



Contact:

Investor Relations
+86-21-3861-0000 ext. 12804
ir@smics.com

NEWS RELEASE

SMIC Reports 2017 Third Quarter Results

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

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS).

Shanghai, China November 14, 2017. Semiconductor Manufacturing International Corporation (NYSE: **SMIC**, or our), one of the leading semiconductor foundries in the world, today announced its consolidated results of operations for the three months ended September 30, 2017.

Third Quarter 2017 Highlights

Revenue was \$769.7 million in 3Q17, an increase of 2.5% QoQ from \$751.2 million in 2Q17 and a decrease of 0.7% YoY from \$774.8 million in 3Q16.

Gross profit was \$177.3 million in 3Q17, compared to \$194.1 million in 2Q17 and \$232.1 million in 3Q16.

Gross margin was 23.0% in 3Q17, compared to 25.8% in 2Q17 and 30.0% in 3Q16.

Fourth Quarter 2017 Guidance:

The following statements are forward looking statements based on current expectations and involved The

Company expects:

Revenue to increase by 1% to 3% QoQ.

Gross margin to range from 18% to 20%.

Non-GAAP operating expenses, excluding the effect of employee bonus accrual, government funding and gain from the disposal of living quarters, to range from \$204 million to \$210 million.

Non-controlling interests of our majority-owned subsidiaries to range from positive \$48 million to positive \$50 million (losses to be borne by non-controlling interests).

quarter revenue was in line with guidance and grew 2.5% quarter over quarter. The sequential growth came largely from the broad-based recovery in smartphone related shipments. By process node, 28nm wafer revenue grew 38.9% quarter over quarter, and 0.18um grew 33.8% quarter over quarter.

In the three years preceding 2017, SMIC had grown revenue and profitability on high utilizations, and in these two years, we have entered a period of transition as we prepare our technology and facilities for the next stage of growth. In the near-term, our growth drivers include: 28nm, flash memory, fingerprint sensors, and power management ICs. In the long-term, we work to speed up execution and focus our resources on key technology platforms, in which we strive to be the foundry-of-choice.

We believe in the importance of focusing our investment into strategic areas that support the long-

About SMIC

Semiconductor Manufacturing International Corporation ("SMIC"; NYSE: SMI; SEHK: 981) is one of the leading semiconductor foundries in the world and the largest and most advanced foundry in mainland China. SMIC provides integrated circuit (IC) foundry and technology services on process nodes from 0.35 micron to 28 nanometer. Headquartered in Shanghai, China, SMIC has an international manufacturing and service base. In China, SMIC has a 300mm wafer fabrication facility (fab) and a 200mm fab in Shanghai; a 300mm fab and a majority-owned 300mm fab for advanced nodes in Beijing; 200mm fabs in Tianjin and Shenzhen; and a majority-owned joint-venture 300mm bumping facility in Jiangyin; additionally, in Italy SMIC has a majority-owned 200mm fab. SMIC also has marketing and customer service offices in the U.S., Europe, Japan, and Taiwan, and a representative office in Hong Kong.

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

Safe Harbor Statements

(Under the Private Securities Litigation Reform Act of 1995)

This press release contains, in addition to historical information, "forward-looking statements" within the meaning of the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements, including statements under Fourth Qua

co-Chief Executive Officers are based on SMIC's current assumptions, expectations and projections about future events. SMIC uses words like "believe," "anticipate," "intend," "estimate," "expect," "project," "target" and similar expressions to identify forward looking statements, although not all forward-looking statements contain these words. These forward-looking statements 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 cyclical and market conditions in the semiconductor industry, intense competition in the semiconductor industry, SMIC's reliance on a small number of customers, timely wafer acceptance by SMIC's customers, timely introduction of new technologies, SMIC's ability to ramp new products into volume, supply and demand for semiconductor foundry services, industry overcapacity, shortages in equipment, components and raw materials, availability of manufacturing capacity, financial stability in end markets, orders or judgments from pending litigation, intensive intellectual property litigation in semiconductor industry, general economic conditions and fluctuations in currency exchange rates.

