

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

Shanghai, August 11, 2022

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

Executive Directors

GAO Yonggang

Non-executive Directors

LU Guoqing

CHEN Shanzhi

HUANG Dengshan

REN Kai

Independent Non-executive Directors

LAU Lawrence Juen-Yee

FAN Ren Da Anthony

LIU Ming

WU Hanming