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## NEWS RELEASE

### SMIC Reports 2010 Fourth Quarter Results

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

*The financial statement amounts in this report are determined in accordance with US GAAP.*

**Shanghai, China – February 17, 2011.** Semiconductor Manufacturing International Corporation (NYSE SMI SEHK ) (SMIC or the Company), one of the leading semiconductor foundries in the world, today announced its consolidated results of operations for the three months ended December .

#### Fourth Quarter 2010 Highlights:

**Revenue up by 0.4% to \$411.8 million in 4Q10 from \$410.1 million in 3Q10 and up by 23.6% compared to 4Q09.**

**Gross margin was 23.9% in 4Q10 compared to 24.5% in 3Q10 primarily due to an increase in other manufacturing costs.**

**Net cash flow from operations has increased to \$248.6 million in 4Q10 from \$125.2 million in 3Q10.**

**Income attributable to holders of ordinary shares was US\$68.6 million in 4Q10, compared to income of US\$30.4 million in 3Q10.**

**Diluted EPS was \$0.13 per ADS.**

#### First Quarter 2011 Guidance:

The following statements are forward looking statements which are based on current expectation and which involve risks and uncertainties, some of which are set forth under Safe Harbor Statements below

Revenue is expected to decline between, to

Gross margin is expected to range from to

Operating expenses excluding foreign exchange differences are expected to range million to million

capital expenditures to be around billion

Commenting on the quarterly results, Dr David NK Wang, President and Chief Executive Officer of SMIC remarked, was a year of achievement for SMIC. First, I am pleased to report that SMIC continued to be profitable for the third consecutive quarter, and has achieved its first profitable year, at both operational and net income levels, after years of loss. I would like to thank SMIC employees for their efforts, which resulted in enhanced customer relations, successful advanced technology ramp up, and overall effective execution. Second, we recorded historical high annual revenue of more than billion for , representing a year over year growth of 4. Fourth quarter gross margin of 4 exceeded our guidance. Thus we achieved gross margin for the full year of , which is the highest gross margin performance achieved since after the year of IPO. Furthermore, we received various awards in , recognizing our high level of performance and service as well as improvements of these came from our top customers. We are gaining momentum in engaging with key customers on both legacy and advanced technology. All of this shows we have made significant progress compared to months ago. We have confidence that our momentum will continue through and onwards.



In summary, we achieved a profitable, successful, nanometer ramp up thus far, improved operations and overall customer relationships. We continue to focus on sustainable profitability for the long term. In the near term we continue to ramp up, nanometer and to bring our 44 nanometer into production by the end of . With our planned build up, we target to outgrow the foundry industry in , and we look forward, with our strategy and execution to deliver sustainable value to our shareholders.

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## Conference Call / Webcast Announcement

Date: Friday, February  
Time: a.m. Shanghai time  
Dial in numbers and pass code

US



global economy and the impact on China's economy, intense competition, timely wafer acceptance by SMIC's customers, timely introduction of new technologies, SMIC's ability to capture growth opportunities in China, supply and demand for semiconductor foundry services, industry overcapacity, shortages in equipment, components and raw materials, orders or judgments from pending litigation, availability of manufacturing capacity and financial stability in end markets

Investors should consider the information contained in SMIC's filings with the U.S. Securities and Exchange Commission (SEC), including its annual report on Form 20-F filed with the SEC on June 20, 2011, especially in the Risk Factors and Management's Discussion and Analysis of Financial Condition and Results of Operations sections, and such other documents that SMIC may file with the SEC or The Hong Kong Stock Exchange Limited (SEHK) from time to time, including on Form 20-K. Other unknown or unpredictable factors also could have material adverse effects on SMIC's 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 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.

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## Summary of Fourth Quarter 2010 Operating Results

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

	4Q10	3Q10	QoQ	4Q09	YoY
Revenue	4 . 4	4 .	4		
Cost of sales	. 4	.44			
Gross profit	. 4	. 4		. 4	
Operating expenses			4	. 44	
Income (loss) from operations	4 . 4			. )	
Other income (expense), net	.44			. )	
Income tax (expense) benefit	)	. 4)			
Net income (loss) after income taxes	. .	. 4	4	. . . . )	
Gain (loss) from equity investment	4			4)	
Net income (loss)	. . .			. . . )	
Accretion of interest to noncontrolling interest	. )	. )		4)	
Loss attributable to noncontrolling interest	4				
Earnings (Loss) attributable to Semiconductor Manufacturing International Corporation	. .	.44		. . . )	
Gross margin		4			
Operating margin					
Earnings (loss) per ordinary share (basic)				)	
Earnings (loss) per ADS (basic)				)	
Earnings (loss) per ordinary share (diluted)				)	
Net income (loss) per ADS (diluted)				)	
Wafers shipped in wafers) <sup>(2)</sup>	. 4 4			4 . . .	4
Capacity utilization		. 4			

