

OM GROUP INC
Form 8-K
May 09, 2006

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 8-K
CURRENT REPORT**

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported): May 9, 2006

OM GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

001-12515

(Commission File Number)

52-1736882

(I.R.S. Employer Identification Number)

127 Public Square

1500 Key Tower

Cleveland, Ohio 44114-1221

(Address of principal executive offices)

(Zip code)

(216) 781-0083

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

Item 2.02 Results of Operations and Financial Condition.

On May 9, 2006, OM Group, Inc. issued a press release announcing the quarter ended March 31, 2006 financial results, a copy of which is attached as Exhibit 99 to this Current Report on Form 8-K, and hereby incorporated by reference.

Item 9.01 Financial Statements and Exhibits.

As described in Item 2.02 of this Current Report on Form 8-K, the following Exhibit is furnished as part of this Current Report on Form 8-K.

(c) Exhibits

99 OM Group, Inc. first quarter 2006 press release, dated May 9, 2006.

SIGNATURE

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.

OM Group, Inc.
(Registrant)

Date: May 9, 2006

/s/ Kenneth Haber
Name: Kenneth Haber
Title: Chief Financial Officer

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The Group's corporate treasury function co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk including currency risk, interest rate risk and other price risk, credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed on continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group enters into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk, including:

- forward foreign exchange contracts to hedge the exchange rate risk arising on the import from suppliers;

- interest rate swaps to mitigate the risk of rising interest rates; and

- cross-currency interest rate swap agreements to protect against volatility of future cash flows caused by the changes in both interest rates and exchange rates associated with outstanding long-term debt denominated in a currency other than the US dollar.

Market risk exposures are measured using the sensitivity analysis and the analysis in the following sections relate to the position as at December 31, 2015, 2014 and 2013.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

39. Financial instruments (*continued*)

Market risk (*continued*)

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies, consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilizing forward foreign exchange contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period were as follows:

	Liabilities			Assets		
	12/31/15	12/31/14	12/31/13	12/31/15	12/31/14	12/31/13
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
EUR	76,462	2,488	3,037	33,968	480	2,595
JPY	5,553	7,560	7,925	2,986	606	1,499
RMB	586,931	221,336	133,177	909,497	1,148,146	766,960
Others	14,127	4,684	8,226	2,529	1,100	7,323

Foreign currency sensitivity analysis

The Group is mainly exposed to the currency of RMB, Japanese Yen ("JPY") and Euros ("EUR").

The following table details the Group's sensitivity to a 5% increase in the foreign currencies against USD. 5% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. For a 5% decrease of the foreign currency against USD, there would be an equal and opposite impact on the profit or equity below predicted.

	EUR			JPY			RMB			Others		
	2015	2014	2013	2015	2014	2013	2015	2014	2013	2015	2014	2013
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Profit or loss	(2,125)	(100)	(22)	(128)	(366)	(338)	16,128	48,780	33,357	(580)	(190)	(1)
Equity	(2,125)	(100)	(22)	(128)	(366)	(338)	16,128	48,780	33,357	(580)	(190)	(1)

Forward foreign exchange contracts

It is the policy of the Group to enter into forward foreign exchange contracts to cover specific foreign currency payments and receipts within the exposure generated. The Group also enters into forward foreign exchange contracts to manage the foreign currency exposure from purchases/sales and financing activities.

39. Financial instruments (*continued*)**Foreign currency risk management** (*continued*)**Forward foreign exchange contracts** (*continued*)

The following table details the forward foreign currency (FC) contracts outstanding at the end of the reporting period:

Outstanding contracts

	Average exchange rate		Foreign currency			Notional value			Fair value assets/(liabilities)		
	12/31/15	12/31/14	12/31/15	12/31/14	12/31/15	12/31/14	12/31/15	12/31/14	12/31/15	12/31/14	12/31/13
			FC'000	FC'000	FC'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Buy EUR											
Less than 3 months	1.0895	—	—	39,192	—	—	42,872	—	—	172	—

The Group does not enter into foreign currency exchange contracts for speculative purposes.

Cross currency swap contracts

It is the policy of the Group to enter into cross-currency swap agreements to protect against volatility of future cash flows caused by the changes in exchange rates associated with outstanding long-term debt denominated in a currency other than the US dollar.

