SEMICONDUCTOR MANUFACTURING INTERNATIONAL CORP
Form 6-K
September 10, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of September, 2015

Commission File Number: 001-31994

Semiconductor Manufacturing International Corporation

(Translation of registrant s name into English)

18 Zhangjiang Road

Pudong New Area, Shanghai 201203

People s Republic of China

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

x Form 20-F o Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): o

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): o

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:

o Yes x No

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): n/a

SEMICONDUCTOR MANUFACTURING INTERNATIONAL CORPORATION

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(Incorporated in the Cayman Islands with limited liability)

(STOCK CODE: 0981)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2015

FINANCIAL HIGHLIGHTS

- Revenue was a record high of US$1,056.4 million for the six months ended June 30, 2015, compared to US$962.4 million for the six months ended June 30, 2014, representing an increase of 9.8%.

- Gross profit was a record high of US$326.3 million for the six months ended June 30, 2015 representing an increase of 36.4% compared to US$239.2 million for the six months ended June 30, 2014.

- Gross margin also grew to a record high of 30.9% for the six months ended June 30, 2015 from 24.9% for the six months ended June 30, 2014.

- Profit for the period was a record high of US$123.3 million for the six months ended June 30, 2015, representing a growth of 61.9% compared to US$76.1 million for the six months ended June 30, 2014.

- Profit for the period attributable to owners of the company was also a record high of US$132.2 million for the six months ended June 30, 2015, representing a growth of 71.5% compared to US$77.1 million for the six months ended June 30, 2014.

- Revenue from China-region customers grew to an all-time high of 49.1% of total revenue for the six months ended June 30, 2015, compared to 42.6% for the six months ended June 30, 2014, representing a revenue growth of 26.5%.

- Wafer revenue from 40nm to 65nm grew to 41.2% of total wafer revenue for the six months ended June 30, 2015, compared to 35.6% for the six months ended June 30, 2014, representing a wafer revenue growth of 29.1%.

RESULTS

The board of directors (the **Director(s)**) (the **Board**) of Semiconductor Manufacturing International Corporation (the **Company** or **SMIC**) is pleased to announce the unaudited interim results of operations of the Company and its subsidiaries (hereinafter collectively referred to as the **Group**) for the six months ended June 30, 2015.

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CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended June 30, 2015 and 2014

(In USD 000, except share and per share data)

	Notes	Six months ended 06/30/15 (unaudited)	06/30/14 (unaudited)
Revenue	6	**1,056,413**	962,427
Cost of sales		**(730,081)**	(723,256)
Gross profit		**326,332**	239,171
Research and development expenses, net		**(108,655)**	(81,733)
Sales and marketing expenses		**(18,364)**	(18,726)
General and administration expenses		**(94,537)**	(58,721)
Other operating income	7	**1,405**	7,786
Profit from operation		**106,181**	87,777
Interest income		**2,325**	4,859
Finance costs	8	**(7,426)**	(12,861)
Foreign exchange gains or losses		**5,080**	(14,454)
Other gains or losses, net		**18,213**	10,711
Share of profits of associates		**(124)**	1,451
Profit before tax	9	**124,249**	77,483
Income tax expense	10	**(978)**	(1,361)
Profit for the period		**123,271**	76,122
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		**(3)**	(1,953)
Change in value of available-for-sale financial assets		**445**	
Total comprehensive income for the period		**123,713**	74,169
Profit for the period attributable to:			
Owners of the Company		**132,181**	77,062
Non-controlling interests		**(8,910)**	(940)
		123,271	76,122
Total comprehensive income for the period attributable to:			
Owners of the Company		**132,618**	75,109
Non-controlling interests		**(8,905)**	(940)
		123,713	74,169
Earnings per share			
Basic	12	**0.00**	0.00
Diluted	12	**0.00**	0.00

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

At June 30, 2015 and December 31, 2014

(In USD 000, except share and per share data)

	Notes	06/30/15 (unaudited)	12/31/14 (audited)
Assets			
Non-current assets			
Property, plant and equipment	14	**3,252,963**	2,995,086
Prepaid land use right		**143,220**	135,331
Intangible assets		**202,488**	207,822
Investments in associates	15	**160,744**	57,631
Investments in joint venture	16	**14,594**	
Deferred tax assets		**44,701**	44,383
Other assets		**12,957**	30,867
Total non-current assets		**3,831,667**	3,471,120
Current assets			
Inventories	18	**365,332**	316,041
Prepayment and prepaid operating expenses		**37,507**	40,628
Trade and other receivables	19	**489,675**	456,388
Other financial assets	17	**568,886**	644,071
Restricted cash	20	**105,791**	238,051
Cash and cash equivalent		**766,165**	603,036
		2,333,356	2,298,215
Assets classified as held-for-sale	13		44
Total assets		**6,165,023**	5,769,379
Equity and liabilities			
Capital and reserves			
Ordinary shares	21	**16,300**	14,342
Share premium		**4,792,011**	4,376,630
Reserves		**96,168**	98,333
Accumulated deficit		**(1,408,709)**	(1,540,890)
Equity attributable to owners of the Company		**3,495,770**	2,948,415
Non-controlling interests		**350,254**	359,307
Total equity		**3,846,024**	3,307,722
Non-current liabilities			
Borrowings	24	**85,484**	256,200
Convertible bonds	25	**385,947**	379,394
Bonds payable	26	**492,383**	491,579
Deferred tax liabilities		**1,383**	69
Deferred government funding		**173,291**	184,174
Other liabilities		**2,080**	
Total non-current liabilities		**1,140,568**	1,311,416
Current liabilities			
Trade and other payables	23	**863,210**	794,361
Borrowings	24	**119,727**	162,054
Deferred government funding		**62,368**	62,609
Accrued liabilities		**132,714**	131,114
Current tax liabilities		**412**	103
Total current liabilities		**1,178,431**	1,150,241
Total liabilities		**2,318,999**	2,461,657
Total equity and liabilities		**6,165,023**	5,769,379

Net current assets	**1,154,925**	1,148,018
Total assets less current liabilities	**4,986,592**	4,619,138

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the six months ended June 30, 2015 and 2014

(In USD 000)

	Ordinary Shares (Note 21)	Share premium	Equity-settle employee benefits reserve (Note 22)	Foreign currency translation reserve	Change in value of available-for-sale financial assets	Convertible bonds equity reserve (Note 25)	Accumulated deficit	Attributable to owner of the Company	Non-controlling interest	Total Equity
Balance at January 1, 2014 (audited)	12,845	4,089,846	55,177	4,553		15,210	(1,693,859)	2,483,772	109,410	2,593,182
Profit for the period							77,062	77,062	(940)	76,122
Other comprehensive income for the period				(1,953)				(1,953)		(1,953)
Total comprehensive income for the period				(1,953)			77,062	75,109	(940)	74,169
Issuance of ordinary shares	1,036	196,161						197,197		197,197
Exercise of stock options	52	10,183	(6,187)					4,048		4,048
Share-based compensation			7,491					7,491		7,491
Capital contribution from non-controlling interest									245	245
Recognition of equity component of convertible bonds						12,713		12,713		12,713
Sub-total	1,088	206,344	1,304			12,713		221,449	245	221,694
Balance at June 30, 2014 (unaudited)	13,933	4,296,190	56,481	2,600		27,923	(1,616,797)	2,780,330	108,715	2,889,045
Balance at January 1, 2015 (audited)	**14,342**	**4,376,630**	**64,540**	**4,229**		**29,564**	**(1,540,890)**	**2,948,415**	**359,307**	**3,307,722**
Profit for the period							**132,181**	**132,181**	**(8,910)**	**123,271**
Other comprehensive income for the period				**(3)**	**440**			**437**	**5**	**442**
Total comprehensive income for the period				**(3)**	**440**		**132,181**	**132,618**	**(8,905)**	**123,713**
Issuance of ordinary shares	**1,880**	**397,580**						**399,460**		**399,460**
Exercise of stock options	**78**	**17,801**	**(10,690)**					**7,189**		**7,189**
			8,088					**8,088**		**8,088**

Share-based compensation										
Deconsolidation of subsidiaries due to loss of control									(148)	(148)
Sub-total	1,958	415,381	(2,602)					414,737	(148)	414,589
Balance at June 30, 2015 (unaudited)	**16,300**	**4,792,011**	**61,938**	**4,226**	**440**	**29,564**	**(1,408,709)**	**3,495,770**	**350,254**	**3,846,024**

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six months ended June 30, 2015 and 2014

(In USD 000)

