



公司

Cayman Islands

Stock Code: 0981

Interim Report

2011...





# CORPORATE INFORMATION

中芯國際集成電路製造有限公司

中芯國際集成電路製造有限公司  
C.S. (H.K.) (中芯國際)

C.S. (H.K.)

中芯國際集成電路製造有限公司\*

中芯國際集成電路製造有限公司

B-309  
H.K.  
G.C.  
K-1-1104  
C.I.

中芯國際集成電路製造有限公司

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201203  
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中芯國際集成電路製造有限公司  
中芯國際集成電路製造有限公司

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H.K.

中芯國際集成電路製造有限公司

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C.S. (H.K.)

A.C.

A.C. (H.K.)

A.C.  
A.C.

中芯國際集成電路製造有限公司

E.H.K.L.  
(HK E)  
E (E)

中芯國際集成電路製造有限公司

0981 (HK E)  
MI (E)

\* E.S. (H.K.)

# LETTER TO SHAREHOLDERS

DEAR SHAREHOLDERS,

Dear Shareholders, I am pleased to inform you that SMIC has achieved a record performance in 2011. Our revenue increased by 10.5% to RMB10.5 billion, and our net profit grew by 15.2% to RMB1.5 billion. This is a testament to the hard work and dedication of our employees and the support of our shareholders.

Our Board of Directors, led by Chairman Mr. Feng, has approved the 2011 Interim Dividend of RMB0.15 per share. The dividend will be paid on August 29, 2011. We also propose a new share repurchase program of up to RMB1 billion.

During the first half of 2011, we continued to invest in our R&D and manufacturing capabilities. Our R&D expenses increased by 15.2% to RMB1.2 billion. We also completed the acquisition of our subsidiary, SMIC (USA) Inc., for a total consideration of \$250 million. This acquisition will further strengthen our global presence and enhance our product portfolio.

Our financial performance in the first half of 2011 is summarized in the following table:

Revenue	RMB10.5 billion
Net Profit	RMB1.5 billion
Operating Profit	RMB1.8 billion
EBITDA	RMB2.2 billion
Operating Cash Flow	RMB1.8 billion
Free Cash Flow	RMB1.5 billion

Our strong performance in 2011 is a result of our strategic focus on high-growth markets and our commitment to innovation. We will continue to invest in our R&D and manufacturing capabilities to drive long-term growth.

We are grateful for the support and confidence of our shareholders. We will continue to work hard to create value for all stakeholders and to drive the long-term growth of SMIC.

Thank you for your support and confidence in SMIC.

Zhang Wenyi

Tzu-Yin Chiu

SMIC  
August 29, 2011



### OTHER INCOME (EXPENSES)

Other income	\$3.2	Other income	30,2011	Other income	30,2011
Other expenses	\$55.3	Other expenses	30,2010	Other expenses	30,2010



A. 本公司之「...」MIC 係指「...」...

1. ... ( ... ) / ... < 1; ...
2. ... > 60% ( ... MIC 係指「...」在 20,000 12- ... ); ... > 50% ( ... MIC 係指「...」在 20,000 12- ... )

1. 本公司 2011 年 ... 係指「...」... 2 個 ...  
 ( ... ) / ... > 70%  
 ... 係指「...」... 係指「...」... 1, 2011 年 1 月 30 日, 2012.

MIC 係指「...」... 係指「...」... 1 月 30 日, 2011.

... D 係指「...」15, 2005, ... C 係指「...」... E 係指「...」...  
 ... E > 85 ... AB A ... B ...  
 ... B ... 係指「...」... 係指「...」...  
 ... 係指「...」... 係指「...」... E 係指「...」...  
 ... 2006 年 MIC 係指「...」... 2007 年 2008.

A. 本公司 30, 2010, ... MIC 係指「...」... C 係指「...」... ( MIC 係指「...」 )  
 ... E > 15.1 ... 2010, ... MIC 係指「...」... E > 15.1  
 ... 係指「...」... 0.97% 1.85%, ...  
 ... 30, 2010. ... 30, 2010, ... \$0.02  
 ... \$229 ... 30, 2010. ... MIC 係指「...」...

A. 本公司 30, 2011, MIC 係指「...」... E > 56.9 ...  
 E > 44.1 ... 係指「...」... E > 12.8 ... ( ... 係指「...」... \$18.4 ... )  
 ... 2.52% 4.56%, ... 30, 2011.  
 ... 30, 2011 年 2010, ... \$0.4 ...  
 ... \$0.2 ... \$0.1 ... \$0.05 ...  
 ... 30, 2011 年 2010, ...

... M 2006, MIC 係指「...」... 係指「...」...  
 ... \$300.0 ... C 係指「...」...  
 ... E 係指「...」... C 係指「...」... MIC 係指「...」...  
 ... A. 本公司 30, 2011, MIC 係指「...」... \$259.0 ...  
 ... 2010 ... 係指「...」... A. 本公司 30,  
 2011, MIC 係指「...」... \$215.9 ... 1.65% 1.71%,

本公司截至2011年6月30日止六個月內，每股基本及攤薄收益分別為人民幣0.5元及0.07元，而截至2010年6月30日止六個月內，每股基本及攤薄收益分別為人民幣1.3元及0.02元。本公司截至2011年6月30日止六個月內，每股基本及攤薄收益較截至2010年6月30日止六個月內，分別增加385%及225%。

A. 本公司截至2011年6月30日止六個月內，每股基本及攤薄收益較截至2010年6月30日止六個月內，分別增加385%及225%。

1. 本公司截至2011年6月30日止六個月內，每股基本及攤薄收益較截至2010年6月30日止六個月內，分別增加385%及225%。
2. 本公司截至2011年6月30日止六個月內，每股基本及攤薄收益較截至2010年6月30日止六個月內，分別增加385%及225%。