In addition to the information contained in this press release, you should also consider the information contained in our other filings with the SEC, including our annual report on Form 20-F filed with the SEC on April 27, 2017, especially in the "Risk Factors" section and such other documents that we may file with the SEC or The Hong Kong Stock Exchange Limited ("SEHK") from time to time, including current reports 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 press release may not occur. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date stated or, if no date is stated, as of the date of this press release. Except as may be required by law, SMIC undertakes no obligation and does not intend to update any forward-looking statement, whether as a result of new information, future events or otherwise.

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

in this press release non-GAAP measures of operating results that are adjusted to exclude finance cost, depreciation and amortization, income tax benefits and expenses, the effect of

Summary of Third Quarter 2017 Operating Results

Amounts in US\$ thousands, except for EPS and operating data ,

	3Q17	2Q17	QoQ	3Q16	YoY
Revenue	769,723	751,193	2.5%	774,845	-0.7%
Cost of sales	(592,426)	(557,061)	6.3%	(542,742)	9.2%
Gross profit	177,297	194,132	-8.7%	232,103	-23.6%
Operating expenses	(154,592)	(172,500)	-10.4%	(123,471)	25.2%
Profit from operations	22,705	21,632	5.0%	108,632	-79.1%
Other income (expense), net	7,290	14,540	-49.9%	4,471	63.1%
Profit before tax	29,995	36,172	-17.1%	113,103	-73.5%

Operating expenses were \$154.6 million in 3Q17, a decrease of 10.4% QoQ from \$172.5 million in 2Q17, mainly due to the reasons stated in Operating Expenses (Income) Analysis below.

Other income (expense), net was \$7.3 million gain in 3Q17, as compared to \$14.5 million gain in 2Q17. The change was mainly due to the reasons stated in Other Income (Expense), Net below.

Non-controlling interests were \$4.7 million gains in 3Q17, as compared to \$3.0 million losses in 2Q17, mainly due to more interest subsidies from the government received by owned subsidiary in Beijing) in 3Q17.

Analysis of Revenue

Revenue Analysis			
By Application	3Q17	2Q17	3Q16
Computer	5.8%	6.0%	3.9%
Communications	45.3%	43.7%	46.1%
Consumer	37.0%	37.4%	40.7%
Auto/Industrial	8.1%	8.1%	5.1%
Others	3.8%	4.8%	4.2%
By Service Type	3Q17	2Q17	3Q16
Wafers	98.4%	96.8%	96.8%
Mask making, testing, others	1.6%	3.2%	3.2%
By Geography	3Q17	2Q17	3Q16
North America	41.9%	41.8%	28.3%
China ⁽¹⁾	45.7%	45.3%	51.6%
Eurasia ⁽²⁾	12.4%	12.9%	20.1%
Wafer Revenue Analysis			
By Technology	3Q17	2Q17	3Q16
28 nm	8.8%	6.6%	1.4%
40/45 nm	20.6%	19.1%	22.6%
55/65 nm	20.2%	23.6%	20.8%
90 nm	1.4%	1.4%	2.2%
0.11/0.13 μm	8.1%	17.1%	12.7%
0.15/0.18 μm	37.8%	29.4%	37.2%
0.25/0.35 μm	3.1%	2.8%	3.1%

Note:

(1) Including Hong Kong, but excluding Taiwan

(2) Excluding China and Hong Kong

Capacity*

Fab	3Q17	2Q17
Shanghai 200mm Fab	114,000	112,000
Shanghai 300mm Fab	40,500	45,000
Beijing 300mm Fab	112,500	112,500
Tianjin 200mm Fab	47,000	45,000
Shenzhen 200mm Fab	32,075	32,000
Majority-Owned Beijing 300mm Fab	61,875	51,750
Majority-Owned Avezzano 200mm Fab	40,000	40,000
Total monthly wafer fabrication capacity	447,950	438,250

Note:

*

ers, calculated on a 30-day basis for comparison purposes

Monthly capacity increased to 447,950 8-inch equivalent wafers in 3Q17 from 438,250 8-inch equivalent wafers in 2Q17, primarily because of the capacity expansion in our majority-owned Beijing 300mm fab in 3Q17.