	Six months ended	
	06/30/15 (unaudited)	**06/30/14 (unaudited)**
Cash flow from operating activities		
Cash generated from operations	**304,715**	291,335
Interest paid	**(18,475)**	(15,202)
Interest received	**2,284**	3,327
Income taxes received (paid)	**326**	(786)
Net cash from operating activities	**288,850**	278,674
Cash flow from investing activities:		
Payments for property, plant and equipment	**(459,951)**	(227,246)
Payments for intangible assets	**(16,568)**	(11,312)
Payments for land use rights	**(9,265)**	(1,123)
Net changes in restricted cash relating to investing activities	**130,327**	(13,531)
Payments to acquire financial assets	**(1,209,318)**	(710,701)
Proceeds on sale of financial assets	**1,298,595**	592,593
Net proceeds after netting off land appreciation tax from disposal of property, plant and equipment and assets classified as held for sale	**53,142**	16,002
Proceeds from disposal of available-for-sale investment	**1,204**	
Payments to acquire long-term investment	**(107,178)**	(16)
Net cash outflow from deconsolidation of subsidiaries	**(248)**	
Net cash used in investing activities	**(319,260)**	(355,334)
Cash flow from financing activities:		
Proceeds from borrowings	**136,882**	150,798
Repayment of borrowings	**(349,927)**	(345,093)
Proceeds from issuance of ordinary shares	**399,460**	197,604
Proceeds from issuance of convertible bonds		181,230
Proceeds from exercise of employee stock options	**7,189**	4,048
Proceeds from non-controlling interest capital contribution		245
Net cash from financing activities	**193,604**	188,832
Net increase in cash and cash equivalents	**163,194**	112,172
Cash and cash equivalent, beginning of period	**603,036**	462,483
Effects of exchange rate changes on the balance of cash held in foreign currencies	**(65)**	(1,323)
Cash and cash equivalent, end of period	**766,165**	573,332

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2015

1. GENERAL INFORMATION

Semiconductor Manufacturing International Corporation (the Company or SMIC) was established as an exempted company incorporated under the laws of the Cayman Islands on April 3, 2000. The address of the principal place of business is 18 Zhangjiang Road, Pudong New Area, Shanghai, China, 201203. The registered address is at PO Box 309, Ugland House, Grand Cayman, KY1-1104 Cayman Islands. Semiconductor Manufacturing International Corporation is an investment holding company.

Semiconductor Manufacturing International Corporation and its subsidiaries (hereinafter collectively referred to as the Group) are mainly engaged in the computer-aided design, manufacturing, testing, packaging, and trading of integrated circuits and other semiconductor services, as well as designing and manufacturing semiconductor masks.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting issued by the International Accounting Standards Board (the IASB) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The interim condensed consolidated financial statements should be read in conjunction with the Group s annual financial statements as at December 31, 2014.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values.

Except for the application of new or revised accounting standards as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements as of and for the six months ended June 30, 2015 are the same as those followed in the preparation of the Group s annual financial statements as of and for the year ended December 31, 2014.

In the current interim period, the Group has applied, for the first time, the following standards and amendments that are relevant for the preparation of the Group s condensed consolidated financial statements.

Amendments to IAS 19	Defined Benefit Plans: Employee Contributions
Amendments to IFRSs	Annual Improvements to IFRSs 2010 2012 Cycle
Amendments to IFRSs	Annual Improvements to IFRSs 2011 2013 Cycle

The application of the above new or revised IFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

4. ESTIMATES

The preparation of condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group s accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements for the year ended December 31, 2014.

5. FINANCIAL RISK MANAGEMENT

The Group s activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group s annual financial statements as at December 31, 2014.

There have been no changes in the risk management department since December 31, 2014 or in any risk management policies since December 31, 2014.

6. SEGMENT INFORMATION

The Group is engaged principally in the computer-aided design, manufacturing and trading of integrated circuits. The Group s chief operating decision maker has been identified as the Chief Executive Officer, who reviews consolidated results when making decisions about resources allocation and assessing performance of the Group. The Group operates in one segment. The measurement of segment profits is based on profit from operation as presented in the statements of profit or loss and other comprehensive income.

The Group operates in three principal geographical areas   United States, Europe, and Asia Pacific. The Group s operating revenue from customers, based on the location of their headquarters, is detailed below.

	Revenue from external customers Six months ended	
	06/30/15	**06/30/14**
	USD 000	**USD 000**
United States	**384,052**	424,553
Mainland China and Hong Kong	**518,963**	410,143
Eurasia*	**153,398**	127,731
	1,056,413	962,427

* *Not including Mainland China and Hong Kong*

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6. SEGMENT INFORMATION *(CONTINUED)*

The Group s business is characterized by high fixed costs relating to advanced technology equipment purchases, which result in correspondingly high levels of depreciation expenses. The Group will continue to incur capital expenditures and depreciation expenses as it equips and ramps-up additional fabs and expand its capacity at the existing fabs. The following table summarizes property, plant and equipment of the Group by geographical location.

	Property, plant and equipment	
	06/30/15	**12/31/14**
	USD 000	**USD 000**
United States	**108**	124
Europe	**3**	4
Taiwan	**136**	9
Hong Kong	**3,140**	3,240
Mainland China	**3,249,576**	2,991,709
	3,252,963	2,995,086

7. OTHER OPERATING INCOME

	Six months ended	
	06/30/15	**06/30/14**
	USD 000	**USD 000**
Gain on disposal of property, plant and equipment and assets classified as held-for-sale	**1,141**	7,593
Others	**264**	193
	1,405	7,786

The gain on disposal of property, plant and equipment and assets classified as held-for-sale for the six months ended June 30, 2015 was primarily due to the disposal of equipments.

The gain on disposal of property, plant and equipment and assets classified as held-for-sale for the six months ended June 30, 2014 was primarily from the sales of the staff living quarters in Beijing to employees.

8. FINANCE COSTS

	Six months ended	
	06/30/15	**06/30/14**
	USD 000	**USD 000**
Interest on:		
Bank and other borrowings		
wholly repayable within five years	**8,577**	16,444

Interest on convertible bonds	**6,553**	3,429
Interest on corporate bonds	**11,117**	
Total interest expense for financial liabilities not classified as at FVTPL	**26,247**	19,873
Less: amounts capitalized	**(18,821)**	(7,012)
	7,426	12,861

The weighted average interest rate on funds borrowed generally is 4.65% per annum (2014: 4.61% per annum).

9. PROFIT BEFORE TAX

	Six months ended	
	06/30/15	**06/30/14**
	USD 000	**USD 000**
Profit before tax has been arrived at after taking into account:		
Depreciation and amortization of property, plant and equipment	**226,826**	254,926
Amortization of prepaid land use rights	**1,031**	1,060
Amortization of acquired intangible assets	**22,515**	19,348
Impairment loss (reversed) recognized on inventory	**(9,051)**	6,651
Impairment loss recognized in respect of trade and other receivables	**1,524**	1,241
Foreign exchange gains or losses	**(5,080)**	14,454

10. INCOME TAX EXPENSE

	Six months ended	
	06/30/15	**06/30/14**
	USD 000	**USD 000**
Current tax Enterprise Income Tax Expense (Benefit)	**(34)**	750
Current tax Land Appreciation Tax	**16**	927
Deferred tax	**996**	(316)
Total income tax expense	**978**	1,361

Under the Law of the People s Republic of China (the PRC) on Enterprise Income Tax, or the EIT Law, the profits of a foreign invested enterprise arising in 2008 and beyond that distributed to its immediate holding company who is a non-PRC tax resident will be subject to a withholding tax rate of 10%. A lower withholding tax rate may be applied if there is a favorable tax treaty between mainland China and the jurisdiction of the foreign holding company. For example, holding companies in Hong Kong that are also tax residents in Hong Kong (which should have commercial substance and proceed the formal treaty benefit application with in-charge tax bureau) are eligible for a 5% withholding tax on dividends under the Tax Memorandum between China and the Hong Kong Special Administrative Region.

The Company is incorporated in the Cayman Islands, where it is not currently subject to taxation.

The EIT Law (became effective on January 1, 2008) applies a uniform 25% enterprise income tax rate to both tax resident enterprise and non-tax resident enterprise, except where a special preferential rate applies.

Pursuant to Caishui Circular [2008] No. 1 (Circular No. 1) promulgated on February 22, 2008, integrated circuit production enterprises whose total investment exceeds RMB8,000 million (approximately US$1,095 million) or whose integrated circuits have a line width of less than 0.25 micron are entitled to a preferential tax rate of 15%. Enterprises with an operation period of more than 15 years are entitled to a full exemption from income tax for five years starting from the first profitable year after utilizing all prior years tax losses and 50% reduction of the tax for the following five years. Pursuant to Caishui Circular [2009] No. 69 (Circular No. 69), the 50% reduction should be based on the statutory tax rate of 25%.

On January 28, 2011, the State Council of China issued Guofa [2011] No. 4 (Circular No. 4), the Notice on Certain Policies to Further Encourage the Development of the Software and Integrated Circuit Industries which reinstates the EIT incentives stipulated by Circular No. 1 for the software and integrated circuit enterprises.

On April 20, 2012, State Tax Bureau issued CaiShui [2012] No. 27 (Circular No. 27), stipulating the income tax policies for the development of integrated circuit industry. Circular No. 1 was partially abolished by Circular No. 27 and the preferential taxation policy in Circular No. 1 was replaced by Circular No. 27.

On July 25, 2013, State Tax Bureau issued [2013] No. 43 (Circular No. 43), clarifying that the accreditation and preferential tax policy of integrated circuit enterprise established before December 31, 2010, is applied pursuant to Circular No. 1.

10. INCOME TAX EXPENSE *(CONTINUED)*

The detailed tax status of SMIC s principal PRC entities with tax holidays is elaborated as follows:

1) Semiconductor Manufacturing International (Shanghai) Corporation (SMIS or SMIC Shanghai) Pursuant to the relevant tax regulations, SMIS is qualified as an integrated circuit enterprise and enjoyed a 10-year tax holiday (five year full exemption followed by five year half reduction) beginning from 2004 after utilizing all prior years tax losses. The income tax rate for SMIS for 2015 is 15% (2014: 15%).