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### CAPITALIZED INTEREST

本公司截至2011年6月30日止六個月內，資本化利息為人民幣8.7元，而截至2010年6月30日止六個月內，資本化利息為人民幣3.1元。本公司截至2011年6月30日止六個月內，資本化利息較截至2010年6月30日止六個月內，增加181%。

### COMMITMENTS

A. 本公司截至2011年6月30日止六個月內，資本化利息為人民幣8.7元，而截至2010年6月30日止六個月內，資本化利息為人民幣3.1元。本公司截至2011年6月30日止六個月內，資本化利息較截至2010年6月30日止六個月內，增加181%。

### DEBT TO EQUITY RATIO

A. 本公司截至2011年6月30日止六個月內，資本化利息為人民幣8.7元，而截至2010年6月30日止六個月內，資本化利息為人民幣3.1元。本公司截至2011年6月30日止六個月內，資本化利息較截至2010年6月30日止六個月內，增加181%。

### CONTINGENT LIABILITIES

於C 年 月 日, 本公司有一項由本公司之附屬公司所擔保之銀行借款, 其金額為人民幣 100,000,000 元。於 2010 年 12 月 31 日, 該項借款之到期日為 2011 年 1 月 30 日。於 C 年 月 日, 該項借款之到期日為 2011 年 1 月 30 日。於 2011 年 1 月 30 日, 該項借款之到期日為 2011 年 1 月 30 日。

### FOREIGN EXCHANGE RATE FLUCTUATION RISK

本公司之業務主要在香港進行, 其資產及負債均以港幣計值。本公司之收入及支出均以港幣計值。本公司之資產及負債均以港幣計值。本公司之收入及支出均以港幣計值。本公司之資產及負債均以港幣計值。本公司之收入及支出均以港幣計值。

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於 2011 年 1 月 30 日, 本公司之資產及負債均以港幣計值。本公司之收入及支出均以港幣計值。本公司之資產及負債均以港幣計值。本公司之收入及支出均以港幣計值。本公司之資產及負債均以港幣計值。本公司之收入及支出均以港幣計值。

### CROSS CURRENCY SWAP FLUCTUATION RISK

於 2011 年 1 月 30 日, 本公司之資產及負債均以港幣計值。本公司之收入及支出均以港幣計值。本公司之資產及負債均以港幣計值。本公司之收入及支出均以港幣計值。本公司之資產及負債均以港幣計值。本公司之收入及支出均以港幣計值。

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... ..

Name of Director	Category of Director	Class of Director
...	C ... , E ... D ...	... I
... C ...	C ... E ... , E ... D ...	... I
G ...	... D ...	... I
C ...	... D ...	... II
L -B ...	... D ...	... II
F ... M ...	... D ...	... II
... K ...	... D ...	... III
... J ...	... D ...	... III
L ... - ... L ...	... D ...	... III

... .. C ...  
... .. L ...  
... .. B ...  
... .. C ...

... ..  
... .. C ... B ...  
... .. C ... A ...  
... .. B ...  
... .. B ...  
... .. CG C ... D ...  
... .. D ...  
... .. B ...  
... .. D ...

A ... D ... C ... B ...  
... .. E ... B ...  
... .. F ... B ...  
... .. D ...  
... .. D ...  
... .. L ...  
... .. C ...  
... .. E ... D ...  
... .. L ... C ...

... .. C ... D ...  
... .. D ...







... 2002. H. C. E. L. C. M. E. C. H. K. E. L. ...

... C. E. ...

... E. C. ...

... E. H. K. E. L. 10A-3. A. 1934. ...

... C. B. E. H. E. F. 10-K. C. H. K. E. L. ...

... E. ...

## OTHER INFORMATION

### 1. DIVIDENDS

本公司B類及C類每股派發股息，詳情請參閱本報告第100頁。截至2011年6月30日，本公司尚未派發股息。

### 2. SHARE CAPITAL

截至2011年6月30日，本公司已發行62,640,812股普通股。本公司已發行及在外的B類及C類普通股，詳情請參閱本報告第100頁。截至2011年6月30日，本公司已發行及在外的B類及C類普通股總數為62,640,812股。截至2011年6月30日，本公司已發行及在外的B類及C類普通股總數為62,640,812股。截至2011年6月30日，本公司已發行及在外的B類及C類普通股總數為62,640,812股。

Number of Shares Outstanding	
截至2011年6月30日，本公司已發行及在外的B類及C類普通股總數	27,454,995,323
截至2011年6月30日，本公司已發行及在外的B類及C類普通股總數	360,589,053

本公司已發行及在外的B類及C類普通股總數，詳情請參閱本報告第100頁。本公司已發行及在外的B類及C類普通股總數，詳情請參閱本報告第100頁。

截至2011年6月30日，本公司已發行及在外的B類及C類普通股總數為62,640,812股。截至2011年6月30日，本公司已發行及在外的B類及C類普通股總數為62,640,812股。截至2011年6月30日，本公司已發行及在外的B類及C類普通股總數為62,640,812股。截至2011年6月30日，本公司已發行及在外的B類及C類普通股總數為62,640,812股。截至2011年6月30日，本公司已發行及在外的B類及C類普通股總數為62,640,812股。

For the year ended December 31, 2010, the Company's Restricted Share Units ("RSUs") were 207,315,992. As of December 30, 2011, the Company's RSUs were 21,349,030. The following table provides a summary of the RSUs granted to employees and directors of the Company during the year ended December 31, 2011, and the RSUs that will vest during the year ended December 31, 2012.