Shipment and Utilization

	3Q17	2Q17	QoQ	3Q16	YoY
Wafer shipments	1,076,039	1,014,158	6.1%	1,058,504	1.7%
Utilization rate ⁽¹⁾	83.9%	85.7%	-	97.2%	-

Note:

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

Detailed Financial Analysis

Gross Profit Analysis

Amounts in US\$ thousands	3Q17	2Q17	QoQ	3Q16	YoY
Cost of sales	592,426	557,061	6.3%	542,742	9.2%
Depreciation	178,302	171,814	3.8%	136,628	30.5%
Other manufacturing costs	413,089	384,033	7.6%	404,994	2.0%
Share-based compensation	1,035	1,214	-14.7%	1,120	-7.6%
Gross profit	177,297	194,132	-8.7%	232,103	-23.2%

Operating Expenses (Income) Analysis

Amounts in US\$ thousands	3Q17	2Q17	QoQ	3Q16	YoY
Operating expenses	154,592	172,500	-10.4%	123,471	25.2%
Research and development, net	106,848	111,158	-3.9%	81,898	30.5%
General and administrative	46,104	54,199	-14.9%	35,449	30.1%
Selling and marketing	9,587	9,441	1.5%	8,009	19.7%
Other operating income	(7,947)	(2,298)	245.8%	(1,885)	321.6%

R&D expenses decreased by \$4.3 million QoQ to \$106.8 million in 3Q17, compared to \$111.2 million in 2Q17. Excluding the funding of R&D contracts from the government, R&D expenses increased by \$3.8 million QoQ to \$131.0 million in 3Q17. The change was mainly due to higher level of R&D activities in 3Q17. Funding of R&D contracts from the government was \$24.2 million in 3Q17, compared to \$16.1 million in 2Q17.

General and administrative expenses decreased by 14.9% to \$46.1 million in 3Q17, compared to \$54.2 million in 2Q17. The change was mainly due to 1) less share-based compensation payment accrued in 3Q17 and 2) the reversal of allowance for doubtful debts in 3Q17.

The increase in other operating income was mainly due to higher gain on the disposal of equipment and living quarters in 3Q17.

Other Income (Expense), Net

Amounts in US\$ thousands	3Q17	2Q17	QoQ	3Q16	YoY
Other income (expense), net	7,290	14,540	-49.9%	4,471	63.1%
Interest income	6,545	6,655	-1.7%	3,045	114.9%
Finance costs	12,906	(9,549)	-	(1,236)	-
Foreign exchange gains or losses	(11,685)	(7,399)	57.9%	(2,274)	413.9%
Other gains or losses, net	(1,657)	27,120	-	7,810	-
Share of loss of investment using equity method	1,181	(2,287)	-	(2,874)	-

The finance costs in 3Q17 were covered by the interest subsidies received from the government.

The change in other gains or losses, net was mainly due to 1) the gain in 2Q17 as an one-off event, arising from the effective of the Disposal Agreement and the Subscription Agreement entered by Siltech Semiconductor (Shanghai) Corporation Limited and Jiangsu Changjiang Electronics Technology Co., Ltd. and 2) the lower revenue generated from the schools due to the summer vacation in 3Q17.

Depreciation and Amortization

<i>Amounts in US\$ thousands</i>	3Q17	2Q17	QoQ	3Q16	YoY
Depreciation and amortization	243,196	241,045	0.9%	185,688	31.0%

Liquidity

<i>Amounts in US\$ thousands</i>	3Q17	2Q17
Cash and cash equivalent	1,119,149	876,118
Restricted cash	339,596	344,100
Other financial assets ⁽¹⁾	607,258	516,002
Trade and other receivables	609,849	722,911
Prepayment and prepaid operating expenses	37,545	53,061
Inventories	625,283	577,179
Assets classified as held-for-sale	38,942	49,654
Total current assets	3,377,622	3,139,025
Current tax liabilities	780	1,112
Accrued liabilities	170,735	179,597
Deferred government funding	178,293	146,071
Short-term Borrowings	437,375	305,898
Trade and other payables	1,019,153	1,268,158
Total current liabilities	1,806,336	1,900,836
Cash Ratio ⁽²⁾	0.6x	0.5x
Quick Ratio ⁽³⁾	1.5x	1.3x
Current Ratio ⁽⁴⁾	1.9x	1.7x

Note:

(1) Other financial assets mainly contain financial products sold by bank and bank deposits over 3 months.