2) Semiconductor Manufacturing International (Tianjin) Corporation (SMIT or SMIC Tianjin)

In accordance with Circular No. 43 and Circular No. 1, SMIT is qualified as an integrated circuit enterprise and enjoying a 10-year tax holiday (five year full exemption followed by five year half reduction) beginning from 2013 after utilizing all prior years tax losses. The income tax rate for SMIT was 0% from 2013 to 2017 and 12.5% from 2018 to 2022. After that, the income tax rate will be 15%.

3) Semiconductor Manufacturing International (Beijing) Corporation (SMIB or SMIC Beijing)

In accordance with Circular No. 43 and Circular No. 1, SMIB is qualified as an integrated circuit enterprise and enjoying a 10-year tax holiday (five year full exemption followed by five year half reduction) beginning from 2015 after utilizing all prior years tax losses. The income tax rate for SMIB was 0% from 2015 to 2019 and 12.5% from 2020 to 2024. After that, the income tax rate will be 15%.

All the other PRC entities of SMIC were subject to the income tax rate of 25%.

11. DIVIDEND

The Board did not recommend the payment of any dividend for the six months ended June 30, 2015 (six months ended June 30, 2014: Nil).

12. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to the owners of the Company is based on following data.

	Six months ended	
	06/30/15	**06/30/14**
	USD 000	**USD 000**
Basic earnings per share	**0.00**	0.00
Diluted earnings per share	**0.00**	0.00

12. EARNINGS PER SHARE *(CONTINUED)*

	Six months ended 06/30/15 USD 000	06/30/14 USD 000
Earnings		
Earnings used in the calculation of basic earnings per share	**132,181**	77,062
Interest expense from convertible bonds	**6,553**	3,429
Earnings used in the calculation of diluted earnings per share	**138,734**	80,491
Number of shares		
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**36,537,953,311**	32,469,087,242
Effect of dilutive potential ordinary shares		
Employee option and restricted share units	**404,687,935**	298,601,846
Convertible bonds	**3,932,570,996**	2,100,863,279
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	**40,875,212,242**	34,868,552,367

As of June 30, 2015, the Group had 244,268,541 (2014: 679,640,307) weighted average outstanding employee stock options which were excluded from the computation of diluted earnings per share because the exercise price was greater than the average market price of the common shares.

13. ASSETS CLASSIFIED AS HELD FOR SALE

	06/30/15 USD 000	12/31/14 USD 000
Assets related to employee s living quarters		44

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. There were no assets classified as held for sale at the end of June 30, 2015.

14. PROPERTY, PLANT AND EQUIPMENT

Construction in progress

The construction in progress balance of approximately US$1,415 million as of June 30, 2015, primarily consisted of US$771 million and US$137 million of the manufacturing equipment acquired to further expand the production capacity at two 12 fabs in Beijing and one 12 fab in Shanghai, respectively, and US$292 million of the manufacturing equipment acquired to further expand the production capacity at the 8 fab in Shenzhen. In addition, US$215 million was related to various ongoing capital expenditures projects of other SMIC subsidiaries, which are expected to be completed by the end of 2015.

Impairment losses recognized in the period

The Group didn t record any impairment loss of property, plant and equipment for the six months ended June 30, 2015 and 2014.

Assets pledged as security

As of June 30, 2015, property, plant and equipment with carrying amount of approximately US$350 million (December 31, 2014: approximately US$306 million) have been pledged to secure borrowings of the Group (see Note 24) under a mortgage. The Group is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

15. INVESTMENTS IN ASSOCIATES

Details of the Group s associates, which are all unlisted companies, at the end of the reporting period are as follows:

Name of company	Place of establishment and operation	Class of share held	Percentage of ownership interest and voting power held by the Company 06/30/15	12/31/14
Toppan SMIC Electronic (Shanghai) Co., Ltd (Toppan)	Shanghai, PRC	Ordinary	**30.0%**	30.0%
Zhongxin Xiecheng Investment (Beijing) Co., Ltd (Zhongxin Xiecheng)	Beijing, PRC	Ordinary	**49.0%**	49.0%
Brite Semiconductor Corporation	Cayman Island	Ordinary	**47.8%**	47.8%
China Fortune-Tech Capital Co., Ltd (China Fortune-Tech)	Shanghai, PRC	Ordinary	**45.0%**	45.0%
Beijing Wu Jin Venture Investment Center (Limited Partnership) (WuJin)	Beijing, PRC	Ordinary	**32.6%**	32.6%
Beijing Integrated Circuit Industry Development Fund - Design and Packaging Sub-Fund	Beijing, PRC	Ordinary	**25.4%**	25.4%
Shanghai Juyuan Qitai Investment Center (Limited Partnership)	Shanghai, PRC	Ordinary	**33.0%**	N/A
Suzhou Changjiang Electric Xinke Investment Co., Ltd. (Changjiang Xinke)	Jiangsu, PRC	Ordinary	**19.6%**	N/A

Above associates are accounted for using the equity method in these condensed consolidated financial statements.

16. INVESTMENTS IN JOINT VENTURE

The detail of the Group s joint venture, which is an unlisted company, at the end of the reporting period is as follow:

Name of company	Place of establishment and operation	Class of share held	Percentage of ownership interest and voting power held by the Company 06/30/15	12/31/14
Shanghai Xinxin Investment Centre (Limited Partnership)	Shanghai, PRC	Ordinary	**49.5%**	N/A

17. OTHER FINANCIAL ASSETS

	30/06/15 USD 000	12/31/14 USD 000
Short-term investments		
Financial products sold by banks	**550,751**	616,862
Bank deposit over 3 months	**18,135**	27,209
	568,886	644,071

18. INVENTORIES

	06/30/15 USD 000	12/31/14 USD 000
Raw materials	**75,041**	65,598
Work in progress	**215,034**	179,047
Finished goods	**75,257**	71,396
	365,332	316,041

19. TRADE AND OTHER RECEIVABLES

	06/30/15 USD 000	12/31/14 USD 000
Trade receivables	**437,681**	424,661
Allowance for doubtful debts	**(43,053)**	(42,014)
	394,628	382,647
Other receivables and refundable deposits	**95,047**	73,741
	489,675	456,388

The Group determines credit terms ranging generally from 30 to 60 days for each customer on a case-by-case basis, based on its assessment of such customer s financial standing and business potential with the Group.

The following is analysis of trade receivables presented based on the invoice date at the end of the reporting period:

	06/30/15 USD 000	12/31/14 USD 000
Within 30 days	**195,854**	167,137
Between 31 60 days	**123,175**	122,387
Over 60 days	**118,652**	135,137
Total	**437,681**	424,661

The following is analysis of trade receivables (net of allowance for doubtful debt) by age, presented based on due date:

	06/30/15 USD 000	12/31/14 USD 000
Current	**308,734**	270,220
Past due but not impaired		
Within 30 days	**32,184**	55,412
Between 31 60 days	**18,776**	20,915
Over 60 days	**34,934**	36,100
Total	**394,628**	382,647

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20. RESTRICTED CASH

As of June 30, 2015, restricted cash consisted of US$1.2 million (December 31, 2014: US$0.6 million) of bank time deposits pledged against letters of credit and short-term borrowings, and US$104.6 million (December 31, 2014: US$135.4 million) of government funding received mainly for the reimbursement of research and development expenses to be incurred.

In addition, as of December 31, 2014, the restricted cash of US$102 million was for the co-investment in the proposed acquisition of STATS ChipPAC Ltd. (STATS ChipPAC), through Changjiang Xinke, a company established in the PRC. STATS ChipPAC is a leading provider of advanced semiconductor packaging and test services, which is incorporated in the Republic of Singapore and listed on the SGX-ST. On June 18, 2015, the amount of US$102 million was applied as a capital contribution for 19.6% equity interest in Changjiang Xinke, which is accounted as an associate of the Group.

21. SHARES AND ISSUED CAPITAL

Ordinary shares of US$0.0004 each issued and fully paid

	Six months ended June 30, 2015		**Six months ended June 30, 2014**	
	Number of shares	**Issued share capital USD 000**	**Number of shares**	**Issued share capital USD 000**
Balance at January 1	**35,856,096,167**	**14,342**	32,112,307,101	12,845
Issuance of shares under the Company s employee stock incentive plans	**194,006,796**	**78**	129,553,237	52
Ordinary shares issued at June 12, 2014			2,590,000,000	1,036
Ordinary shares issued at June 8, 2015	**4,700,000,000**	**1,880**		
Balance at June 30	**40,750,102,963**	**16,300**	34,831,860,338	13,933

On February 12, 2015, the Company entered into a share purchase agreement with China Integrated Circuit Industry Investment Fund Co., Ltd., (the China IC Fund). Pursuant to the share purchase agreement, the Company proposed to issue 4,700,000,000 new ordinary shares (the Placing of New Shares) to the China IC Fund at a consideration of approximately HK$3,098.71 million. On June 8, 2015, the Placing of New Shares was completed and the Company issued 4,700,000,000 new ordinary shares to Xinxin (Hongkong) Capital Co., Limited, a wholly- owned subsidiary of the China IC Fund, at the issue price of HK$0.6593 per ordinary share.

22. SHARE-BASED PAYMENTS

Share options schemes

The Company has adopted the two share option schemes under which options to subscribe for the Company s shares have been granted to certain employees, officers and other service providers.