<b>Approximate no. of Restricted Share Units (the actual number of shares eventually to be issued may change due to departure of eligible participants prior to vesting)</b>	
<b>Vesting Dates</b>	
<b>2011</b>	
1-Jan	16,111,692
21-Jan	200,600
22-Jan	12,600
29-Jan	75,000
1-Feb	2,162,791
4-Feb	1,679,398
13-Feb	75,000
16-Feb	75,000
23-Feb	1,679,398
1-Mar	39,034,371
5-Mar	50,000
12-Mar	125,000
16-Mar	50,000
31-Mar	125,000
1-Apr	1,734,992
1-May	75,000
15-May	62,500
22-May	8,750
16-Jun	125,000
21-Jun	75,000
1-Jul	140,000
13-Aug	252,754
1-Sep	187,500
16-Oct	150,000
27-Oct	50,000
1-Nov	250,000
10-Dec	6,717,595
12-Dec	75,000
18-Dec	1,679,399
<b>2012</b>	
1-Jan	14,520,961
29-Jan	75,000
1-Feb	2,162,792
4-Feb	1,679,399
13-Feb	75,000
16-Feb	75,000
23-Feb	1,679,399
5-Mar	50,000
12-Mar	125,000
16-Mar	50,000
31-Mar	125,000
1-Apr	1,684,992
21-May	8,750
13-Aug	252,754
1-Sep	187,500
27-Oct	50,000
10-Dec	6,717,595
18-Dec	1,679,398



**A. Ordinary Shares**

Name of Shareholder	Number of Shares/ Underlying Shares Held <sup>(1)</sup>	Percentage of Issued Share Capital
大陸商業信託有限公司 (Datang) (大陸商業信託有限公司 & 大陸商業信託有限公司)	5,227,132,761 (long position) <sup>(2)</sup>	19.04%
上海商業信託有限公司 (SIIC) (上海商業信託有限公司)	310,008,000 (long position) <sup>(3)</sup>	1.13%
	1,833,269,340 (long position) <sup>(4)</sup>	6.68%
<b>Total</b>	<b>2,143,277,340</b> (long position)	<b>7.81%</b>
台灣積體電路製造股份有限公司 (TSMC) (台灣積體電路製造股份有限公司)	1,789,493,218 (long position) <sup>(5)</sup>	6.52%
	707,899,976 (long position) <sup>(5)</sup>	2.58%
<b>Total</b>	<b>2,497,393,194</b> (long position)	<b>9.10%</b>

註釋：

- (1) 大陸商業信託有限公司持有 27,454,995,323 股普通股，佔本公司總股本的 30.11% (截至 2011 年 3 月 31 日)。
- (2) 大陸商業信託有限公司持有 5,227,132,761 股普通股，佔本公司總股本的 5.71% (截至 2011 年 3 月 31 日)。
- (3) 大陸商業信託有限公司持有 310,008,000 股普通股，佔本公司總股本的 0.34% (截至 2011 年 3 月 31 日)。
- (4) 大陸商業信託有限公司持有 1,833,269,340 股普通股，佔本公司總股本的 2.01% (截至 2011 年 3 月 31 日)。
- (5) 台灣積體電路製造股份有限公司持有 2,497,393,194 股普通股，佔本公司總股本的 27.33% (截至 2011 年 3 月 31 日)。





#### 4. SHAREHOLDING INTERESTS OF THE DIRECTORS OF THE COMPANY

A. 於 2011 年 3 月 30 日, 董事 C 先生 (即 D 先生) 持有本公司 3,145,319 股普通股, 佔本公司已發行總股本的 1.0%。此外, 董事 C 先生 (即 D 先生) 亦持有 F 先生 352 股普通股, 佔 F 先生持有之 M 先生 (即 C 先生) 持有之 HK 先生 1,500,000 股普通股的 0.023%。

Board Member	Nature of Interest	Number of Shares/ Underlying Shares held	Percentage of Aggregate Interests to Total Issued Share Capital
C 先生	直接持有 (1)	3,145,319	*
G 先生	直接持有 (1)	3,145,319	*
K 先生	直接持有 (2)	3,134,877	
	直接持有 (3)	1,000,000	
	直接持有 (4)	500,000	
	直接持有 (5)	1,500,000	
	<b>Total</b>	<b>6,134,877</b>	<b>*</b>
L -B 先生	直接持有 (2)	3,134,877	
	直接持有 (3)	1,000,000	
	直接持有 (4)	500,000	
<b>Total</b>	<b>4,634,877</b>	<b>*</b>	

\* 佔本公司已發行總股本的 1%。

註釋:

- (1) 於 2010 年 12 月 24 日, 董事 C 先生 (即 D 先生) 與 Mr. G 先生 (即 G 先生) 訂立一項協議, 根據該項協議, 董事 C 先生 (即 D 先生) 將持有 3,145,319 股普通股, 佔本公司已發行總股本的 1.0%。此外, 董事 C 先生 (即 D 先生) 亦持有 F 先生 352 股普通股, 佔 F 先生持有之 M 先生 (即 C 先生) 持有之 HK 先生 1,500,000 股普通股的 0.023%。於 2020 年 12 月 23 日, 董事 C 先生 (即 D 先生) 與 Mr. G 先生 (即 G 先生) 訂立一項協議, 根據該項協議, 董事 C 先生 (即 D 先生) 將持有 3,145,319 股普通股, 佔本公司已發行總股本的 1.0%。此外, 董事 C 先生 (即 D 先生) 亦持有 F 先生 352 股普通股, 佔 F 先生持有之 M 先生 (即 C 先生) 持有之 HK 先生 1,500,000 股普通股的 0.023%。
- (2) 於 2010 年 11 月 23 日, 董事 K 先生 (即 K 先生) 與 Mr. G 先生 (即 G 先生) 訂立一項協議, 根據該項協議, 董事 K 先生 (即 K 先生) 將持有 3,134,877 股普通股, 佔本公司已發行總股本的 1.0%。此外, 董事 K 先生 (即 K 先生) 亦持有 F 先生 352 股普通股, 佔 F 先生持有之 M 先生 (即 C 先生) 持有之 HK 先生 1,500,000 股普通股的 0.023%。於 2020 年 11 月 22 日, 董事 K 先生 (即 K 先生) 與 Mr. G 先生 (即 G 先生) 訂立一項協議, 根據該項協議, 董事 K 先生 (即 K 先生) 將持有 3,134,877 股普通股, 佔本公司已發行總股本的 1.0%。此外, 董事 K 先生 (即 K 先生) 亦持有 F 先生 352 股普通股, 佔 F 先生持有之 M 先生 (即 C 先生) 持有之 HK 先生 1,500,000 股普通股的 0.023%。
- (3) 於 2009 年 11 月 17 日, 董事 K 先生 (即 K 先生) 與 Mr. G 先生 (即 G 先生) 訂立一項協議, 根據該項協議, 董事 K 先生 (即 K 先生) 將持有 1,000,000 股普通股, 佔本公司已發行總股本的 0.3%。此外, 董事 K 先生 (即 K 先生) 亦持有 F 先生 352 股普通股, 佔 F 先生持有之 M 先生 (即 C 先生) 持有之 HK 先生 1,500,000 股普通股的 0.023%。於 2019 年 11 月 17 日, 董事 K 先生 (即 K 先生) 與 Mr. G 先生 (即 G 先生) 訂立一項協議, 根據該項協議, 董事 K 先生 (即 K 先生) 將持有 1,000,000 股普通股, 佔本公司已發行總股本的 0.3%。此外, 董事 K 先生 (即 K 先生) 亦持有 F 先生 352 股普通股, 佔 F 先生持有之 M 先生 (即 C 先生) 持有之 HK 先生 1,500,000 股普通股的 0.023%。
- (4) 於 2006 年 11 月 29 日, 董事 K 先生 (即 K 先生) 與 Mr. G 先生 (即 G 先生) 訂立一項協議, 根據該項協議, 董事 K 先生 (即 K 先生) 將持有 500,000 股普通股, 佔本公司已發行總股本的 0.15%。此外, 董事 K 先生 (即 K 先生) 亦持有 F 先生 352 股普通股, 佔 F 先生持有之 M 先生 (即 C 先生) 持有之 HK 先生 1,500,000 股普通股的 0.023%。於 2008 年 11 月 30 日, 董事 K 先生 (即 K 先生) 與 Mr. G 先生 (即 G 先生) 訂立一項協議, 根據該項協議, 董事 K 先生 (即 K 先生) 將持有 500,000 股普通股, 佔本公司已發行總股本的 0.15%。此外, 董事 K 先生 (即 K 先生) 亦持有 F 先生 352 股普通股, 佔 F 先生持有之 M 先生 (即 C 先生) 持有之 HK 先生 1,500,000 股普通股的 0.023%。於 2016 年 11 月 29 日, 董事 K 先生 (即 K 先生) 與 Mr. G 先生 (即 G 先生) 訂立一項協議, 根據該項協議, 董事 K 先生 (即 K 先生) 將持有 500,000 股普通股, 佔本公司已發行總股本的 0.15%。此外, 董事 K 先生 (即 K 先生) 亦持有 F 先生 352 股普通股, 佔 F 先生持有之 M 先生 (即 C 先生) 持有之 HK 先生 1,500,000 股普通股的 0.023%。
- (5) Mr. K 先生 (即 K 先生) 與 Mr. G 先生 (即 G 先生) 訂立一項協議, 根據該項協議, 董事 K 先生 (即 K 先生) 將持有 1,500,000 股普通股, 佔本公司已發行總股本的 0.45%。此外, 董事 K 先生 (即 K 先生) 亦持有 F 先生 352 股普通股, 佔 F 先生持有之 M 先生 (即 C 先生) 持有之 HK 先生 1,500,000 股普通股的 0.023%。於 2012 年 12 月 12 日, 董事 K 先生 (即 K 先生) 與 Mr. G 先生 (即 G 先生) 訂立一項協議, 根據該項協議, 董事 K 先生 (即 K 先生) 將持有 1,500,000 股普通股, 佔本公司已發行總股本的 0.45%。此外, 董事 K 先生 (即 K 先生) 亦持有 F 先生 352 股普通股, 佔 F 先生持有之 M 先生 (即 C 先生) 持有之 HK 先生 1,500,000 股普通股的 0.023%。於 2014 年 11 月 14 日, 董事 K 先生 (即 K 先生) 與 Mr. G 先生 (即 G 先生) 訂立一項協議, 根據該項協議, 董事 K 先生 (即 K 先生) 將持有 1,500,000 股普通股, 佔本公司已發行總股本的 0.45%。此外, 董事 K 先生 (即 K 先生) 亦持有 F 先生 352 股普通股, 佔 F 先生持有之 M 先生 (即 C 先生) 持有之 HK 先生 1,500,000 股普通股的 0.023%。

A. 於 2011 年 5 月 5 日, 董事 C 先生 (即 D 先生) 與 Mr. G 先生 (即 G 先生) 訂立一項協議, 根據該項協議, 董事 C 先生 (即 D 先生) 將持有 4,006,666 股普通股, 佔本公司已發行總股本的 1.2%。此外, 董事 C 先生 (即 D 先生) 亦持有 F 先生 352 股普通股, 佔 F 先生持有之 M 先生 (即 C 先生) 持有之 HK 先生 1,500,000 股普通股的 0.023%。