The following table details the cross currency swap contracts outstanding at the end of the reporting period:

Outstanding contracts

	Average exchange rate		Foreign currency			Notional value			Fair value assets/(liabilities)			
	12/31/15	12/31/14	12/31/15	12/31/14	12/31/15	12/31/14	12/31/15	12/31/14	12/31/13			
			FC'000	FC'000	FC'000	USD'000	USD'000	USD'000	USD'000	USD'000		
Buy RMB 1 year to 5 years	6.4360	—	—	480,000	—	—	73,966	—	—	(1,459)	—	—

The Group does not enter into cross currency swap contracts for speculative purposes.

Interest rate risk management

The Group is exposed to interest rate risk relates primarily to the Group's long-term debt obligations, which the Group generally assumes to fund capital expenditures and working capital requirements. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, and by the use of interest rate swap contracts and cross currency swap contracts.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

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For the year ended December 31, 2015

39. Financial instruments (*continued*)

Interest rate risk management (*continued*)

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year.

A 10 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 10 basis points higher and all other variables were held constant, the Group's profit for the year ended December 31, 2015 would decrease by US\$0.4 million (2014: profit decrease by US\$0.2 million and 2013: profit decrease by US\$0.6 million). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is mainly exposed to credit risk from trade and other receivables and deposits with banks and financial institutions.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures and is offered credit terms only with the approval from Finance and Sales Division. Credit quality of a customer is assessed using publicly available financial information and its own trading records to rate its major customers. The Group's exposure and credit ratings of its counterparties are continuously monitored. In addition, receivable balances are monitored on an ongoing basis with the result that the

Group's exposure to bad debts is not significant.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas.

Apart from Customers A, B, C and D, four largest customers of the Group, the Group does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk related to Customers A, B, C and D did not exceed 5%, 4%, 3% and 3% respectively of gross monetary assets at the end of current year. Concentration of credit risk to any other counterparty did not exceed 3% of gross monetary assets at the end of current year.

Net revenue and accounts receivable for customers which accounted for 10% or more of the Group's net sales and gross accounts receivable is disclosed in Note 6.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings.

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39. Financial instruments (*continued*)**Liquidity risk management**

The Group manages liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Group may be required to pay.

		Weighted average effective interest rate %		Less than 3 months USD'000	3 months to 1 year USD'000	1-5 years USD'000	5+ years USD'000	Total USD'000
December 31, 2015								
Interest-bearing bank and other borrowings	Fixed	1.69	%	42,963	—	149,253	238,831	431,047
	Floating	4.98	%	—	71,944	158,744	—	230,688
Convertible bonds		2.78%	-3.7%	—	404,000	—	—	404,000
Bonds payable		4.52	%	—	—	500,000	—	500,000
Trade and other payables				920,426	28,508	5,350	93,482	1,047,766
				963,389	504,452	813,347	332,313	2,613,501

		Weighted average effective interest rate %		Less than 3 months USD'000	3 months to 1 year USD'000	1-5 years USD'000	5+ years USD'000	Total USD'000
December 31, 2014								
Interest-bearing bank and other borrowings	Fixed	2.54	%	39,075	77,099	—	—	116,174
	Floating	6.13	%	—	48,408	287,596	—	336,004

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Convertible bonds	2.78%–3.79%	—	—	404,000	—	404,000
Bonds payable	4.52	%	—	—	500,000	500,000
Trade and other payables			727,589	744	3,492	62,536
			766,664	126,251	1,195,088	62,536
						2,150,539

		Weighted average effective interest rate %	Less than 3 months USD'000	3 months to 1 year USD'000	1–5 years USD'000	5+ years USD'000	Total USD'000	
December 31, 2013								
Interest-bearing bank and other borrowings	Fixed	3.72	%	102,800	119,588	—	—	222,388
	Floating	5.66	%	82,741	91,169	643,369	26,928	844,207
Convertible bonds		3.69	%	—	—	200,000	—	200,000
Trade and other payables				334,622	56,383	2,885	—	393,890
				520,163	267,140	846,254	26,928	1,660,485

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

39. Financial instruments (continued)

Liquidity risk management (continued)*Liquidity and interest risk tables* (continued)

The following table details the Group's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Weighted average effective interest rate %	Less than 3 months USD'000	3 months to 1 year USD'000	1-5 years USD'000	5+ years USD'000	Total USD'000
December 31, 2015						
Trade and other receivables		499,846	—	—	—	499,846
Cash and cash equivalent, restricted cash & short-term investments	2.12 %	1,549,692	45,038	—	—	1,594,730
Available for sale financial assets		—	—	—	19,750	19,750
		2,049,538	45,038	—	19,750	2,114,326
December 31, 2014						
Trade and other receivables		456,388	—	—	—	456,388
	2.60 %	1,309,979	45,484	—	—	1,355,463