Note:

(1) Based on weighted average ordinary shares of 26,547 million (basic) and 26,749 million (diluted) in 4Q10, 25,567 million (basic) and 25,747 million (diluted) in 3Q10 and 22,370 million (basic) and 22,370 million (diluted) in 4Q09

(2) Including copper interconnects



Revenue increased to 4 million in 4Q , up 4 QoQ from 4 million in Q due to a increase in wafer shipments

Cost of sales increased to million in 4Q , up QoQ from 4 million in Q primarily due to an increase in other manufacturing costs

Gross profit was million in 4Q , compared to a gross profit of million in Q and gross profit of 4 million in 4Q

Gross margin was in 4Q from 4 in Q primarily due to an increase in other manufacturing costs

Total operating expenses decreased to million in 4Q from million in Q , a decrease of 4 QoQ driven by recovery from bad debt write off

R&D expenses decreased to 4 million in 4Q , down QoQ from 4 4 million in Q due to a decrease in R&D experiments

G&A expenses was ) million in 4Q , compared to an expense of million in Q due to a million recovery from bad debt write off

Selling & marketing expenses increased to million in 4Q , up QoQ from million in Q primarily due to an increase in selling activities and related fees



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## Analysis of Revenues

Sales Analysis
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**Capacity\***

Fab (Wafer Size)	4Q10	3Q10
Shanghai Mega Fab (8")	1,000,000	1,000,000
Beijing Mega Fab (8")	1,400,000	1,000,000
Tianjin Fab (8")	1,000,000	1,000,000
Total monthly wafer fabrication capacity	3,400,000	3,000,000

Note:

\* Wafers per month at the end of the period in 8" equivalent wafers

**Shipment and Utilization**

8" equivalent wafers	4Q10	3Q10	4Q09
Wafer shipments including copper interconnects	1,400,000	1,000,000	1,000,000
Utilization rate (1)	41%	33%	33%

Note:

(1) Capacity utilization based on total wafer out divided by estimated capacity

Wafer shipments increased QoQ to 1.4 million units of 8 inch equivalent wafers in 4Q from 1 million units of 8 inch equivalent wafers in 3Q, and up 40% YoY from 1 million units of 8 inch equivalent wafers in 4Q09.



## Detailed Financial Analysis

### **Gross Profit Analysis**

<i>Amounts in US\$ thousands</i>	<b>4Q10</b>	<b>3Q10</b>	<b>QoQ</b>	<b>4Q09</b>	<b>YoY</b>
Cost of sales	. 4	.44			
D					



### **Other Income (Expenses)**

<i>Amounts in US\$ thousands</i>	<b>4Q10</b>	<b>3Q10</b>	<b>QoQ</b>	<b>4Q09</b>	<b>YoY</b>
Other income (expenses), net	.44	.	.	. )	
Interest income	. 4	.	.	. )	
Interest expense	. 4)	. )	4	. 4)	
Change in the fair value of commitment to issue shares and warrants	.	.	.	. )	
Foreign currency exchange gain	.	.	4	. )	4.
Other, net	. )	. )	.	.	

Other income increased to 4 million in 4Q from 4 million in Q primarily due to receiving a 4 million utilities subsidy from government

The Company recorded an overall foreign exchange gain of million in 4Q as compared to an exchange gain of 4 million in Q

### **Depreciation and Amortization**

Total depreciation and amortization in 4Q was million compared to 4.4 million in Q due to depreciated inch production equipment

### **Liquidity**

<i>Amounts in US\$ thousands</i>	<b>4Q10</b>	<b>3Q10</b>
Cash and cash equivalents	. 4	. 4
Restricted cash	. )	.
Accounts receivable	. )	. 4
Inventories	. 4 4	. 4 4
Others	.	.
Total current assets	. .	. 4
Accounts payable	.	. 4 . 4
Short term borrowings	.	. 4 . 4
Current portion of long term debt	. 4	. )
Others	. 4	. ) )
Total current liabilities	. . 4	. ) . 4
Cash Ratio	4x	4x
Quick Ratio	x	x
Current Ratio	x	x