The expense recognized for employee services received during the period is shown in the following table:

	Six months ended	
	06/30/15	**06/30/14**
	USD 000	**USD 000**
Expense arising from equity-settled share-based payment transactions	**8,088**	7,491

Movements during the period

(i) The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the period (excluding Restricted Share Units (RSUs)):

	2015 Number	**2015 WAEP**		**2014 Number**	**2014 WAEP**	
Outstanding at January 1	**1,163,627,269**	**US$**	**0.08**	1,320,383,853	US$	0.09
Granted during the period	**49,739,650**	**US$**	**0.10**	29,470,736	US$	0.08
Forfeited and expired during the period	**(53,333,368)**	**US$**	**0.14**	(118,169,224)	US$	0.16
Exercised during the period	**(103,399,197)**	**US$**	**0.07**	(69,800,684)	US$	0.06
Outstanding at June 30	**1,056,634,354**	**US$**	**0.08**	1,161,884,681	US$	0.08

In the current interim period, share options were granted on February 24, 2015 and May 20, 2015. The fair values of the options determined at the dates of grant using the Black-Scholes Option Pricing model were US$0.04 and US$0.04.

The weighted average closing price of the Company s shares immediately before the dates on which the share options were exercised was US$0.11.

The following table lists the inputs to the Black Scholes Option Pricing model used for the options granted during the six months ended June 30, 2015 and 2014:

	2015	2014
Dividend yield (%)		
Expected volatility	**45.38%**	58.49%
Risk-free interest rate	**1.55%**	1.66%
Expected life of share options	**5 years**	5 years

The risk-free rate for periods within the contractual life of the options is based on the yield of the US Treasury Bond. The expected term of options granted represents the period of time that options granted are expected to be outstanding. Expected volatilities are based on the average volatility of the Company s stock prices with the time period commensurate with the expected term of the options. The dividend yield is based on the Group s intended future dividend plan.

22. SHARE-BASED PAYMENTS *(CONTINUED)*

Movements during the period *(Continued)*

(i) *(Continued)*

The valuation of the options is based on the best estimates from the Group by taking into account a number of assumptions and is subject to limitation of the valuation model. Changes in variables and assumptions may affect the fair value of these options.

(ii) The following table illustrates the number and weighted average fair value (WAFV) of, and movements in, RSUs during the period (excluding share options):

	2015 Number		2015 WAFV	2014 Number		2014 WAFV
Outstanding at January 1	**274,057,667**	**US$**	**0.09**	233,158,731	US$	0.07
Granted during the period	**144,812,985**	**US$**	**0.11**			
Forfeited during the period	**(7,161,483)**	**US$**	**0.09**	(3,538,688)	US$	0.08
Exercised during the period	**(90,607,599)**	**US$**	**0.08**	(59,752,553)	US$	0.07
Outstanding at June 30	**321,101,570**	**US$**	**0.10**	169,867,490	US$	0.07

In the current interim period, RSUs were granted on May 20, 2015. The fair value of the RSUs determined at the date of grant using the Black-Scholes Option Pricing model was US$0.11.

The weighted average closing price of the Company s shares immediately before the date on which the RSUs were exercised was US$0.09.

The following table lists the inputs to the Black Scholes Option Pricing model used for the RSU granted during the six months ended June 30, 2015:

	2015
Dividend yield (%)	
Expected volatility	**36.99%**
Risk-free interest rate	**0.6%**
Expected life of RSUs	**2 years**

The risk-free rate for periods within the contractual life of the RSUs is based on the yield of the US Treasury Bond. The expected term of RSUs granted represents the period of time that RSUs granted are expected to be outstanding. Expected volatilities are based on the average volatility of the Company s stock prices with the time period commensurate with the expected term of the RSUs. The dividend yield is based on the Group s intended future dividend plan.

The valuation of the RSUs is based on the best estimates from the Group by taking into account a number of assumptions and is subject to limitation of the valuation model. Changes in variables and assumptions may affect the fair value of these RSUs.

23. TRADE AND OTHER PAYABLES

	06/30/15 USD 000	12/31/14 USD 000
Trade payables	**650,636**	645,414
Advance receipts from customers	**66,620**	54,724
Deposit received from customers	**129,714**	77,296
Other payables	**16,240**	16,927
	863,210	794,361

Trade payables are non-interest bearing and are normally settled on 30-day to 60-day terms.

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	06/30/15 USD 000	12/31/14 USD 000
Within 30 days	**552,620**	555,556
Between 31 60 days	**43,904**	25,729
Over 60 days	**54,112**	64,129
Total	**650,636**	645,414

An aged analysis of the trade payables is as follows:

	06/30/15 USD 000	12/31/14 USD 000
Current	**588,674**	599,584
Overdue:		
Within 30 days	**27,065**	12,520
Between 31 to 60 days	**10,725**	4,954
Over 60 days	**24,172**	28,356
	650,636	645,414

24. BORROWINGS

	06/30/15 USD 000	12/31/14 USD 000
At amortized cost		
Short-term commercial bank loans	**55,753**	115,084
	55,753	115,084
2013 USD Loan (SMIC Shanghai)	**10,760**	221,520
2015 USD Loan (SMIC Shanghai)	**59,462**	
2013 EXIM USD Loan (SMIC Beijing)	**40,000**	40,000
2013 CIDC RMB Entrusted loan (SMIC Beijing)		2,450
2014 EXIM RMB Loan (SMIC Beijing)	**39,236**	39,200
	149,458	303,170
Less: current maturities of long-term debt	**63,974**	46,970
Non-current maturities of long-term debt	**85,484**	256,200
Borrowing by repayment schedule:		
Within 1 year	**119,727**	162,054
Within 1 2 years	**52,450**	125,200
Within 2 5 years	**33,034**	131,000
	205,211	418,254

As of June 30, 2015, property, plant and equipment and land use right with carrying amount of approximately US$350 million (December 31, 2014: US$308 million) have been pledged to secure borrowings of the Group.

25. CONVERTIBLE BONDS

(i) Issue of US$200 million zero coupon convertible bonds due 2018

On November 7, 2013, the Company issued zero coupon convertible bonds at a par value of US$200,000 each with an aggregate principal amount of US$200,000,000 (the Original Bonds). The issue price was 100% of the aggregate principal amount of the Original Bonds. The Original Bonds is a compound instrument that included a liability component and an equity component. There are embedded derivatives in respect of the early redemption features of the Original Bonds, which are deemed to be clearly and closely related to the host contract and therefore, do not need to be separately accounted for. The fair value of the liability component of the Original Bonds was approximately US$179.4 million and the equity component was approximately US$15.2 million, determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole.

	USD 000
Principal amount	200,000
Transaction cost	(5,400)
Liability component at the date of issue	(179,390)
Equity component	15,210

Please refer to the Company s annual consolidated financial statements as at December 31, 2014 for the principal terms of the Original Bonds.

25. CONVERTIBLE BONDS *(CONTINUED)*

(i) Issue of US$200 million zero coupon convertible bonds due 2018 *(Continued)*

Subsequent to the initial recognition, the liability component of the Original Bonds was carried at amortized cost using the effective interest method. The effective interest rate of the liability component of the Original Bonds was 3.69% per annum. The movement of the liability component and equity component of the Original Bonds for the period ended June 30, 2015 is set out below:

	Liability Component USD 000	Equity Component USD 000	Total USD 000
As at January 1, 2015	187,156	15,210	202,366
Interest charged during the period	3,434		3,434
As at June 30, 2015	**190,590**	**15,210**	**205,800**

The equity component will remain in convertible bond equity reserve until the embedded conversion option is exercised or the bonds mature.

(ii) Issue of US$86.8 million zero coupon convertible bonds due 2018

On May 29, 2014, the Company issued convertible bonds at a par value of US$200,000 each with an aggregate principal amount of US$54,600,000 to Datang Holdings (Hongkong) Investment Company Limited (Datang) and an aggregate principal amount of US$32,200,000 to Country Hill Limited (Country Hill) (collectively, the Original Pre-emptive Bonds). The issue price was 100% of the aggregate principal amount of the Original Pre-emptive Bonds and the terms and conditions of the Original Pre-emptive Bonds are the same in all respects as those for the Original Bonds except for the issue date. The Original Pre-emptive Bonds is a compound instrument that included a liability component and an equity component. There are embedded derivatives in respect of the early redemption features of the Original Pre-emptive Bonds, which are deemed to be clearly and closely related to the host contract and therefore, do not need to be separately accounted for. The fair value of the liability component of the Original Pre-emptive Bonds was approximately US$81.2 million and the equity component was approximately US$5.6 million, determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole.

	USD 000
Principal amount	86,800
Liability component at the date of issue	(81,235)
Equity component	5,565

25. CONVERTIBLE BONDS *(CONTINUED)*

(ii) Issue of US$86.8 million zero coupon convertible bonds due 2018 *(Continued)*

Subsequent to the initial recognition, the liability component of the Original Pre-emptive Bonds was carried at amortized cost using the effective interest method. The effective interest rate of the liability component of the Original Pre-emptive Bonds was 2.78% per annum. The movement of the liability component and equity component of the Original Pre-emptive Bonds for the period ended June 30, 2015 is set out below:

	Liability Component USD 000	Equity Component USD 000	Total USD 000
As at January 1, 2015	**82,550**	**5,565**	**88,115**
Interest charged during the period	**1,133**		**1,133**
As at June 30, 2015	**83,683**	**5,565**	**89,248**

The Original Pre-emptive Bonds have been consolidated and have formed a single series with the Original Bonds from the date of their issue.