39. Financial instruments (*continued*)**Liquidity risk management** (*continued*)**Liquidity and interest risk tables** (*continued*)

The Group has access to short-term financing facilities as described in below section, of which US\$1,351.7 million were unused at the end of the reporting period (2014: US\$767.4 million and 2013: US\$927.5 million). The Group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

The following table details the Group's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

	Less than	3 months			
	1	1–3 months	to 1 year	1–5 years	5+ years
	month				
	USD'000	USD'000	USD'000	USD'000	USD'000
December 31, 2015					
Net settled:					
— foreign exchange forward contracts	42,872	—	—	—	—
— cross currency swap contracts	—	—	—	73,966	—
	42,872	—	—	73,966	—

Fair value of financial instruments**Fair value of financial instruments carried at amortized cost**

The Group considers that the carrying amounts of financial assets and financial liabilities recognized in the 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 that the Group obtains from third parties is internally validated for reasonableness prior to use in the 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

39. Financial instruments (*continued*)**Fair value of financial instruments** (*continued*)***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 year ended December 31, 2015, 2014 and 2013:

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), and

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).

		12/31/15			
Valuation technique(s) and key input		Level 1	Level 2	Level 3	Total
		USD'000	USD'000	USD'000	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 and discounted.	—	257,583	—	257,583
Foreign currency forward contracts classified as other financial assets in the statement	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange	—	172	—	172

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of financial position	rates at the end of the reporting period) and contracted forward rates and discounted.				
Available-for-sale investment	Quoted prices in active markets	3,300	—	—	3,300
Available-for-sale investment	Recent transaction price	—	—	15,173	15,173
	Measured by Binational Model with key assumptions including exercise multiple (75%), risk free rate of interest (1.2%), expected volatility (46.8%) and rate of return (10%).				
Derivative financial instrument		—	—	30,173	30,173
Total		3,300	257,755	45,346	306,401
Financial liabilities at FVTPL					
Cross currency swap contracts classified as other financial liabilities in the statement of financial position	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates and discounted.	—	1,459	—	1,459
Total		—	1,459	—	1,459

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39. Financial instruments (continued)

Fair value of financial instruments (continued)**Fair value measurements recognized in the consolidated statement of financial position (continued)**

		12/31/14			
Valuation technique(s) and key input		Level 1	Level 2	Level 3	Total
		USD'000	USD'000	USD'000	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 and discounted.	—	616,862	—	616,862
Available-for-sale investment	Recent transaction price.	—	—	13,803	13,803
Total		—	616,862	13,803	630,665

		12/31/13			
Valuation technique(s) and key input		Level 1	Level 2	Level 3	Total
		USD'000	USD'000	USD'000	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 and discounted.	—	240,311	—	240,311
Total		—	240,311	—	240,311

40. Related party transactions

The names of the related parties which had transactions with the Group for the year ended December 31, 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 Holdings A substantial shareholder of the Company

Datang Telecom Technology & Industry Holdings Co., Ltd. (“Datang Holdings”)	
Datang Microelectronics Technology Co., Ltd.	A member of Datang Group
Datang Semiconductor Co., Ltd.	A member of Datang Group
Leadcore Technology Co., Ltd and Leadcore Technology (Hong Kong) Co., Ltd (“Leadcore”)	A member of Datang Group
Datang Telecom Group Finance Co., Ltd. (“Datang Finance”)	A member of Datang Group
China IC Fund	A substantial shareholder of the Company
China Investment Corporation (“CIC”)	A substantial shareholder of the Company in the middle of 2015, which was interested in less than 5% of the share capital of the Company as at December 31, 2015
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

40. Related party transactions (*continued*)**Trading transactions**

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

	Sale of goods			Sale of services		
	Year ended			Year ended		
	12/31/15	12/31/14	12/31/13	12/31/15	12/31/14	12/31/13
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Datang Microelectronics Technology Co., Ltd	12,885	12,340	14,821	—	—	—
Datang Semiconductor Co., Ltd	865	—	—	—	—	—
Leadcore	8,881	2,173	1,905	—	—	—
Toppan	—	—	—	3,699	4,486	4,317
Brite	31,379	31,444	NA	—	—	NA
China Fortune-Tech	—	—	NA	60	41	NA