(2) Cash and cash equivalent divided by total current liabilities.

(3) Current assets excluding inventories divided by total current liabilities

(4) Total current assets divided by total current liabilities.

Capital Structure

Amounts in US\$ thousands	3Q17	2Q17
Cash and cash equivalent	1,119,149	876,118
Restricted cash - current	339,596	344,100
Restricted cash - non current	13,228	12,788
Other financial assets - current ⁽¹⁾	607,258	516,002
Short-term borrowings	437,375	305,898
Long-term borrowings	1,573,150	1,456,108
Medium-term notes	224,755	219,370
Convertible bonds	406,357	402,549
Corporate bonds	496,234	495,789
Total debt	3,137,871	2,879,714
Net debt ⁽²⁾	1,411,464	1,487,594
Equity	5,990,538	5,945,084
Total debt to equity ratio ⁽³⁾	52.4%	48.4%
Net debt to equity ratio ⁽⁴⁾	23.6%	25.0%

Note:

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

Cash Flow

Amounts in US\$ thousands	3Q17	2Q17
Net cash from operating activities	419,540	245,219
Net cash used in investing activities	(399,015)	(1,001,407)
Net cash from financing activities	217,493	80,928
Effect of exchange rate changes	5,013	(665)
Net change in cash and cash equivalent	243,031	(675,925)

Capex Summary

Capital expenditures were \$451.1 million in 3Q17, compared to \$781.7 million in 2Q17.

The planned 2017 capital expenditures for foundry operations are approximately \$2.3 billion, of which approximately \$0.9 billion is expected to be spent for the expansion of capacity in our majority-owned Beijing 300mm fab.

The planned 2017 capital expenditures for non-foundry operations are approximately \$70 million, mainly for the construction of living quarters.

Recent Highlights and Announcements

Invensas DBI Technology Now Available at SMIC (2017-11-08)
Notification of Board Meeting (2017-10-24)
List of Directors and their Roles and Functions (2017-10-16)
Appointment of Co-Chief Executive Officer and Executive Directors (2017-10-16)
ACTT's Complete IoT Solution Now Available on SMIC 55nm eFlash Platform (2017-10-10)
Poll Results of the Extraordinary General Meeting Held on 29 September 2017 (2017-09-29)
SMIC and Sanechips (ZTE Microelectronics) Announce the First Commercial NB-IoT Chip
Designed and Manufactured in Mainland China (2017-09-28)
Discloseable Transaction Further Capital Contribution to A Subsidiary (2017-09-20)
Amendment to Continuing Connected Transactions - Supplemental Agreement

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

	For the three months ended	
	September 30, 2017 (Unaudited)	June 30, 2017 (Unaudited)
Revenue	769,723	751,193
Cost of sales	(592,426)	(557,061)
Gross profit	177,297	194,132
Research and development expenses, net	(106,848)	(111,158)
General and administration expenses	(46,104)	(54,199)
Sales and marketing expenses	(9,587)	(9,441)
Other operating income (expense), net	7,947	2,298
Operating expenses	(154,592)	(172,500)
Profit from operations	22,705	21,632
Other income (expense), net	7,290	14,540
Profit before tax	29,995	36,172
Income tax benefit (expense)	595	(2,856)
Profit for the period	30,590	33,316
Other comprehensive income (loss)		
<i>Item that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translating foreign operations	5,686	6,296
Change in value of available-for-sale financial assets	(455)	(1,050)
Cash flow hedges ⁽³⁾	5,620	5,879
Others	-	(131)
<i>Items that will not be reclassified to profit or loss</i>		
Actuarial gains and losses on defined benefit plans	32	(112)
Total comprehensive income for the period	41,473	44,198
Profit (loss) for the period attributable to:		
Owners of the Company	25,899	36,271
Non-controlling interests	4,691	(2,955)
	30,590	33,316
Total comprehensive income (loss) for the period attributable to:		
Owners of the Company	36,012	46,868
Non-controlling interests	5,461	(2,670)
	41,473	44,198
Earnings per share attributable to Semiconductor Manufacturing International Corporation ordinary shareholders		
Basic	0.01	0.01
Diluted	0.01	0.01
Earnings per ADS attributable to Semiconductor Manufacturing International Corporation ordinary ADS holders		
Basic	0.03	0.04
Diluted	0.03	0.04
Shares used in calculating basic earnings per share	4,651,304,338	4,649,709,400
Shares used in calculating diluted earnings per share	4,690,039,191	4,682,886,025
Reconciliations of Non-GAAP Financial Measures to Comparable GAAP Measures		
Non-GAAP operating expenses ⁽¹⁾	(184,125)	(186,785)
EBITDA ⁽²⁾	260,285	286,766
EBITDA margin ⁽²⁾	33.8%	38.2%

