

SEMICONDUCTOR MANUFACTURING INTERNATIONAL CORP

Form 6-K

September 04, 2018

**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 August, 2018**

**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:

Form 20-F     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):   

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):   

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:

Yes     No

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

**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: August 30, 2018 By: /s/ Dr. Gao Yonggang

Name: Dr. Gao Yonggang

Title: Executive Director, Chief Financial Officer and Joint Company Secretary

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## **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, 2018**

#### **FINANCIAL HIGHLIGHTS**

Revenue was US\$1,721.8 million for the six months ended June 30, 2018, an increase of 11.5% from US\$1,544.3 million for the six months ended June 30, 2017. Excluding the recognition of technology licensing revenue, revenue was US\$1,561.3 million for the six months ended June 30, 2018, compared to US\$1,544.3 million for the six months ended June 30, 2017.

Gross profit was US\$438.0 million for the six months ended June 30, 2018, an increase of 5.6% from US\$415.0 million for the six months ended June 30, 2017. Excluding the recognition of technology licensing revenue, gross profit was \$277.6 million for the six months ended June 30, 2018, compared to \$415.0 million for the six months ended June 30, 2017.

Gross margin was 25.4% for the six months ended June 30, 2018, compared to 26.9% for the six months ended June 30, 2017. Excluding the recognition of technology licensing revenue, gross margin was 17.8% for the six months ended June 30, 2018, compared to 26.9% for the six months ended June 30, 2017.

Revenue from China-region customers grew to 56.3% of total revenue excluding technology licensing for the six months ended June 30, 2018, compared to 46.0% for the six months ended June 30, 2017, representing a revenue growth of 23.9%.

The net debt to equity ratio remained low at 9.7% as of June 30, 2018.

## RESULTS

The Board of Directors (the “**Board**”) of Semiconductor Manufacturing International Corporation (the “**Company**” or “**SMIC**”) would like 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, 2018.

## SEMICONDUCTOR MANUFACTURING INTERNATIONAL CORPORATION AND

## SUBSIDIARIES CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended June 30, 2018 and 2017

(In USD'000, except per share data)

		Six months ended	
	Notes	06/30/18	06/30/17
		(unaudited)	(unaudited)
Revenue	6	1,721,757	1,544,278
Cost of sales		(1,283,748)	(1,129,327)
Gross profit		438,009	414,951
Research and development expenses, net		(270,172 )	(218,963 )
Sales and marketing expenses		(16,652 )	(19,816 )
General and administration expenses		(100,307 )	(93,593 )
Other operating income (expense), net	7	10,520	16,439
Profit from operation		61,398	99,018
Interest income		25,495	12,248
Finance costs	8	(24,170 )	(21,507 )
Foreign exchange gains or losses		6,269	(10,201 )
Other gains or losses, net	9	6,699	29,287
Share of gain (loss) of investment using equity method		1,438	(7,658 )
Profit before tax	10	77,129	101,187
Income tax expense	11	(18,384 )	(3,658 )
Profit for the period		58,745	97,529
Other comprehensive income (loss)			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		(126 )	9,069
Change in value of available-for-sale financial assets		—	(1,859 )
Cash flow hedges	23	34,712	30,118
Others		—	(131 )
Items that will not be reclassified to profit or loss			
Actuarial gains or losses on defined benefit plans		728	88
Total comprehensive income (loss) for the period		94,059	134,814
Profit (loss) for the period attributable to:			
Owners of the Company		80,976	106,062
Non-controlling interests		(22,231 )	(8,533 )
		58,745	97,529
Total comprehensive income (loss) for the period attributable to:			
Owners of the Company		115,751	142,897

Non-controlling interests		(21,692 )	(8,083 )
		94,059	134,814
Earnings per share			
Basic	13	\$0.02	\$0.02
Diluted	13	\$0.02	\$0.02

SEMICONDUCTOR MANUFACTURING INTERNATIONAL CORPORATION AND  
 SUBSIDIARIES CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of June 30, 2018 and December 31, 2017

(In USD'000)

	Notes	06/30/18 (unaudited)	12/31/17 (audited)
Assets			
Non-current assets			
Property, plant and equipment	14	6,867,740	6,523,403
Land use right		92,084	97,477
Intangible assets		159,491	219,944
Investments in associates	15	879,593	758,241
Investments in joint ventures	16	19,645	31,681
Deferred tax assets		45,612	44,875
Financial assets at fair value through profit or loss	31	36,788	—
Derivative financial instruments	31	14,611	—
Other financial assets		—	17,598
Restricted cash	17	8,528	13,438
Other assets		8,736	42,810
Total non-current assets		8,132,828	7,749,467
Current assets			
Inventories	18	697,021	622,679
Prepayment and prepaid operating expenses		46,754	34,371
Trade and other receivables	19	919,490	616,308
Financial assets at fair value through profit or loss	31	60,412	—
Financial asset at amortized cost		1,235,633	—
Derivative financial instruments	31	8,931	—
Other financial assets		—	683,812
Restricted cash	17	349,974	336,043
Cash and cash equivalent		1,414,260	1,838,300
		4,732,475	4,131,513
Assets classified as held-for-sale	20	18,546	37,471
Total current assets		4,751,021	4,168,984
Total assets		12,883,849	11,918,451