## 2001 STOCK OPTION PLANS

Name/Eligible Employees	Date Granted	Period during which Rights Exercisable	No. of Options Granted	Exercise Price Per Share ( D)	Options Outstanding as of 12/31/10	Options Lapsed During Period	Options Repurchased of Ordinary Shares During Period*	Options Exercised During Period	Options Cancelled During Period	Options Outstanding as of 6/30/11	Weighted Average Closing Price of Shares immediately before Dates on which Options were Exercised	Weighted Average Closing Price of Shares immediately before Dates on which Options were Granted
											( D)	( D)
E, 卹.	3/28/2001	3/28/2001-3/27/2011	89,385,000	\$0.01	2,400,000	30,000		2,370,000,000		35,000	\$0.07	\$0.03
E, 卹.	4/2/2001	4/02/2001-4/01/2011	2,216,000	\$0.01	210,000	20,000		190,000			\$	\$0.03
E, 卹.	4/16/2001	4/16/2001-4/15/2011	575,000	\$0.01	35,000			35,000			\$	\$0.03
E, 卹.	4/28/2001	4/28/2001-4/27/2011	60,000	\$0.01	42,000			42,000			\$	\$0.03
E, 卹.	5/14/2001	5/14/2001-5/13/2011	1,597,000	\$0.01	10,000	10,000					\$	\$0.03
E, 卹.	5/15/2001	5/15/2001-5/14/2011	95,000	\$0.01	35,000					35,000	\$	\$0.03
E, 卹.	7/1/2001	7/1/2001-6/30/2011	745,000	\$0.01	49,000					49,000	\$	\$0.03
E, 卹.	7/15/2001	7/15/2001-7/14/2011	1,045,000	\$0.01	160,000			60,000		100,000	\$	\$0.03
E, 卹.	7/16/2001	7/16/2001-7/15/2011	2,220,000	\$0.01	38,500			24,500		14,000	\$	\$0.03
E, 卹.	7/27/2001	7/27/2001-7/26/2011	50,000	\$0.01	50,000			50,000			\$	\$0.03
E, 卹.	7/30/2001	7/30/2001-7/29/2011	140,000	\$0.01	100,000			100,000			\$	\$0.03
E, 卹.	8/7/2001	8/07/2001-8/06/2011	20,000	\$0.01	20,000			20,000			\$	\$0.03
E, 卹.	8/15/2001	8/20/2001-8/19/2011	20,000	\$0.01	20,000			20,000			\$	\$0.03
E, 卹.	8/20/2001	9/24/2001-9/23/2011	98,708,500	\$0.01	8,366,700			3,785,600		4,581,100	\$0.05	\$0.03
E, 卹.	9/24/2001	9/28/2001-9/27/2011	50,000	\$0.01	50,000			50,000			\$	\$0.03
E, 卹.	1/24/2002	1/24/2002-1/23/2012	47,653,000	\$0.01	6,735,500			2,190,000		4,545,500	\$0.04	\$0.03
E, 卹.	1/24/2002	1/24/2002-1/23/2012	7,684,500	\$0.02	624,100	2,500		155,100		466,500	\$0.06	\$0.03
E, 卹.	4/10/2002	4/10/2002-4/09/2012	48,699,000	\$0.02	6,575,900			2,107,000		4,468,900	\$0.06	\$0.05
E, 卹.	4/11/2002	6/28/2002-6/27/2012	39,740,000	\$0.02	4,166,000			982,000		3,184,000	\$0.07	\$0.06
E, 卹.	6/28/2002	6/28/2002-6/27/2012	18,944,000	\$0.05	4,564,000			1,195,000		3,369,000	\$0.06	\$0.06
Key Employees	6/28/2002	7/11/2002-7/10/2012	500,000	\$0.05	500,000					500,000	\$	\$0.07
E, 卹.	7/11/2002	7/11/2002-7/10/2012	2,780,000	\$0.05	30,000					30,000	\$	\$0.07
Key Employees	7/11/2002	9/26/2002-9/25/2012	50,000	\$0.05	50,000					50,000	\$	\$0.03
E, 卹.	9/26/2002	9/26/2005-9/25/2012	5,770,000	\$0.02	1,485,000			280,000		1,205,000	\$0.07	\$0.08
E, 卹.	9/26/2002	9/26/2005-9/25/2012	65,948,300	\$0.05	12,478,210	28,900		2,304,460		10,144,850	\$0.08	\$0.08
E, 卹.	1/9/2003	1/09/2003-1/08/2013	53,831,000	\$0.05	8,813,400	400,000		3,850,000		4,563,400	\$0.08	\$0.10
E, 卹.	1/9/2003	4/01/2003-3/31/2013	18,804,900	\$0.05	4,558,214	81,260		1,182,200		3,294,754	\$0.08	\$0.14
E, 卹.	4/24/2003	4/24/2003-4/23/2013	58,488,000	\$0.05	12,304,400	8,000		5,175,400		7,121,000	\$0.08	\$0.14
E, 卹.	7/15/2003	7/15/2003-7/14/2013	59,699,900	\$0.05	12,026,110	109,000		3,529,100		8,388,010	\$0.08	\$0.17
E, 卹.	10/10/2003	10/10/2003-10/09/2013	49,535,400	\$0.10	13,911,500	1,942,000		792,000		11,177,500	\$	\$0.29
E, 卹.	1/05/2004	1/05/2004-1/04/2014	130,901,110	\$0.10	43,654,722	4,379,764		1,900,086		37,374,872	\$0.10	\$0.33
Key Employees	1/15/2004	1/15/2004-1/14/2014	1,000,000	\$0.10	1,000,000					1,000,000	\$	\$0.33
Key Employees	1/15/2004	1/15/2004-3/01/2005	4,100,000	\$0.10	100,000					100,000	\$	\$0.14
Key Employees	1/15/2004	1/15/2004-1/14/2014	2,700,000	\$0.10	1,755,000					1,750,000	\$	\$0.14
Key Employees	1/15/2004	1/15/2004-1/14/2014	4,600,000	\$0.10	2,100,000	600,000				1,500,000	\$	\$0.35
E, 卹.	1/15/2004	1/15/2004-1/14/2014	20,885,000	\$0.10	4,074,000	350,000				3,724,000	\$	\$0.33
Key Employees	2/16/2004	2/16/2004-2/15/2014	900,000	\$0.25	300,000					300,000	\$	\$0.33
Key Employees	2/16/2004	2/16/2004-2/15/2014	12,300,000	\$0.25	700,000					700,000	\$	\$0.35
E, 卹.	2/16/2004	2/16/2004-2/15/2014	14,948,600	\$0.10	3,713,500	59,300				3,654,200	\$	\$0.33
E, 卹.	2/16/2004	2/16/2004-2/15/2014	76,454,880	\$0.25	27,600,300	2,613,410				24,986,890	\$	\$0.33
			<b>943,844,090</b>		<b>185,406,056</b>	<b>10,634,134</b>	<b>—</b>	<b>32,473,446</b>	<b>—</b>	<b>142,298,476</b>		