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

Note:

(1) Non-GAAP operating expenses are defined as operating expenses adjusted to exclude the effect of employee bonus accrual, government funding and gain from the disposal of living quarters. SMIC reviews non-GAAP operating expenses together with operating expenses to understand, manage and evaluate its business and make financial and operational decisions. The Group also believes it is useful supplemental information for investors and analysts to assess its operating performance. However, the use of non-GAAP financial measures has material limitations as an analytical tool. One of the limitations of using non-GAAP financial measures is that they do not include all items that impact our net profit for the period. In addition, because non-GAAP financial measures are not calculated in the same manner by all companies, they may not be comparable to other similarly titled measures used by other companies. In light of the foregoing limitations, you should not consider the non-GAAP operating expenses in isolation from or as an alternative to operating expenses prepared in accordance with IFRS.

The following table sets forth the reconciliation of the non-GAAP operating expenses to its most directly comparable financial measure presented in accordance with IFRS, for the periods indicated.

	September 30, 2017 (Unaudited)	June 30, 2017 (Unaudited)	September 30, 2016 (Unaudited)
Operating expenses	(154,592)	(172,500)	(123,471)
Employee bonus accrual	-	3,428	14,330
Government funding	(28,459)	(18,702)	(10,419)
(Gain) loss from the disposal of living quarters	(1,074)	989	(1,508)
Non-GAAP operating expenses	<u>(184,125)</u>	<u>(186,785)</u>	<u>(121,068)</u>

(2) EBITDA is defined as profit for the period excluding the impact of the finance cost, depreciation and amortization, and income tax benefit and expense. EBITDA margin is defined as EBITDA divided by revenue. SMIC uses EBITDA margin as a measure of operating performance; for planning purposes, including the preparation of the

board of directors concerning the

Although EBITDA is widely used by investors to finance cost, income tax benefit

and expense and depreciation and amortization that can vary substantially from company to company depending upon their respective financing structures and accounting policies, the book values of their assets, their capital structures and the methods by which their assets were acquired, EBITDA has limitations as an analytical tool, and

requirements for capital expenditures or other contractual commitments; it does not reflect changes in, or cash finance cost; it does not reflect cash requirements for income taxes; that, although depreciation and amortization are non-cash charges, the assets being depreciated or amortized will often have to be replaced in the future, and these measures do not reflect any cash requirements for these replacements; and that other companies measures differently than SMIC does, limiting their usefulness as comparative measures.

The following table sets forth the reconciliation of EBITDA and EBITDA margin to their most directly comparable financial measures presented in accordance with IFRS, for the periods indicated.