(iii) Issue of US$95 million zero coupon convertible bonds due 2018

On June 24, 2014, the Company issued convertible bonds at a par value of US$200,000 each with an aggregate principal amount of US$95,000,000 (the Further Bonds). The issue price was 101.5% of the aggregate principal amount of the Further Bonds and the terms and conditions of the Further Bonds are the same in all respects as those for the Original Bonds except for the issue date. The Further Bonds is a compound instrument that included a liability component and an equity component. There are embedded derivatives in respect of the early redemption features of the Further Bonds, which are deemed to be clearly and closely related to the host contract and therefore, do not need to be separately accounted for. The fair value of the liability component of the Further Bonds was approximately US$87.1 million and the equity component was approximately US$7.1 million, determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole.

	USD 000
Principal amount	95,000
Premium of convertible bonds	1,425
Transaction cost	(2,187)
Liability component at the date of issue	(87,090)
Equity component	7,148

25. CONVERTIBLE BONDS *(CONTINUED)*

(iii) Issue of US$95 million zero coupon convertible bonds due 2018 *(Continued)*

Subsequent to the initial recognition, the liability component of the Further Bonds was carried at amortized cost using the effective interest method. The effective interest rate of the liability component of the Further Bonds was 3.79% per annum. The movement of the liability component and equity component of the Further Bonds for the period ended June 30, 2015 is set out below:

	Liability Component USD 000	Equity Component USD 000	Total USD 000
As at January 1, 2015	**88,740**	**7,148**	**95,888**
Interest charged during the period	**1,650**		**1,650**
As at June 30, 2015	**90,390**	**7,148**	**97,538**

The Further Bonds have been consolidated and have formed a single series with the Original Bonds and the Original Pre-emptive Bonds from the date of their issue.

(iv) Issue of US$22.2 million zero coupon convertible bonds due 2018

On December 4, 2014, the Company issued convertible bonds at a par value of US$200,000 each with an aggregate principal amount of US$22,200,000 to Datang (the Further Pre-emptive Bonds). The issue price was 101.5% of the aggregate principal amount of the Further Pre-emptive Bonds and the terms and conditions of the Further Pre-emptive Bonds are the same in all respects as those for the Original Bonds except for the issue date. The Further Pre-emptive Bonds is a compound instrument that included a liability component and an equity component. There are embedded derivatives in respect of the early redemption features of the Further Pre-emptive Bonds, which are deemed to be clearly and closely related to the host contract and therefore, do not need to be separately accounted for. The fair value of the liability component of the Further Pre-emptive Bonds was approximately US$20.9 million and the equity component was approximately US$1.6 million, determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole.

	USD 000
Principal amount	22,200
Premium of convertible bonds	333
Liability component at the date of issue	(20,892)
Equity component	1,641

25. CONVERTIBLE BONDS *(CONTINUED)*

(iv) Issue of US$22.2 million zero coupon convertible bonds due 2018 *(Continued)*

Subsequent to the initial recognition, the liability component of the Further Pre-emptive Bonds was carried at amortized cost using the effective interest method. The effective interest rate of the liability component of the Further Pre-emptive Bonds was 3.22% per annum. The movement of the liability component and equity component of the Further Pre-emptive Bonds for the period ended June 30, 2015 is set out below:

	Liability Component USD 000	Equity Component USD 000	Total USD 000
As at January 1, 2015	**20,948**	**1,641**	**22,589**
Interest charged during the period	**336**		**336**
As at June 30, 2015	**21,284**	**1,641**	**22,925**

The Further Pre-emptive Bonds have been consolidated and have formed a single series with the Original Bonds, the Original Pre-emptive Bonds and the Further Bonds from the date of their issue.

26. BONDS PAYABLE

On October 7, 2014, the Company issued 5-year unsecured corporate bonds for a total amount of US$500 million. The corporate bonds carry a coupon interest rate of 4.125% with bond interest payable semi-annually on March 31 and September 30. As at the issue date, the net book value of the liabilities amounted to US$491.2 million after the deduction of (1) a discount of US$5.2 million and (2) issue expenses of US$3.6 million.

	USD 000
Principal amount	500,000
Discount of bonds payable	(5,185)
Transaction cost	(3,634)
Bonds payable as at the issue date	491,181

The movement of the corporate bonds for the period ended June 30, 2015 is set out below:

	USD 000
As at January 1, 2015	**491,579**
Interest charged during the period	**11,117**
Interest payable recognized during the period	**(10,313)**
As at June 30, 2015	**492,383**

27. COMMITMENTS FOR EXPENDITURE

Purchase commitments

As of June 30, 2015, the Group had the following commitments to purchase machinery, equipment and construction obligations. The machinery and equipment is scheduled to be delivered to the Group s facility by December 31, 2015.

	06/30/15 USD 000	12/31/14 USD 000
Commitments for the facility construction	**145,865**	211,696
Commitments for the acquisition of property, plant and equipment	**485,736**	292,867
Commitments for the acquisition of intangible assets	**21,285**	14,109
	652,886	518,672

28. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group considers that the carrying amounts of financial assets and financial liabilities recognized in the condensed consolidated financial statements approximate their fair values.

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial instruments based on quoted market prices in active markets, valuation techniques that use observable market-based inputs or unobservable inputs that are corroborated by market data. Pricing information the Group obtains from third parties is internally validated for reasonableness prior to use in the condensed consolidated financial statements. When observable market prices are not readily available, the Group generally estimates the fair value using valuation techniques that rely on alternate market data or inputs that are generally less readily observable from objective sources and are estimated based on pertinent information available at the time of the applicable reporting periods. In certain cases, fair values are not subject to precise quantification or verification and may fluctuate as economic and market factors vary and the Group s evaluation of those factors changes.

Fair value measurements recognized in the consolidated statement of financial position

The following tables provide an analysis of financial instruments that are measured at fair value on a recurring basis subsequent to initial recognition, grouped into Levels 1 to 3 based on the degree to which the fair value is observable. There is no transfer within different levels of the fair value hierarchy in the period ended June 30, 2015.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Valuation technique(s) and key input	06/30/15 Level 1 USD 000	Level 2 USD 000	Level 3 USD 000	Total USD 000
Financial assets at FVTPL					
Short-term investment carried at fair value through profit or loss	Discounted cash flow. Future cash flows are estimated based on contracted interest rates, discounted at a rate that reflects the credit risk of various counterparties.		**550,751**		**550,751**
Available-for-sale investment	Quoted prices in active markets	**3,507**			**3,507**
Available-for-sale investment	Recent transaction price			**3,270**	**3,270**
Total		**3,507**	**550,751**	**3,270**	**557,528**

	Valuation technique(s) and key input	12/31/14 Level 1 USD 000	Level 2 USD 000	Level 3 USD 000	Total USD 000
Financial assets at FVTPL					
Short-term investment carried at fair value through profit or loss	Discounted cash flow. Future cash flows are estimated based on contracted interest rates, discounted at a rate that reflects the credit risk of various counterparties.		616,862		616,862
Available-for-sale investment	Recent transaction price			13,803	13,803
Total			616,862	13,803	630,665

29. RELATED PARTY TRANSACTIONS

The names of the related parties which had transactions with the Group during the six months ended June 30, 2015 and the relationships with the Group are disclosed below:

Related party name	Relationship with the Group
China Academy of Telecommunication Technology	A member of Datang Telecom Technology & Industry Group (Datang Group), which owns Datang Telecom
Datang Telecom Technology & Industry Holdings Co., Ltd. (Datang Telecom)	A substantial shareholder of the Company
Datang Microelectronics Technology Co., Ltd	A member of Datang Group
Leadcore Technology Co., Ltd	A member of Datang Group
Datang Telecom Group Finance Co., Ltd	A member of Datang Group
China Investment Corporation (CIC)	A substantial shareholder of the Company
Country Hill	A wholly-owned subsidiary of Bridge Hill Investments Limited, which is a subsidiary controlled by CIC
Toppan	An associate of the Group
Brite Semiconductor Corporation and its subsidiaries (Brite)	An associate of the Group
China Fortune-Tech	An associate of the Group
Zhongxin Xiecheng	An associate of the Group

Trading transactions

During the period, group entities entered into the following trading transactions with related parties that are not members of the Group:

	Sale of goods Six months ended		Sale of services Six months ended	
	06/30/15 USD 000	06/30/14 USD 000	06/30/15 USD 000	06/30/14 USD 000
Datang Microelectronics Technology Co., Ltd	**6,453**	5,254		
Leadcore Technology Co., Ltd	**2,616**	964		
Toppan			**2,319**	2,194
Brite	**15,528**	16,248		
China Fortune-Tech		NA	**36**	NA

	Purchase of goods Six months ended		Purchase of services Six months ended	
	06/30/15 USD 000	06/30/14 USD 000	06/30/15 USD 000	06/30/14 USD 000
China Academy of Telecommunication Technology			**365**	
Toppan		3	**8,461**	12,626
Zhongxin Xiecheng			**624**	1,934
Brite			**801**	2,175
China Fortune-Tech		NA	**693**	NA

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29. RELATED PARTY TRANSACTIONS *(CONTINUED)*

Trading transactions *(Continued)*

The following balances were outstanding at the end of the reporting period:

	Amounts due from related parties		Amounts due to related parties	
	06/30/15	**12/31/14**	**06/30/15**	**12/31/14**
	USD 000	**USD 000**	**USD 000**	**USD 000**
China Academy of Telecommunication Technology		360		
Datang Microelectronics Technology Co., Ltd	**5,578**	5,642		
Leadcore Technology Co., Ltd.	**1,343**	619	**2,063**	7
Toppan	**778**	387	**2,104**	2,739
Brite	**4,064**	3,772		700
China Fortune-Tech	**6**	41		

On February 18, 2014, the Company entered into a Framework Agreement with Datang Telecom, pursuant to which, the Company (including its subsidiaries) and Datang Telecom (including its associates) will engage in business collaboration including but not limited to foundry service. The effective period of the Framework Agreement is two years. The pricing for the transactions contemplated under the agreement will be determined by reference to reasonable market price.