## 2001 PREFERENCE SHARE PLANS

Name/Eligible Employees	Date Granted	Period during which Rights Exercisable	No. of Options Granted	Exercise Price Per Share ( D)	Options Outstanding as of 12/31/10	Options Lapsed During Period	Options of Ordinary Shares During Period*	Options Exercised During Period	Options Cancelled During Period	Options Outstanding as of 6/30/11	Weighted Average	Weighted Average
											Closing Price of Shares immediately before Dates on which Options were Exercised ( D)	Closing Price of Shares immediately before Dates on which Options were Granted ( D)
E, M, S	9/24/2001	9/24/2001-9/23/2011	246,698,700	\$0.11	13,139,700	691,000		102,000		12,346,700	\$	\$0.11
E, M, S	9/28/2001	9/28/2001-9/27/2011	50,000	\$0.11	50,000	50,000					\$	\$0.11
E, M, S	11/3/2001	11/03/2001-11/02/2011	780,000	\$0.35	375,000	5,000				370,000	\$	\$0.11
E, M, S	1/24/2002	1/24/2002-1/23/2012	58,357,500	\$0.11	3,284,500	514,400		10,000		2,760,100	\$	\$0.12
E, M, S	4/10/2002	4/10/2002-4/09/2012	52,734,000	\$0.11	1,945,900	88,000				1,857,900	\$	\$0.13
E, M, S	6/28/2002	6/28/2002-6/27/2012	63,332,000	\$0.11	6,209,000	741,000				5,468,000	\$	\$0.14
E, M, S	7/11/2002	7/11/2002-7/10/2012	462,000	\$0.11	202,000					202,000	\$	\$0.14
E, M, S	7/11/2002	7/11/2002-7/10/2012	4,530,000	\$0.11	55,000					55,000	\$	\$0.14
E, M, S	9/26/2002	9/26/2002-9/25/2012	50,000	\$0.11	50,000					50,000	\$	\$0.15
E, M, S	9/26/2002	9/26/2002-9/25/2012	73,804,800	\$0.11	9,241,700	400,500				8,841,200	\$	\$0.15
E, M, S	1/9/2003	1/09/2003-1/08/2013	12,686,000	\$0.11	1,117,000	450,000				667,000	\$	\$0.17
			<b>513,485,000</b>		<b>35,669,800</b>	<b>2,939,900</b>	<b>—</b>	<b>112,000</b>	<b>—</b>	<b>32,617,900</b>		

## 2004 STOCK OPTION PLAN

Name/Eligible Employees	Date Granted	Period during which Rights Exercisable	No. of Option Granted	Exercise Price Per Share ( D)	Options Outstanding as of 12/31/10	Additional Options Granted During Period	Options Lapsed During Period	Options of Ordinary Shares During Period*	Options Exercised During Period	Options Cancelled During Period	Options Outstanding as of 6/30/11	Weighted Average	Weighted Average
												Closing Price of Shares immediately before Dates on which Options were Exercised ( D)	Closing Price of Shares immediately before Dates on which Options were Granted ( D)
E, M, S	3/18/2004	3/18/2004-3/17/2014	190,000	\$0.35	70,000						70,000	\$	\$0.35
E, M, S	3/18/2004	3/18/2004-3/17/2014	49,869,700	\$0.35	19,537,050		1,803,500				17,734,000	\$	\$0.35
E, M, S	4/7/2004	4/07/2004-4/06/2014	100,000	\$0.31	100,000						100,000	\$	\$0.31
E, M, S	4/25/2004	4/25/2004-4/24/2014	22,591,800	\$0.28	8,172,400		342,000				7,830,400	\$	\$0.28
E, M, S	7/27/2004	7/27/2004-7/26/2014	35,983,000	\$0.20	14,860,000		1,800,000				13,060,000	\$	\$0.20
K, M, S	11/10/2004	11/10/2004-11/09/2009	500,000	\$0.22	500,000						500,000	\$	\$0.22
E, M, S	11/10/2004	11/10/2004-11/09/2014	52,036,140	\$0.22	15,401,310		500,970				14,900,340	\$	\$0.22
E, M, S	5/11/2005	5/11/2005-5/10/2015	900,000	\$0.20	300,000						300,000	\$	\$0.20
E, M, S	5/11/2005	5/11/2005-5/10/2015	100,000	\$0.20	100,000						100,000	\$	\$0.20
E, M, S	5/11/2005	5/11/2005-5/10/2015	94,581,300	\$0.20	38,391,919		5,446,690				32,945,229	\$	\$0.20
E, M, S	5/11/2005	5/11/2005-5/10/2015	15,000,000	\$0.20	15,000,000						15,000,000	\$	\$0.22
E, M, S	8/11/2005	8/11/2005-8/10/2015	32,279,500	\$0.22	9,805,500		1,092,000				8,713,500	\$	\$0.22
E, M, S	11/11/2005	11/11/2005-11/10/2015	11,640,000	\$0.15	2,800,000						2,800,000	\$	\$0.15
E, M, S	11/11/2005	11/11/2005-11/10/2015	3,580,000	\$0.15	500,000						500,000	\$	\$0.15
E, M, S	11/11/2005	11/11/2005-11/10/2015	149,642,000	\$0.15	48,829,000		10,268,000				38,561,000	\$	\$0.15
E, M, S	2/20/2006	2/20/2006-2/19/2016	62,756,470	\$0.15	28,039,204		4,354,640				23,684,564	\$	\$0.15
E, M, S	5/12/2006	5/12/2006-5/11/2016	22,216,090	\$0.15	8,277,000		1,374,000				6,903,000	\$	\$0.15
K, M, S	9/29/2006	9/29/2006-9/28/2011	500,000	\$0.13	500,000						500,000	\$	\$0.13
E, M, S	9/29/2006	9/29/2006-9/28/2016	40,394,000	\$0.13	20,304,000		5,238,000				15,066,000	\$	\$0.13
E, M, S	9/29/2006	9/29/2006-9/28/2016	500,000	\$0.13	500,000						500,000	\$	\$0.13
L-B, S	9/29/2006	9/29/2006-9/28/2011	500,000	\$0.13	500,000						500,000	\$	\$0.13
E, M, S	9/29/2006	9/29/2006-9/28/2011	500,000	\$0.13	500,000						500,000	\$	\$0.13
E, M, S	11/10/2006	11/10/2006-11/09/2016	2,450,000	\$0.13	150,000						150,000	\$	\$0.13