### Capital Structure

<i>Amounts in US\$ thousands</i>	<b>4Q10</b>	<b>3Q10</b>
Cash and cash equivalents	.	4 . 4
Restricted cash	.	.
Current portion of promissory notes	. 4	4 . 4
Non current portion of promissory notes	.	. 4 4
Short term borrowings	.	4 . 4
Current portion of long term debt	. 4	.
Long term debt	.	. 4
Total debt	4 .	.
Equity	.	.
Total debt to equity ratio	4	4 . 4

### Cash Flow

<i>Amounts in US\$ thousands</i>	<b>4Q10</b>	<b>3Q10</b>
Net cash from operating activities	4 .	.
Net cash from investing activities	4 . 4 )	. 4 . )
Net cash from financing activities	4 .	.
Effect of exchange rate changes	.	)
Net change in cash	4 .	4 . )

### Capex Summary

Capital expenditures for 4Q were million



## **Recent Highlights and Announcements**

Resignation of Alternate Director (4)  
Notification of Board Meeting )  
SMIC Adopts Cadence DFM and Low power Silicon Realization Technology for, Nanometer Reference Flow  
4)  
Rockchip and SMIC in commercial production of, nm multimedia chips )  
SMIC and Brite Semiconductor Collaborate to Provide Integrated IC Design and Manufacturing Services  
)  
Synopsys and SMIC Team to Deliver Proven SoC Design Solution for, nm to 4 nm Process Nodes )  
Grant of Options )  
SMIC reports results for the three months ended September )  
SMIC to invest in Wuhan Xinxin, writing a new chapter in scientific development )  
Notification of Board Meeting )  
ARM and SMIC Extend Comprehensive Product Portfolio of Free Libraries of Physical IP to, NM and 4 NM II  
Process Technology )

*Please visit SMIC's website at [http://www.smics.com/website/enVersion/Press\\_Center/newsRelease.ftl](http://www.smics.com/website/enVersion/Press_Center/newsRelease.ftl)  
for further details regarding the recent announcements.*



Semiconductor Manufacturing International Corporation  
**CONSOLIDATED BALANCE SHEETS**  
 In US dollars, except per share data)

	As of	
	December 31, 2010 (Unaudited)	September 30, 2010 (Unaudited)
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents		4,400,000
Restricted cash		
Short term investments	4,400,000	
Accounts receivable, net of allowances of 4,400,000 and 4,400,000 at December and September, respectively	4,400,000	4,400,000
Inventories	4,400,000	4,400,000
Prepaid expense and other current assets	4,400,000	4,400,000
Assets held for sale		4,400,000
Current portion of deferred tax assets	4,400,000	
<b>Total current assets</b>	<b>1,179,102,487</b>	<b>1,093,403,244</b>
Prepaid land use rights		4,400,000
Plant and equipment, net		4,400,000
Acquired intangible assets, net		4,400,000
Equity investment	4,400,000	4,400,000
Other long term assets		
Deferred tax assets		4,400,000
<b>TOTAL ASSETS</b>	<b>3,902,693,214</b>	<b>3,671,334,676</b>
<b>LIABILITIES AND EQUITY</b>		
Current liabilities		
Accounts payable		4,400,000
Accrued expenses and other current liabilities	4,400,000	4,400,000
Short term borrowings		4,400,000
Current portion of promissory notes	4,400,000	4,400,000
Current portion of long term debt	4,400,000	
Income tax payable		
<b>Total current liabilities</b>	<b>1,399,345,332</b>	<b>1,186,345,802</b>
Long term liabilities		
Non current portion of promissory notes		4,400,000
Long term debt		4,400,000
Long term payables relating to license agreements		44,000
Other long term liabilities		
Deferred tax liabilities	4,400,000	
<b>Total long term liabilities</b>	<b>294,806,339</b>	<b>453,564,423</b>
<b>Total liabilities</b>	<b>1,694,151,671</b>	<b>1,639,910,225</b>
Noncontrolling interest	4,400,000	4,400,000
Equity		
Ordinary shares, 4 par value, 4,400,000 shares authorized, 4,400,000 and 4,400,000 shares issued and outstanding at December and September, respectively		
Additional paid in capital	4,400,000	4,400,000
Accumulated other comprehensive loss	(4,400,000)	(4,400,000)
Accumulated deficit	(4,400,000)	(4,400,000)
<b>Total equity</b>	<b>2,169,537,375</b>	<b>1,995,797,603</b>
<b>TOTAL LIABILITIES, NONCONTROLLING INTEREST AND EQUITY</b>	<b>3,902,693,214</b>	<b>3,671,334,677</b>