On November 6, 2008 and April 18, 2011, respectively, the Company entered into share purchase agreements with Datang Telecom and Country Hill which granted each of Datang and Country Hill a pre-emptive right to subscribe for additional shares if the Company issues new shares to other investors. On March 2, 2015, the Company received irrevocable notices from both Datang and Country Hill about exercising their pre-emptive right as a result of the Placing of New Shares. On June 11, 2015, Datang and Country Hill entered into agreements with the Company to subscribe for 961,849,809 ordinary shares and 323,518,848 ordinary shares, respectively, at a price of HK$0.6593 per share. As of June 30, 2015, the amount due from Datang and Country Hill for the share subscription were HK$634,147,579.07 and HK$213,295,976.49, respectively.

Arrangements/contracts for sale of self-developed living quarter units

In the first half of 2015, the Group entered into arrangements/contracts with 3 of the Company s directors and key management for sale of self-developed living quarter units and the amount of the considerations is approximately US$2.9 million. The transactions were not completed as of the date of this announcement.

MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

SALES

Sales increased by 9.8% from US$962.4 million for the six months ended June 30, 2014 to US$1,056.4 million for the six months ended June 30, 2015, primarily due to an increase in wafer shipments during this period including a significant increase in China sales. The number of wafer shipments increased by 15.7% from 1,230,385 8-inch wafer equivalents for the six months ended June 30, 2014 to 1,423,861 8-inch wafer equivalents for the six months ended June 30, 2015.

COST OF SALES AND GROSS PROFIT

Cost of sales slightly increased by 0.9% from US$723.3 million for the six months ended June 30, 2014 to US$730.1 million for the six months ended June 30, 2015.

The Group had a gross profit of US$326.3 million for the six months ended June 30, 2015 compared to a gross profit of US$239.2 million for the six months ended June 30, 2014, representing an increase of 36.4%. Gross margin increased to 30.9% for the six months ended June 30, 2015 from 24.9% for the six months ended June 30, 2014. The increase in gross margin was primarily due to a higher utilization rate and a favourable change in product-mix in the first half of 2015.

PROFIT FOR THE PERIOD FROM OPERATING

Profit from operations increased from US$87.8 million for the six months ended June 30, 2014 to US$106.2 million for the six months ended June 30, 2015 primarily due to shipment increase and high utilization in the first half of 2015.

Research and development expenses increased by 32.9% from US$81.7 million for the six months ended June 30, 2014 to US$108.7 million for the six months ended June 30, 2015. The increase was mainly due to an increase in R&D activities.

General and administrative expenses increased by 61.0% from US$58.7 million for the six months ended June 30, 2014 to US$94.5 million for the six months ended June 30, 2015. The increase was primarily due to 1) the start-up expenses relating to the two new fab projects the 8-inch fab in Shenzhen and the 12-inch fab in Beijing and 2) an increase in accrued employee bonus in the first half of 2015.

Sales and marketing expenses slightly decreased by 1.9% from US$18.7 million for the six months ended June 30, 2014 to US$18.4 million for the six months ended June 30, 2015.

Other operating income were US$1.4 million and US$7.8 million for the six months ended June 30, 2015 and 2014, respectively, and the decrease was due to the gains arising from the partial disposal of the Group s living quarters recorded in the first half of 2014.

As a result, the Group s profit from operations increased to US$106.2 million for the six months ended June 30, 2015 from US$87.8 million for the six months ended June 30, 2014.

PROFIT FOR THE PERIOD

Due to the factors described above, the Group had a profit of US$123.3 million for the six months ended June 30, 2015 compared to US$76.1 million for the six months ended June 30, 2014.

FUNDING SOURCES FOR MATERIAL CAPITAL EXPENDITURE IN THE COMING YEAR

In 2015, the Group plans to spend approximately US$1.5 billion in capital expenditures for foundry operations which are subject to adjustment based on market conditions. The capital expenditures are mainly for 1) the capacity expansion in the 12-inch fab of Semiconductor Manufacturing North China (Beijing) Corporation (**SMNC**), 2) the capacity expansion in the 12-inch fab in Shanghai, 3) the capacity expansion in the new 8-inch fab in Shenzhen and 4) research and development equipment, mask shops and intellectual property acquisition.

In addition, the Group budgeted approximately US$150 million in 2015 as capital expenditures for non-foundry operations. This is mainly for the construction of living quarters for employees as part of the Group s employee retention program. The Group plans to rent out or sell some of these living units to employees in the future.

The Group s actual expenditures may differ from its planned expenditures for a variety of reasons, including changes in its business plan, process technology, market conditions, equipment prices, or customer requirements. The Group will monitor the global economy, the semiconductor industry, the demands of its customers, and its cash flow from operations and will adjust its capital expenditures plans as necessary.

The primary sources of capital resources and liquidity include cash generated from operations, bank borrowings and debt or equity issuances and other forms of financing. Future acquisitions, mergers, strategic investments, or other developments also may require additional financing. The amount of capital required to meet the Group s growth and development targets is difficult to predict in the highly cyclical and rapidly changing semiconductor industry.

LIQUIDITY AND CAPITAL RESOURCES

For the six months ended June 30, 2015, the Group incurred capital expenditures of US$513.0 million compared to US$250.8 million for the six months ended June 30, 2014. The Group financed its capital expenditures primarily from cash flows generated from operating and financing activities.

The Group had US$766.2 million in cash and cash equivalent as of June 30, 2015. These cash and cash equivalent are held in the form of United States Dollars, Japanese Yen, Euro, and Chinese Renminbi. The net cash from operating activities increased by 3.7% from US$278.7 million for the six months ended June 30, 2014 to US$288.9 million for the six months ended June 30, 2015.

Net cash used in investing activities was US$319.3 million for the six months ended June 30, 2015, primarily attributable to 1) purchases of plant and equipment for the fabs in Shanghai and Beijing, 2) the net result of proceeds from selling and payments for acquiring financial assets and 3) payments for acquiring long-term investment. Net cash used in investing activities was US$355.3 million for the six months ended June 30, 2014, primarily attributable to 1) purchases of plant and equipment for the fabs in Shanghai and Beijing, and 2) the net result of proceeds from selling and payment for acquiring financial assets.

Net cash generated from financing activities was US$193.6 million for the six months ended June 30, 2015, which was primarily due to 1) the net result of proceeds from new bank borrowings and repayments of bank borrowings and 2) net proceeds from the issue of new Ordinary Shares in the first half of 2015. Net cash generated from financing activities was US$188.8 million for the six months ended June 30, 2014, which was primarily 1) the net result of proceeds from new bank borrowings and repayments of bank borrowings and 2) net proceeds from the issue of the convertible bonds and net proceeds from the issue of new Ordinary Shares in the first half of 2014.

As of June 30, 2015, the Group s outstanding long-term liabilities primarily consisted of US$70.2 million in secured bank loans, US$79.3 million in unsecured bank loans, US$385.9 million in convertible bonds and US$492.4 million in USD bond. Of which, US$64.0 million was classified as the current portion of long-term loans. The long-term loans are repayable in installments which will commence in August 2015 and will mature in December 2019.

CO-INVESTMENT IN RELATION TO PROPOSED ACQUISITION OF STATS CHIPPAC

On December 22, 2014, (i) SilTech Shanghai, an indirectly wholly-owned subsidiary of the Company; (ii) Jiangsu Changjiang Electronics Technology Co., Ltd (**JCET**); and (iii) China Integrated Circuit Industry Investment Fund Co., Ltd., (**China IC Fund**) entered into a co-investment agreement to form an investment consortium in connection with the proposed acquisition of STATS ChipPAC Ltd. (**STATS ChipPAC**), a leading provider of advanced semiconductor packaging and test services in the world and a company incorporated in the Republic of Singapore, shares of which are listed on the Singapore Exchange Securities Trading Limited.

On June 18, 2015, according to the co-investment agreement, the Group invested US$102 million as a capital contribution for 19.6% equity interest in Suzhou Changjiang Electric Xinke Investment Co., Ltd. (**Changjiang Xinke**), a company incorporated in Jiangsu province, China. The transaction was recorded as an investment in associate of the Group.

On June 26, 2015, JCET-SC (Singapore) Pte. Ltd. (**JCET-SC**), a company incorporated in the Republic of Singapore, the subsidiary of Changjiang Xinke, announced a voluntary conditional cash offer (the **Offer**) for all the shares in STATS ChipPAC at SGD0.46577 per share. On August 5, JCET-SC s financial advisers announced, for and on behalf of JCET-SC, that all conditions to the Offer had been fulfilled and the Offer had become and was declared unconditional in all respects. The unconditional acceptance announcement offer was closed on August 27, 2015.