	Purchase of goods			Purchase of services		
	Year ended			Year ended		
	12/31/15	12/31/14	12/31/13	12/31/15	12/31/14	12/31/13
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
China Academy of Telecommunication Technology	—	—	—	—	1,163	—
Toppan	7,996	1,345	7	3,516	22,726	22,854
Zhongxin Xiecheng	—	—	—	1,199	2,673	1,930
Brite	—	—	NA	2,582	3,201	NA
China Fortune-Tech	—	—	NA	938	116	NA

40. 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		
	12/31/15	12/31/14	12/31/13	12/31/15	12/31/14	12/31/13
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
China Academy of Telecommunication Technology	—	360	—	—	—	—
Datang Semiconductor Co., Ltd	61	—	—	—	—	—
Datang Microelectronics Technology Co., Ltd	5,338	5,642	6,124	—	—	—
Datang Finance	—	—	—	—	—	65,884
Leadcore	1,948	619	405	3,667	7	140
Toppan	317	387	370	1,148	2,739	2,397
Zhongxin Xiecheng	—	—	6	—	—	—
Brite	5,661	3,772	683	141	700	645
China Fortune-Tech	40	41	—	—	—	—

On February 18, 2014, the Company entered into a framework agreement with Datang Holdings (the “Framework Agreement”). Pursuant to the agreement, the Group and Datang Holdings (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 June 8, 2015, 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. Please refer to Note 28 for details.

On September 25, 2015, Country Hill subscribed 323,518,848 ordinary shares of the Company. Please refer to Note 28 for details.

On October 9, 2015, Datang subscribed 961,849,809 ordinary shares of the Company. Please refer to Note 28 for details.

On December 18, 2015, the Company and Datang Finance entered into a financial services agreement with a three year term commencing on January 1, 2016 and ending on December 31, 2018, pursuant to which Datang Finance has agreed to provide the Company and its subsidiaries, including its associated companies and companies under its management with a range of financial services (including deposit services, loan services, foreign exchange services and other financial services).

On December 28, 2015, the Company entered into a new framework agreement (the “Renewed Framework Agreement”) with Datang Holdings, pursuant to which the Group and Datang Holdings (including its associates) would engage in business collaboration including but not limited to foundry service. The term of the Renewed Framework Agreement is three years commencing from January 1, 2016. The pricing for the transactions contemplated under the Renewed Framework Agreement is determined based on the same as the Framework Agreement.

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For the year ended December 31, 2015

40. Related party transactions (*continued*)

Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including directors of the Company.

The remuneration of key management personnel during the year are as follows:

	Year ended 12/31/15 USD'000	Year ended 12/31/14 USD'000	Year ended 12/31/13 USD'000
Short-term benefit	4,731	4,593	4,318
Share-based payments	2,618	2,535	3,028
	7,349	7,128	7,346

The remuneration of key management personnel is determined by the Compensation Committee having regard to the performance of individuals and market trends.

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

In 2015, the Group entered into arrangement/contracts with 4 of the Company's directors and key management for sale of self-developed living quarter units and the amount of the considerations was approximately US\$3.6 million. The transactions were not completed as of the date of this annual report.

In 2013, amount of sale of self-developed living quarter units to one of directors of the Company and one of the key management, which were approved by the Board, were US\$1.1 million and US\$0.8 million.

41. Commitments for expenditure

Purchase commitments

As of December 31, 2015, 2014 and 2013, 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, 2016.

	12/31/15	12/31/14	12/31/13
	USD'000	USD'000	USD'000
Commitments for the facility construction	165,274	211,696	114,878
Commitments for the acquisition of property, plant and equipment	1,146,275	292,867	178,382
Commitments for the acquisition of intangible assets	29,392	14,109	10,147
	1,340,941	518,672	303,407

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42. Financial information of parent company