2nBT/F4 9 Tf1 0 0 1 345.43 185.40g((3))TJETG
For the three months ended

September 30, 2017

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

	As of	
	September 30, 2017 (Unaudited)	June 30, 2017 (Unaudited)
ASSETS		
<i>Non-current assets</i>		
Property, plant and equipment	6,289,743	6,482,526
Land use right	98,040	98,604
Intangible assets	228,072	234,976
Investments in associates	740,931	737,111
Investments in joint ventures	15,016	14,588
Deferred tax assets	42,027	46,538
Other financial assets	10,448	4,120
Restricted cash	13,228	12,788
Other assets	33,359	31,374
Total non-current assets	<u>7,470,864</u>	<u>7,662,625</u>
<i>Current assets</i>		
Inventories	625,283	577,179
Prepayment and prepaid operating expenses	37,545	53,061
Trade and other receivables	609,849	722,911
Other financial assets	607,258	516,002
Restricted cash	339,596	344,100
Cash and cash equivalent	1,119,149	876,118
	<u>3,338,680</u>	<u>3,089,371</u>
Assets classified as held-for-sale	38,942	49,654
Total current assets	<u>3,377,622</u>	<u>3,139,025</u>
TOTAL ASSETS	<u>10,848,486</u>	<u>10,801,650</u>
EQUITY AND LIABILITIES		
<i>Capital and reserves</i>		
Ordinary shares, \$0.004 par value, 10,000,000,000 shares authorized, 4,651,624,748 and 4,650,874,001 shares issued and outstanding at September 30, 2017 and June 30, 2017, respectively	18,606	18,603
Share premium	4,475,807	4,474,996
Reserves	113,900	100,736
Retained earnings	131,961	106,062
Equity attributable to owners of the Company	<u>4,740,274</u>	<u>4,700,397</u>
Non-controlling interests	<u>1,250,264</u>	<u>1,244,687</u>
Total equity	<u>5,990,538</u>	<u>5,945,084</u>
<i>Non-current liabilities</i>		
Borrowings	1,573,150	1,456,108
Convertible bonds	406,357	402,549
Bonds payable	496,234	495,789
Medium-term notes	224,755	219,370
Deferred tax liabilities	13,280	18,353
Deferred government funding	291,894	305,998
Other financial liabilities	15,633	27,792
Other liabilities	30,309	29,771
Total non-current liabilities	<u>3,051,612</u>	<u>2,955,730</u>
<i>Current liabilities</i>		
Trade and other payables	1,019,153	1,268,158
Borrowings	437,375	305,898
Deferred government funding	178,293	146,071
Accrued liabilities	170,735	179,597
Current tax liabilities	780	1,112
Total current liabilities	<u>1,806,336</u>	<u>1,900,836</u>
Total liabilities	<u>4,857,948</u>	<u>4,856,566</u>
TOTAL EQUITY AND LIABILITIES	<u>10,848,486</u>	<u>10,801,650</u>

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

	For the three months ended	
	September 30, 2017 (Unaudited)	June 30, 2017 (Unaudited)
Cash flow from operating activities		
Profit for the period	30,590	33,316
Depreciation and amortization	243,196	241,045
Share of (gain) loss of investment using equity method	(1,181)	2,287
Changes in working capital and others	146,935	(31,429)
Net cash from operating activities	419,540	245,219
Cash flow from investing activities:		
Payments for property, plant and equipment	(691,170)	(626,325)
Payments for intangible assets	(7,217)	(11,951)
Net proceeds after netting off land appreciation tax from disposal of property, plant and equipment ⁽¹⁾ and assets classified as held for sale	418,956	5,004
Changes in restricted cash relating to investing activities	-	9,419
Payments to acquire financial assets	(99,668)	(95,813)
Proceeds on sale of financial assets	9,871	139,989
Payment to acquire long-term investment	(30,042)	(421,730)
Distributions received from associates	255	-
Net cash used in investing activities	(399,015)	(1,001,407)
Cash flow from financing activities:		
Proceeds from borrowings	275,554	176,737
Repayment of borrowings	(58,417)	(9,261)
Repayment of short-term notes	-	(87,858)
Proceeds from exercise of employee stock options	356	1,310
Net cash from financing activities	217,493	80,928
Effects of exchange rate changes on the balance of cash held in foreign currencies	5,013	(665)
Net increase (decrease) in cash and cash equivalent	243,031	(675,925)
Cash and cash equivalent, beginning of period	876,118	1,552,043
Cash and cash equivalent, end of period	1,119,149	876,118

Note:

(1) In 3Q17, there were seven financing arrangements in total consideration of US\$410.8 million entered into by the Group with Xincheng Leasing (Tianjin) Co., Ltd, Xindian Leasing (Tianjin) Co., Ltd and Xinlu Leasing (Tianjin) Co., Ltd. (the three leasing companies are wholly-owned subsidiaries of Sino IC Leasing Co., Ltd., an associate of the Group) respectively, in the form of a sale and leaseback transaction with a repurchase option. A batch of production equipment of the Group was sold and leased back under these financing arrangements. As the repurchase prices are set at the expected fair value and the Group is not reasonably certain that it will exercise the repurchase options, the above transactions have been accounted for a disposal of property, plant and equipment followed with an operating lease.