Semiconductor Manufacturing International Corporation  
**CONSOLIDATED STATEMENT OF INCOME**  
 In US dollars, except share data)

	For the three months ended	
	December 31,2010 (Unaudited)	September 30,2010 (Unaudited)
Sales	4 . 4 .	4 . . . .
Cost of sales	. 4 .	. 44 .
Gross profit	<b>98,593,585</b>	<b>100,640,153</b>
Operating expenses		
Research and development	4 . . 4	4 . . . .
General and administrative	. . . . )	. . . . 4 .
Selling and marketing	. . . . .	. . . . .
Amortization of acquired intangible assets	. . . 4 .	. . . 4 . 4
Impairment loss of long lived assets	. 4 .	
Gain) loss from sale of equipment and other fixed assets	. . 4 . 4 )	. . . . 4
Total operating expenses, net	<b>57,259,831</b>	<b>79,952,398</b>
Income from operations	4 . . . 4	. . . . .
Other income (expense)		
Interest income	. 4 . . 4	. . . . .
Interest expense	. . . . )	. . . . . )
Change in the fair value of commitment to issue shares and warrants	. . . . .	. . . . .
Foreign currency exchange gain (loss)	. . . . .	. . . . .



Semiconductor Manufacturing International Corporation  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
 In US dollars)

For the three months ended

	December 31, 2010 (Unaudited)	September 30, 2010 (Unaudited)
<b>Operating activities</b>		
Net income	4	4
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Deferred tax	4 )	4 4
Gain) loss from sale of equipment and other fixed assets	4 4 )	4
Depreciation and amortization	4	4
Amortization of acquired intangible assets	4	4 4
Share based compensation	4	4
Impairment loss of long lived assets	4	
Non cash interest expense on promissory note and long term payable relating to license agreements		
Gain from equity investment	4 )	4 )
Change in the fair value of commitment to issue shares and warrants		
Allowance for doubtful accounts		
Other non cash expense	4	4 4
<b>Changes in operating assets and liabilities:</b>		
Accounts receivable	4,4	)
Inventories	4,4 4	)
Prepaid expense and other current assets	4 )	4,4 )
Prepaid land use rights		)
Accounts payable	4 )	)
Accrued expenses and other current liabilities		)
Income tax payable	4 )	)
Other long term liabilities	4 )	)
Changes in restricted cash relating to operating activities	4	)
<b>Net cash provided by operating activities</b>	<b>248,632,281</b>	<b>125,170,031</b>
<b>Investing activities:</b>		
Purchase of plant and equipment	4 4 )	)
Proceeds from government subsidy to purchase plant and equipment		
Proceeds from sale of equipment	4 )	
Proceeds received from sale of assets held for sale	4	
Purchases of intangible assets		4 )
Purchase of short term investments	44 )	)
Sale of short term investments		)
Changes in restricted cash relating to investing activities	4 44)	)
Cash assumed from consolidation of a subsidiary		
<b>Net cash used in investing activities</b>	<b>(246,457,850)</b>	<b>(164,825,487)</b>
<b>Financing activities:</b>		
Proceeds from short term borrowings	4 4	)
Repayment of short term borrowings	4 4)	)
Repayment of long term debt	)	4)
Repayment of promissory notes	)	)
Proceeds from issuance of ordinary shares		
Proceeds from exercise of employee stock options		



Semiconductor Manufacturing International Corporation  
CONSOLIDATED STATEMENT OF CASH FLOWS  
In US dollars, except per share data)

<b>Net cash provided by financing activities</b>	<u>41,087,352</u>	<u>5,549,927</u>
Effect of exchange rate changes	<u>4</u>	<u>4,4)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>43,561,167</b>	<b>(34,300,113)</b>
<b>CASH AND CASH EQUIVALENTS, beginning of period</b>	<b>4,4</b>	<b>4,4</b>
<b>CASH AND CASH EQUIVALENTS, end of period</b>	<u><u>515,808,333</u></u>	<u><u>472,247,166</u></u>