(i) Statement of financial position

	12/31/15 USD'000	12/31/14 USD'000	12/31/13 USD'000
Assets			
Non-current assets			
Property, plant and equipment	30,123	10,244	7,301
Intangible assets	108,897	133,117	154,682
Investment in subsidiaries	3,153,887	2,888,658	2,689,158
Investments in associates	42,553	14,205	12,301
Other assets	118,989	166,500	1,000
Total non-current assets	3,454,449	3,212,724	2,864,442
Current assets			
Prepayment and prepaid operating expenses	633	641	626
Trade and other receivables	450,224	312,760	201,352
Other financial assets	15,000	12,000	—
Restricted cash	—	—	29,130
Cash and cash equivalent	115,726	55,600	162,360
Total current assets	581,583	381,001	393,468
Total assets	4,036,032	3,593,725	3,257,910
Equity and liabilities			
Capital and reserves			
Ordinary shares \$0.0004 par value, 50,000,000,000 shares authorized, 42,073,748,961, 35,856,096,167 and 32,112,307,101 shares issued and outstanding at December 31, 2015, 2014 and 2013, respectively	16,830	14,342	12,845
Share premium	4,904,244	4,377,013	4,090,229
Reserves	98,931	93,012	69,295
Accumulated deficit	(1,918,402)	(1,850,292)	(1,763,481)
Total equity	3,101,603	2,634,075	2,408,888
Non-current liabilities			
Convertible bonds	—	379,394	180,563
Bonds payable	493,207	491,579	—
Other long-term liabilities	2,080	—	—
Total non-current liabilities	495,287	870,973	180,563
Current liabilities			
Trade and other payables	33,445	18,391	527,035
Borrowings	—	61,221	133,803
Convertible bonds	392,632	—	—
Accrued liabilities	11,606	9,065	7,615
Other financial liabilities	1,459	—	—
Current tax liabilities	—	—	6
Total current liabilities	439,142	88,677	668,459
Total liabilities	934,429	959,650	849,022

Total equity and liabilities	4,036,032	3,593,725	3,257,910
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

42. Financial information of parent company (continued)

(ii) Statement of changes in equity

	Ordinary shares USD'000	Share premium USD'000	Equity- settle employee benefits reserve USD'000	Foreign currency translation reserve USD'000	Convertible bonds equity reserve USD'000	Accumulated deficit USD'000	Attributable to owners of the Company USD'000	Total Equity USD'000
Balance at December 31, 2012	12,800	4,083,588	42,232	(1,092)	—	(1,701,430)	2,436,098	2,436,098
Loss for the year	—	—	—	—	—	(62,051)	(62,051)	(62,051)
Total comprehensive loss for the year	—	—	—	—	—	(62,051)	(62,051)	(62,051)
Exercise of stock options	45	6,641	(3,457)	—	—	—	3,229	3,229
Share-based compensation	—	—	16,402	—	—	—	16,402	16,402
Recognition of equity component of convertible bonds	—	—	—	—	15,210	—	15,210	15,210
Subtotal	45	6,641	12,945	—	15,210	—	34,841	34,841
Balance at December 31, 2013	12,845	4,090,229	55,177	(1,092)	15,210	(1,763,481)	2,408,888	2,408,888
Loss for the year	—	—	—	—	—	(86,811)	(86,811)	(86,811)
Total comprehensive loss for the year	—	—	—	—	—	(86,811)	(86,811)	(86,811)
Issuance of ordinary shares	1,411	268,362	—	—	—	—	269,773	269,773
Exercise of stock options	86	18,422	(9,025)	—	—	—	9,483	9,483
Share-based compensation	—	—	18,388	—	—	—	18,388	18,388
Recognition of equity component of convertible bonds	—	—	—	—	14,354	—	14,354	14,354

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Subtotal	1,497	286,784	9,363	—	14,354	—	311,998	311,998
Balance at December 31, 2014	14,342	4,377,013	64,540	(1,092)	29,564	(1,850,292)	2,634,075	2,634,075
Loss for the year	—	—	—	—	—	(68,110)	(68,110)	(68,110)
Total comprehensive loss for the year	—	—	—	—	—	(68,110)	(68,110)	(68,110)
Issuance of ordinary shares	2,395	506,412	—	—	—	—	508,807	508,807
Exercise of stock options	93	20,819	(12,169)	—	—	—	8,743	8,743
Share-based compensation	—	—	18,088	—	—	—	18,088	18,088
Subtotal	2,488	527,231	5,919	—	—	—	535,638	535,638
Balance at December 31, 2015	16,830	4,904,244	70,459	(1,092)	29,564	(1,918,402)	3,101,603	3,101,603

43. Approval of financial statements

The financial statements were approved and authorized for issue by the board of directors of the Company on March 30, 2016.

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: May 16, 2016 By: /s/ Dr. Tzu-Yin Chiu
Name: Dr. Tzu-Yin Chiu
Title: Chief Executive Officer, Executive Director

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