



Contact:

Investor Relations

ext. 4

ir@smics.com

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 4 4 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.

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 1, 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.



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) ⁽²⁾	.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 4.1 billion in 4Q, up 4.1% QoQ from 4.0 billion in 3Q due to a 4.1% increase in wafer shipments.

Cost of sales increased to 2.8 billion in 4Q, up 2.8% QoQ from 2.7 billion in 3Q primarily due to an increase in other manufacturing costs.

Gross profit was 1.3 billion in 4Q, compared to a gross profit of 1.3 billion in 3Q and gross profit of 1.3 billion in 4Q.

Gross margin was 32.0% in 4Q from 32.0% in 3Q primarily due to an increase in other manufacturing costs.

Total operating expenses decreased to 1.5 billion in 4Q from 1.6 billion in 3Q, a decrease of 6.3% QoQ driven by recovery from bad debt write off.

R & D expenses decreased to 4.4 billion in 4Q, down 4.4% QoQ from 4.6 billion in 3Q due to a decrease in R & D experiments.

G & A expenses was 1.0 billion in 4Q, compared to an expense of 1.0 billion in 3Q due to a 1.0 billion recovery from bad debt write off.

Selling & marketing expenses increased to 0.5 billion in 4Q, up 0.5% QoQ from 0.5 billion in 3Q primarily due to an increase in selling activities and related fees.



Analysis of Revenues

Sales Analysis



Capacity*

Fab (Wafer Size)	4Q10	3Q10
Shanghai Mega Fab (12")	1.4	1.4
Beijing Mega Fab (12")	1.4	1.4
Tianjin Fab (12")	1.4	1.4
Total monthly wafer fabrication capacity	4.2	4.2

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	4.4	4.4	4.4
Utilization rate ⁽¹⁾	100%	100%	100%

Note:

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

Wafer shipments increased QoQ to 4.4 units of 8 inch equivalent wafers in 4Q from 4.4 units of 8 inch equivalent wafers in 3Q, and up 4.4 YoY from 4.4 units of 8 inch equivalent wafers in 4Q.



Detailed Financial Analysis

Gross Profit Analysis

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



Other Income (Expenses)

Amounts in US\$ thousands	4Q10	3Q10	QoQ	4Q09	YoY
Other income (expenses), net	.44	.4	.04	.4	.04
Interest income	.4	.4	.0	.4	.0
Interest expense	(.4)	(.4)	.0	(.4)	.0
Change in the fair value of commitment to issue shares and warrants	.0	.0	.0	.0	.0
Foreign currency exchange gain	.0	.0	.0	.0	.0
Other, net	.04	.0	.04	.0	.04

Other income increased to .4 million in 4Q from .4 million in 3Q primarily due to receiving a .4 million utilities subsidy from government.

The Company recorded an overall foreign exchange gain of .0 million in 4Q as compared to an exchange gain of .4 million in 3Q.

Depreciation and Amortization

Total depreciation and amortization in 4Q was .4 million compared to .4 million in 3Q due to depreciated inch production equipment.

Liquidity

Amounts in US\$ thousands	4Q10	3Q10
Cash and cash equivalents	4.4	4.4
Restricted cash	.0	.0
Accounts receivable	.4	.4
Inventories	4.4	4.4
Others	.0	.0
Total current assets	8.8	8.8
Accounts payable	.4	.4
Short term borrowings	.4	.4
Current portion of long term debt	.4	.4
Others	.0	.0
Total current liabilities	1.6	1.6
Cash Ratio	4x	4x
Quick Ratio	4x	4x
Current Ratio	4x	4x



Capital Structure

<i>Amounts in US\$ thousands</i>	4Q10	3Q10
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>	4Q10	3Q10
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 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)
ASSETS		
Current assets		
Cash and cash equivalents	4,400,000	4,400,000
Restricted cash	4,400,000	4,400,000
Short term investments	4,400,000	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	4,400,000
Current portion of deferred tax assets	4,400,000	4,400,000
Total current assets	1,179,102,487	1,093,403,244
Prepaid land use rights	4,400,000	4,400,000
Plant and equipment, net	4,400,000	4,400,000
Acquired intangible assets, net	4,400,000	4,400,000
Equity investment	4,400,000	4,400,000
Other long term assets	4,400,000	4,400,000
Deferred tax assets	4,400,000	4,400,000
TOTAL ASSETS	3,902,693,214	3,671,334,676
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	4,400,000	4,400,000
Accrued expenses and other current liabilities	4,400,000	4,400,000
Short term borrowings	4,400,000	4,400,000
Current portion of promissory notes	4,400,000	4,400,000
Current portion of long term debt	4,400,000	4,400,000
Income tax payable	4,400,000	4,400,000
Total current liabilities	1,399,345,332	1,186,345,802
Long term liabilities		
Non current portion of promissory notes	4,400,000	4,400,000
Long term debt	4,400,000	4,400,000
Long term payables relating to license agreements	4,400,000	4,400,000
Other long term liabilities	4,400,000	4,400,000
Deferred tax liabilities	4,400,000	4,400,000
Total long term liabilities	294,806,339	453,564,423
Total liabilities	1,694,151,671	1,639,910,225
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	4,400,000	4,400,000
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)
Total equity	2,169,537,375	1,995,797,603
TOTAL LIABILITIES, NONCONTROLLING INTEREST AND EQUITY	3,902,693,214	3,671,334,677



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	4,444	4,444
Cost of sales	4,444	4,444
Gross profit	98,593,585	100,640,153
Operating expenses		
Research and development	4,444	4,444
General and administrative	(4,444)	(4,444)
Selling and marketing	(4,444)	(4,444)
Amortization of acquired intangible assets	(4,444)	(4,444)
Impairment loss of long lived assets	(4,444)	(4,444)
(Gain) loss from sale of equipment and other fixed assets	(4,444)	(4,444)
Total operating expenses, net	57,259,831	79,952,398
Income from operations	4,444	4,444
Other income (expense)		
Interest income	(4,444)	(4,444)
Interest expense	(4,444)	(4,444)
Change in the fair value of commitment to issue shares and warrants	(4,444)	(4,444)
Foreign currency exchange gain (loss)	(4,444)	(4,444)



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



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

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