Name/Eligible Employees	Date Granted	Period during which Rights Exercisable	No. of Option Granted	Exercise Price Per Share ( D)	Options Outstanding as of 12/31/10	Additional Options Granted During Period	Options Lapsed During Period	Options Repurchased of Ordinary Shares During Period*	Options Exercised During Period	Options Cancelled During Period	Options Outstanding as of 6/30/11	Weighted Average Closing Price of Shares Immediately before Dates on which Options were Exercised ( D)	Weighted Average Closing Price of Shares immediately before Dates on which Options were Granted ( D)
E, **	11/10/2006	11/10/2006-11/09/2016	33,271,000	\$0.11	14,239,000		2,342,000				11,897,000	\$	\$0.11
E, **	5/16/2007	5/16/2007-5/15/2017	122,828,000	\$0.15	59,634,150		6,812,150				52,822,000	\$	\$0.15
*, **	5/16/2007	5/16/2007-5/15/2017	2,000,000	\$0.15	600,000						600,000	\$	\$0.15
†	5/16/2007	5/16/2007-5/15/2017	5,421,000	\$0.15	500,000						500,000	\$	\$0.15
E, **	12/28/2007	12/28/2007-12/27/2017	89,839,000	\$0.10	42,717,000		3,574,400		497,400		38,645,200	\$	\$0.10
E, **	2/12/2008	2/12/2008-2/11/2018	126,941,000	\$0.08	73,480,200		8,129,300		6,697,475		58,653,425	\$	\$0.08
*, **	2/12/2008	2/12/2008-2/11/2018	2,300,000	\$0.08	500,000						500,000	\$	\$0.08
†	2/12/2008	2/12/2008-2/11/2018	600,000	\$0.08	600,000						600,000	\$	\$0.08
E, **	11/18/2008	11/18/2008-11/17/2018	117,224,090	\$0.02	65,362,740		7,583,050		1,572,000		56,207,690	\$	\$0.02

## 2004 EQUITY INCENTIVE PLAN

Name/Eligible Employees	Date Granted	Period during which Rights Exercisable	No. of Options Granted	Exercise Price Per Share	Options Outstanding as of 12/31/10	Additional Options Granted During Period	Options Lapsed During Period	Options Repurchased of Ordinary Shares During Period*	Options Exercised During Period	Options Cancelled During Period	Options Outstanding as of 6/30/11	Weighted Average Closing Price of Shares immediately before Dates on which Restricted Share Units were Vested	Weighted Average Closing Price of Shares immediately before Dates on Share Units were Granted
												( D )	( D )
E, 先生	8/11/2005	8/11/2005-8/10/2015	69,430,022	\$0.00	12,600				12,600			\$0.09	\$0.22
E, 先生	5/16/2007	5/16/2007-5/15/2017	33,649,720	\$0.00	4,351,250			22,000	4,320,500		8,750	\$0.11	\$0.14
E, 先生	12/28/2007	12/28/2007-12/27/2017	4,910,000	\$0.00	1,027,500			25,000	387,500		615,000	\$	\$0.10
E, 先生	2/12/2008	2/12/2008-2/11/2018	38,597,100	\$0.00	10,962,624		796,600		5,420,312		4,745,713	\$	\$0.08
先生	2/12/2008	2/12/2008-2/11/2018	270,000	\$0.00	135,000				67,500		67,500	\$	\$0.08
先生 / MBO 董事	2/12/2008	2/12/2008-2/11/2018	960,000	\$0.00	110,000				55,000		55,000	\$	\$0.08
E, 先生	11/18/2008	11/18/2008-11/17/2018	2,080,000	\$0.00	450,000				225,000		225,000	\$	\$0.02
E, 先生	5/11/2009	5/11/2009-5/10/2019	787,797	\$0.00	100,000						100,000	\$	\$0.04
先生 / MBO 董事	2/23/2010	2/23/2010-2/22/2020	21,459,142	\$0.00	20,452,532				1,979,148		18,473,384	\$	\$0.10
E, 先生	2/23/2010	2/23/2010-2/22/2020	139,933,819	\$0.00	61,108,274		2,811,650		43,426,563		14,870,061	\$	\$0.10
先生	2/23/2010	2/23/2010-2/22/2020	500,500	\$0.00	250,250				250,250		250,250	\$	\$0.10
先生 / 董事	2/23/2010	2/23/2010-2/22/2020	6,717,594	\$0.00	6,717,594				1,679,398		5,038,196	\$	\$0.10
先生 / 董事	2/23/2010	2/23/2010-2/22/2020	26,870,379	\$0.00	26,870,379						26,870,379	\$	\$0.10
先生 / MBO 董事	5/24/2010	5/24/2010-5/23/2020	6,739,969	\$0.00	6,739,969						6,739,969	\$	\$0.08
E, 先生	5/24/2010	5/24/2010-5/23/2020	1,400,000	\$0.00	1,400,000				300,000		1,100,000	\$	\$0.08
E, 先生	9/08/2010	9/08/2010-9/07/2020	2,944,589	\$0.00	2,944,589				483,393		2,461,196	\$	\$0.07
E, 先生	11/12/2010	11/12/2010-11/11/2020	750,000	\$0.00	750,000						750,000	\$	\$0.08
E, 先生	5/31/2011	5/31/2011-5/30/2021	21,212,530	\$0.00		21,212,530	1,569,100				19,643,430	\$	\$0.08
先生	5/31/2011	5/31/2011-5/30/2021	81,900	\$0.00		81,900					81,900	\$	\$0.08
先生 / MBO 董事	5/31/2011	5/31/2011-5/30/2021	54,600	\$0.00		54,600					54,600	\$	\$0.08
			<b>379,349,661</b>		<b>144,382,562</b>	<b>21,349,030</b>	<b>5,224,350</b>	<b>-</b>	<b>58,607,164</b>	<b>-</b>	<b>101,900,078</b>		