SEMICONDUCTOR MANUFACTURING INTERNATIONAL CORPORATION AND  
 SUBSIDIARIES CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(CONTINUED)

As of June 30, 2018 and December 31, 2017

	Notes	06/30/18 (unaudited)	12/31/17 (audited)
Equity and liabilities			
Capital and reserves			
Ordinary shares	21	19,975	19,664
Share premium		4,928,537	4,827,619
Reserves		143,017	134,669
Retained earnings		283,869	187,008
Equity attributable to owners of the Company		5,375,398	5,168,960
Perpetual subordinated convertible securities	24	264,073	64,073
Non-controlling interests		1,975,285	1,488,302
Total equity		7,614,756	6,721,335
Non-current liabilities			
Borrowings	25	1,532,739	1,743,939
Convertible bonds	26	410,819	403,329
Bonds payable	27	497,609	496,689
Medium-term notes	28	—	228,483
Deferred tax liabilities		15,245	16,412
Deferred government funding		268,777	299,749
Derivative financial instruments	31	2,833	—
Other financial liabilities	31	12,393	1,919
Other liabilities	30	126,339	99,817
Total non-current liabilities		2,866,754	3,290,337
Current liabilities			
Trade and other payables	29	949,440	1,007,424
Contract liabilities		66,404	43,036
Borrowings	25	781,134	440,608
Medium-term notes	28	225,996	—
Deferred government funding		188,981	193,158
Accrued liabilities		136,677	180,912
Derivative financial instruments	31	2,541	—
Other financial liabilities	31	—	744
Current tax liabilities		6,065	270
Other liabilities	30	45,101	40,627
Total current liabilities		2,402,339	1,906,779
Total liabilities		5,269,093	5,197,116
Total equity and liabilities		12,883,849	11,918,451



SEMICONDUCTOR MANUFACTURING INTERNATIONAL CORPORATION AND  
SUBSIDIARIES CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the six months ended June 30, 2018 and 2017

(In USD'000)

	Ordinary shares	Share premium	Equity- settle employee benefits reserve	Foreign currency translation reserve	Change in value of available- for-sale financial assets	Convertible equity reserve	Defined benefit pension reserve	Cash flow hedges	Share of other comprehensive income of joint ventures accounted for using equity method	Others	Retained earnings (accumulated deficit)
	(Note 21)		(Note 22)					(Note 23)			
Balance at December 31, 2016 (audited)	17,012	4,950,948	65,703	(22,087)	1,245	81,678	1,520	(34,627)	—	131	(910,842)
Profit for the period	—	—	—	—	—	—	—	—	—	—	106,062
Other comprehensive income (losses) for the period	—	—	—	8,600	(1,840)	—	88	30,118	—	(131)	—
Total comprehensive income (losses) for the period	—	—	—	8,600	(1,840)	—	88	30,118	—	(131)	106,062
Exercise of stock options	60	15,380	(11,767)	—	—	—	—	—	—	—	—
Share-based compensation	—	—	10,848	—	—	—	—	—	—	—	—
Conversion options of convertible bonds exercised during	1,531	419,517	—	—	—	(28,743)	—	—	—	—	—

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the period												
Share premium reduction*	—	(910,849 )	—	—	—	—	—	—	—	—	—	910,849
Subtotal	1,591	(475,952 )	(919 )	—	—	(28,743)	—	—	—	—	—	910,849
Balance at June 30, 2017 (unaudited)	18,603	4,474,996	64,784	(13,487)	(595 )	52,935	1,608	(4,509 )	—	—	—	106,062
Balance at December 31, 2017 (audited)	19,664	4,827,619	64,978	(497 )	(1,111)	52,053	1,084	516	17,646	—	—	187,000
Change in accounting policy (Note 33)	—	—	—	—	1,111	—	—	—	(17,646)	—	—	16,535
Restated total equity at January 1, 2018	19,664	4,827,619	64,978	(497 )	—	52,053	1,084	516	—	—	—	203,540
Profit for the period	—	—	—	—	—	—	—	—	—	—	—	80,976
Other comprehensive income (loss) for the period	—	—	—	(665 )	—	—	728	34,712	—	—	—	—
Total comprehensive income (loss) for the period	—	—	—	(665 )	—	—	728	34,712	—	—	—	80,976
Issuance of ordinary shares	246	83,256	—	—	—	—	—	—	—	—	—	—
Exercise of stock options	65	17,662	(14,345)	—	—	—	—	—	—	—	—	—
Share-based compensation	—	—	6,227	—	—	—	—	—	—	—	—	—
Issuance of perpetual subordinated convertible securities	—	—	—	—	—	—	—	—	—	—	—	—
Distribution to perpetual subordinated convertible securities	—	—	—	—	—	—	—	—	—	—	—	(650)
Capital contribution from non-controlling interest	—	—	—	—	—	—	—	—	—	—	—	—
Deconsolidation of subsidiaries due to loss of	—	—	—	(1,774 )	—	—	—	—	—	—	—	—

control											
Subtotal	311	100,918	(8,118 )	(1,774 )	—	—	—	—	—	—	(650)
Balance at June											
30, 2018	19,975	4,928,537									
(unaudited)											