JOINT VENTURE AGREEMENT IN RELATION TO SMIC SEMICONDUCTOR ADVANCED TECHNOLOGY RESEARCH (SHANGHAI) CORPORATION

On June 23, 2015, the Company, Huawei, Qualcomm Global Trading Pte. Ltd. (**Qualcomm**), and IMEC International (**imec**) jointly issued a press release in relation to the formation of SMIC Advanced Technology Research & Development (Shanghai) Corporation, an equity joint venture company. The joint venture company will focus on R&D towards next generation CMOS logic technology and is designed to build China s most advanced integrated circuit (IC) development R&D platform. SMIC Advanced Technology R&D (Shanghai) Corporation will be majority owned by SMIC, while Huawei, imec, and Qualcomm will be minority shareholders. The current focus of the joint venture company will be on developing 14nm logic technology.

COMMITMENTS

As of June 30, 2015, the Group had commitments of US$145.9 million for facilities construction obligations in connection with the Group s Shanghai, Beijing, Tianjin and Shenzhen facilities, US$485.7 million to purchase machinery and equipment mainly for the Shanghai, Beijing, Tianjin and Shenzhen fabs and US$21.3 million to purchase intellectual property.

DEBT TO EQUITY RATIO

As of June 30, 2015, the Group s debt to equity ratio was approximately 28.2%.

FOREIGN EXCHANGE RATE FLUCTUATION RISK

The Group s revenue, expenses, and capital expenditures are primarily transacted in U.S. dollars. The Group also enters into transactions in other currencies. The Group is primarily exposed to changes in exchange rates for the Euro, Japanese Yen, and RMB against the US dollar.

To minimize these risks, the Group purchases foreign-currency forward exchange contracts with contract terms normally lasting less than twelve months to protect against the adverse effect that exchange rate fluctuations may have on foreign-currency denominated transactions. These forward exchange contracts are principally denominated in RMB, Japanese Yen or Euro against the US dollar and do not qualify for hedge accounting in accordance with IFRS.

EMPLOYEES EQUITY INCENTIVE PLAN

Save as disclosed in this announcement, there is no material change to the information disclosed in the 2014 annual report of the Company in relation to the number and remuneration of employees, remuneration policies, bonus and share option schemes of employees.

ISSUE OF EQUITY SECURITIES UNDER GENERAL MANDATE

Issue of 4,700,000,000 New Ordinary Shares

On February 12, 2015, the Company entered into a share purchase agreement (the **Share Purchase Agreement**) with the China Integrated Circuit Industry Investment Fund Co., Ltd., a company established under the laws of the PRC (the **China IC Fund**) whereby (i) the Company has conditionally agreed to allot and issue to the China IC Fund, and the China IC Fund has conditionally agreed to subscribe, through its wholly-owned subsidiary incorporated in Hong Kong, for 4,700,000,000 new Ordinary Shares of US$0.0004 each (the **New Share(s)**) at the subscription price of HK$0.6593 per New Share (the **Subscription Price**). The aggregate nominal value of the New Shares was US$1,880,000. The Subscription Price represented a discount of approximately 7.14% to the closing price of HK$0.710 per Ordinary Share as quoted on The Stock Exchange of Hong Kong Limited (**SEHK**) on February 12, 2015, being the last full trading day immediately before the execution of the Share Purchase Agreement.

The New Shares were allotted and issued to Xinxin (Hongkong) Capital Co., Limited, a wholly-owned subsidiary of the China IC Fund, on June 8, 2015. The net proceeds from the issue of the New Shares were approximately US$399.5 million (US$0.085 per New Share). The net proceeds from the issue of the New Shares would be used for capital expenditure, debt repayment and general corporate purposes.

The Company considered that the China IC Fund would bring strategic value to the Company and the funds raised in this transaction would improve the working capital position of the Group and enhance its overall liquidity; the transaction therefore would enhance shareholders value and is in the interests of the Company and its shareholders as a whole.

PROSPECTS AND FUTURE PLANS

In the first half of 2015, the Group achieved its record high revenue, gross margin, and utilization. This was in part a result of enhanced operational efficiency and careful execution of its differentiation strategy. The Group has guided the third quarter revenue to continue to increase by 1% to 3% quarter over quarter. However, the Group is cautious about the remainder of 2015 given the industry s ongoing inventory correction. Despite the inventory correction situation, SMIC has successfully ramped up new products to maintain good utilizations, and targets to continue to implement its strategy of product differentiation and customer diversification.

With regard to SMIC s future plans, the Group believes demand for its differentiated technology and advanced 28nm process are key growth drivers for its business. In response to the capacity demand, the Group continues to expand its 8-inch and 12-inch capacities. The Group targets to install an additional 10,000 8-inch wafers per month capacity in its Shenzhen 8-inch fab by the end of 2015. In terms of advanced capacity, the Group targets to install 6,000 12- inch wafers per month capacity in its joint-venture 12-inch fab in Beijing and an additional 2,000 12-inch wafers per month capacity in its Shanghai 12-inch fab by the end of 2015.

The Group continues to focus on sustaining profitability and delivering carefully planned growth. Furthermore, the Group will continue to pursue its strategy to capture growth opportunities in China and is committed to delivering sustainable profitability and building value for all stakeholders.

SHARE CAPITAL

During the six months ended June 30, 2015, the Company issued 101,616,170 and 63,178,000 Ordinary Shares as a result of the exercise of equity awards granted pursuant to the Company s 2004 stock option plan (the **2004 Stock Option Plan**) and the Company s 2004 equity incentive plan (the **2004 Equity Incentive Plan**), respectively. During this period, there were 1,783,027 and 27,429,599 Ordinary Shares issued as a result of the exercise of equity awards granted pursuant to the Company s 2014 stock option plan (the **2014 Stock Option Plan**) and the Company s 2014 equity incentive plan (the **2014 Equity Incentive Plan**) which have replaced the 2004 Stock Option Plan and the 2004 Equity Incentive Plan, respectively, upon their termination.

	Number of Shares Outstanding
Outstanding Share Capital as of June 30, 2015:	
Ordinary Shares	40,750,102,963

Under the terms of the Company s 2014 Equity Incentive Plan, the Compensation Committee may grant restricted share units (**Restricted Share Units**) to eligible participants. Each Restricted Share Unit represents the right to receive one Ordinary Share. Restricted Share Units granted to new employees and existing employees generally vest at a rate of 25% upon the first, second, third, and fourth anniversaries of the vesting commencement date. Upon vesting of the Restricted Share Units and subject to the terms of the Insider Trading Policy and the payment by the participants of applicable taxes, the Company will issue the relevant participants the number of Ordinary Shares underlying the awards of Restricted Share Unit.

REPURCHASE SALE OR REDEMPTION OF SECURITIES

The Company has not repurchased, sold or redeemed any of its securities during the six months ended June 30, 2015.

CORPORATE GOVERNANCE PRACTICES

The Corporate Governance Code (the **CG Code**) as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the **Hong Kong Stock Exchange Listing Rules**) contains code provisions (the **Code Provisions**) which an issuer, such as the Company, is expected to comply with or advise as to reasons for deviations from and recommends best practices which an issuer is encouraged to implement (the **Recommended Practices**). The Company has adopted a set of Corporate Governance Policy (the **CG Policy**) since January 25, 2005 as its own code of corporate governance, which is amended from time to time to comply with the CG Code. The CG Policy, a copy of which can be obtained on the Company s website at www.smics.com under **Investor Relations > Corporate Governance > Policy and Procedures** , incorporates all of the Code Provisions of the CG Code except for Code Provision E.1.3, which relates to the notice period of general meetings of the Company, and many of the Recommended Practices. In addition, the Company has adopted or put in place various policies, procedures, and practices in compliance with the provisions of the CG Policy.

During the six months ended June 30, 2015, the Company was in compliance with all the Code Provisions set out in the CG Code except as explained below:

Code Provision A.5.1 of the CG Code provides that the issuers should establish a nomination committee which is chaired by the chairman of the board or an independent non-executive director and comprises a majority of independent non- executive directors. As a result of Mr. Frank Meng s cessation of being a member of the Nomination Committee of the Company (the **Nomination Committee**) due to his retirement as an independent non-executive Director upon the conclusion of the annual general meeting of the Company held on June 26, 2015 (**2015 AGM**), the Nomination Committee did not comprise a majority of independent non-executive Directors. Following the appointment of Ms. Carmen I-Hua Chang, an independent non-executive Director, as a member of the Nomination Committee on August 7, 2015, the Company has complied with the requirement under Code Provision A.5.1 of the CG Code.

Code Provision A.6.7 of the CG Code requires that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Mr. Sean Maloney, an independent non-executive Director, was not able to attend the 2015 AGM due to his other commitments.

Save as the aforesaid and in the opinion of the Directors, the Company has complied with all other Code Provisions set out in the CG Code during the six months ended June 30, 2015.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted an Insider Trading Compliance Program (the **Insider Trading Policy**) which encompasses the requirements of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Stock Exchange Listing Rules (the **Model Code**). The Company, having made specific enquiry of all Directors, confirms that all Directors have complied with the Insider Trading Policy and the Model Code throughout the six months ended June 30, 2015. The senior management of the Company as well as all officers, directors, and employees of the Company and its subsidiaries are also required to comply with the provisions of the Insider Trading Policy.

THE BOARD

The Board has a duty to the Company s shareholders to direct and oversee the affairs of the Company in order to maximize shareholder value. The Board, acting by itself and through its various committees, actively participates in and is responsible for the determination of the overall strategy of the Company, the establishment and monitoring of the achievement of corporate goals and objectives, the oversight of the Company s financial performance and the preparation of the accounts, the establishment of corporate governance practices and policies, and the review of the Company s system of internal controls. The management of the Company is responsible for the implementation of the overall strategy of the Company and its daily operations and administration. The Board has access to the senior management of the Company to discuss enquiries on management information.

The Board consists of ten Directors and one alternate Director as at the date of this announcement. Directors may be elected to hold office until the expiration of their respective term upon a resolution passed at a duly convened shareholders meeting by holders of a majority of the Company s issued shares being entitled to vote in person or by proxy at such meeting. The Board is divided into three classes with one class of Directors eligible for re-election at each annual general meeting of the Company. Each class of Directors (including all non-executive Directors) serves a term of three years.

- The Class I Directors are Dr. Zhou Zixue, Dr. Tzu-Yin Chiu, Dr. Gao Yonggang and Mr. William Tudor Brown. All Class I Directors (except Dr. Zhou) were re-elected for a term of three years at the 2014 AGM to hold office until the 2017 AGM. Dr. Zhou, whose initial appointment as a Director took effect from March 6, 2015, retired from office and was re-elected as a Class I Director at the 2015 AGM pursuant to Article 126 of the Company s Articles of Association to hold office until the 2017 AGM.

- The Class II Directors are Dr. Chen Shanzhi, Mr. Lip-Bu Tan and Ms. Carmen I-Hua Chang. All Class II Directors were re-elected for a term of three years at the 2015 AGM to hold office until the 2018 AGM.

- The Class III Directors are Mr. Zhou Jie, Mr. Sean Maloney and Mr Ren Kai. Mr. Zhou was re-elected for a term of three years at the 2013 AGM to hold office until the 2016 AGM. Mr. Maloney, whose initial appointment as a Director took effect on June 15, 2013, retired from office and was re-elected as a Class III Director at the 2014 AGM pursuant to Article 126 of the Company s Articles of Association to hold office until the 2016 AGM. Mr. Ren, whose initial appointment as a Director took effect from August 11, 2015, shall retire from office at the 2016 AGM pursuant to Article 126 of the Company s Articles of Association. Mr. Ren will, being eligible, offer himself for re-election as a Class III Director at the 2016 AGM.

As of the date of this announcement, the roles of Chairman and Chief Executive Officer are segregated and such roles are performed by Dr. Zhou Zixue and Dr. Tzu-Yin Chiu, respectively.

The following table sets forth the names, classes and categories of the Directors as at the date of this announcement:

Name of Director	Category of Director	Class of Director
Zhou Zixue	Chairman and Executive Director	Class I
Tzu-Yin Chiu	Chief Executive Officer and Executive Director	Class I
Gao Yonggang	Chief Financial Officer and Executive Director	Class I
William Tudor Brown	Independent Non-executive Director	Class I
Chen Shanzhi	Non-executive Director	Class II
Lip-Bu Tan	Independent Non-executive Director	Class II
Carmen I-Hua Chang	Independent Non-executive Director	Class II
Sean Maloney	Independent Non-executive Director	Class III
Zhou Jie	Non-executive Director	Class III
Ren Kai	Non-executive Director	Class III
Li Yonghua	Alternate Director to Chen Shanzhi	

On an annual basis, each independent non-executive Director confirms his independence to the Company, and the Company considers these Directors to be independent as such term is defined in the Hong Kong Stock Exchange Listing Rules. There are no relationships among members of the Board, including between the Chairman of the Board and the Chief Executive Officer.

The Board meets at least four times a year at approximately quarterly intervals and on such other occasions as may be required to discuss and vote upon significant issues affecting the Company. The schedule of Board meetings for a given year is planned in the preceding year. The Company Secretary assists the Chairman in preparing the agenda for the Board meetings and also assists the Board in complying with applicable laws, rules and regulations. The relevant papers for the Board meetings are dispatched to Board members in accordance with the CG Code. Directors may include matters for discussion in the agenda if the need arises. Upon the conclusion of the Board meeting, minutes are circulated to all Directors for their review and comments prior to their approval of the minutes at the following or subsequent Board meeting. Transactions in which any Directors are considered to have a conflict of interest which the Board has determined to be material are dealt with by physical Board meetings rather than written resolutions and the interested Directors are not counted in the quorum of such Board meetings and abstain from voting on the relevant matters.

All Directors have access to the Company Secretary, who is responsible for assisting the Board in complying with applicable procedures regarding compliance matters. Every Board member is entitled to have access to documents tabled at the Board meeting or filed into the Company s minutes book. Furthermore, the Board has established the procedures pursuant to which a Director, upon reasonable request, may seek independent professional advice at the Company s expense in order for such Director to discharge his/her duties. The Company Secretary continuously updates all Directors on the latest development of the Hong Kong Stock Exchange Listing Rules and other applicable regulatory requirements to ensure the Company s compliance with and maintenance of good corporate governance practices. Each new Director is provided with training with respect to his/her responsibilities under the Hong Kong Stock Exchange Listing Rules and other regulatory requirements and the Company s corporate governance policies and practices.

CHANGES IN DIRECTORATE AND UPDATE OF DIRECTORS INFORMATION

Changes in the members of the Board

As previously disclosed by the Company, there were the following changes in the members of the Board during the period from the date of the Company s 2014 Annual Report and the date of this announcement:

- Mr. Zhang Wenyi resigned as a Class I executive Director, Chairman of the Board and chairman of the Nomination Committee with effect from March 6, 2015;

- Dr. Zhou Zixue was appointed as a Class I executive Director, Chairman of the Board and chairman of the Nomination Committee with effect from March 6, 2015;

- Mr. Frank Meng retired as a Class II independent non-executive Director upon the conclusion of the 2015 AGM held on June 26, 2015 and thus ceased to be a member of each of the Audit Committee and the Nomination Committee; and

- Mr. Ren Kai was appointed as a Class III non-executive Director and a member of the Strategic Advisory Committee with effect from August 11, 2015.

Changes in, and updates to, previously disclosed information relating to the Directors

As required under Rules 13.51B and 13.51(2) of the Hong Kong Stock Exchange Listing Rules, certain changes in, and updates to, the information previously disclosed regarding the Directors during their respective term of office are set out below:

- Mr. William Tudor Brown, an independent non-executive Director, was appointed as a member of the Audit Committee with effect from August 7, 2015; and

- Ms. Carmen I-Hua Chang, an independent non-executive Director, was appointed as a member of the Nomination Committee with effect from August 7, 2015.

WAIVER FROM COMPLIANCE WITH THE HONG KONG STOCK EXCHANGE LISTING RULES

Save as disclosed in the prospectus of the Company dated March 8, 2004, the Company has not received any waivers from compliance with the Hong Kong Stock Exchange Listing Rules which are still in effect.

REVIEW BY AUDIT COMMITTEE

The Audit Committee has reviewed with the management of the Company the accounting principles and practices accepted by the Company and the interim financial statements of the Company for the six months ended June 30, 2015.

INTERIM REPORT

The Company s Interim Report for the six months ended June 30, 2015 containing financial statements and notes to the accounts will be published on the website of the SEHK (http://www.hkex.com.hk) as well as the website of the Company (http://www.smics.com) in due course.

CAUTIONARY STATEMENT FOR PURPOSES OF THE SAFE HARBOR PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This announcement contains, in addition to historical information, **forward-looking statements** within the meaning of the **safe harbor** provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on SMIC s current assumptions, expectations and projections about future events. SMIC uses words like **believe**, **anticipate**, **intend**, **estimate**, **expect**, **project** and similar expressions to identify forward looking statements, although not all forward- looking statements contain these words. These forward-looking statements are necessarily estimates reflecting the best 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, 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 and raw materials, availability of manufacturing capacity, financial stability in end markets and intensive intellectual property litigation in high tech industry.

In addition to the information contained in this announcement, you should also consider the information contained in our other filings with the U.S. Securities and Exchange Commission (the **SEC**), including our annual report on Form 20-F filed with the SEC on April 28, 2015, especially in the **Risk Factors** section and such other documents that we may file with the SEC or SEHK from time to time, including on Form 6-K. 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 announcement 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 announcement.

Except as 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.

Semiconductor Manufacturing International Corporation
Gareth Kung
Company Secretary

Shanghai, August 28, 2015

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

Executive Directors

Zhou Zixue *(Chairman)*

Tzu-Yin Chiu *(Chief Executive Officer)*

Gao Yonggang *(Chief Financial Officer)*

Non-executive Directors

Chen Shanzhi *(Li Yonghua as his Alternate)*

Zhou Jie

Ren Kai

Independent Non-executive Directors

William Tudor Brown

Sean Maloney

Lip-Bu Tan

Carmen I-Hua Chang

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* *For identification purposes only*

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	Semiconductor Manufacturing International Corporation		
Date: September 10, 2015	By:	/s/ Dr. Tzu-Yin Chiu	
		Name:	Dr. Tzu-Yin Chiu
		Title:	Chief Executive Officer, Executive Director

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