## 5. REPURCHASE SALE OR REDEMPTION OF SECURITIES

本公司在截至2011年6月30日止的六個月內，沒有購買任何自己的證券。

## 6. MATERIAL LITIGATION AND ARBITRATION

### Settlement Agreement with TSMC

於2009年10月10日，本公司與台灣積體電路股份有限公司（TSMC）達成一項和解協議。根據該協議，本公司將向TSMC支付總額為1,789,493,218港幣的款項，以解決雙方之間關於2009年4月4日發生的一起訴訟。該款項將分兩期支付，第一期為695,914,030港幣，第二期為1,093,579,188港幣。此外，本公司還將向TSMC支付其法律費用。

A. 根據該協議，本公司將向TSMC支付總額為1,789,493,218港幣的款項。該款項將分兩期支付，第一期為695,914,030港幣，第二期為1,093,579,188港幣。此外，本公司還將向TSMC支付其法律費用。該款項將分兩期支付，第一期為695,914,030港幣，第二期為1,093,579,188港幣。此外，本公司還將向TSMC支付其法律費用。



## 8. WAIVER FROM COMPLIANCE WITH THE LISTING RULES

本公司董事會及監事會於2011年11月29日通過，根據香港交易所證券上市規則第8.04條，豁免本公司遵守香港交易所證券上市規則第8.01條至8.03條及第8.05條至8.07條的規定。

## 9. REVIEW BY AUDIT COMMITTEE

本公司審核委員會已審閱及批准本公司2011年9月30日止三個月及九個月的未經審核綜合財務報表。審核委員會亦已審閱及批准本公司2011年9月30日止三個月及九個月的未經審核綜合財務報表附註。

Dr. Tzu-Yin Chiu  
**Semiconductor Manufacturing International Corporation**  
**Dr. Tzu-Yin Chiu**

Dr. Tzu-Yin Chiu  
November 29, 2011

# CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

For the six months ended June 30, 2011 and 2010

(in US\$ thousands, except share data)  
(unaudited)

	Six months ended June 30,	
	2011	2010
Revenue	\$722,948	\$720,063
Cost of sales	603,898	611,170
Gross profit	119,050	108,893
Operating expenses (in US\$):		
Research and development	101,074	94,783
General and administrative	10,494	31,275
Depreciation and amortization	15,878	12,813
Impairment of intangible assets	(441)	(231)
Interest income	—	5,138
Other income	127,005	143,778
Loss on disposal of assets	(7,955)	(34,885)
Income from operations		
Other income (expense):		
Change in fair value of financial instruments	—	(40,609)
Other income	3,233	(14,709)
Income from operations	3,233	(55,318)
Loss on disposal of assets	(4,722)	(90,203)
Interest expense (income)	(4,993)	8,841
Gain (loss) on disposal of assets	2,094	(314)
Loss on disposal of assets	(7,621)	(81,676)
Interest expense (income)	14,741	(3,715)
Income from operations	\$7,120	\$(85,391)
Other income (expense)	(658)	(521)
Income from operations		
Income from operations	\$6,462	\$(85,912)
Income from operations		
Income from operations	\$(8,279)	\$(82,197)
Income from operations	\$14,457	\$(3,715)
Income from operations		
Income from operations	\$284	
Income from operations		
Income from operations	\$(0.00)	\$(0.00)
Income from operations	\$0.00	\$(0.00)
Income from operations	\$0.00	\$(0.00)
Income from operations		
Income from operations	\$0.00	
Income from operations	\$0.00	
Income from operations		
Income from operations	27,401,260,769	22,438,779,149
Income from operations		
Income from operations	537,895,272	

Revenue is derived from the sale of products and services. Revenue is recognized when the product is delivered to the customer and the customer has accepted the product.

# CONDENSED CONSOLIDATED BALANCE SHEET

As of June 30, 2011 and December 31, 2010

(in US\$ thousands, except share data)  
(unaudited)

	June 30, 2011	December 31, 2010
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	410,912	515,808
Accounts receivable	184,808	161,350
Accounts receivable, related parties	\$43,194	-
Prepaid expenses and other receivables	\$49,373	-
Inventory	236,738	206,623
Other current assets	196,876	213,404
Current assets of discontinued operations	212,447	81,917
Non-current assets:	1,241,781	1,179,102
Property, plant and equipment	78,002	78,798
Intangible assets	2,665,092	2,351,863
Available-for-sale financial assets	187,826	173,821
Other non-current assets	132,093	119,109
<b>TOTAL ASSETS</b>	<b>4,304,794</b>	<b>3,902,693</b>
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Accounts payable	448,321	515,577
Accounts payable, related parties	139,440	148,880
Other current liabilities	712,423	372,055
Current liabilities of discontinued operations	29,375	29,374
Current liabilities	1,581,045	1,399,345
Long-term liabilities:		
Long-term debt	42,541	56,327
Long-term liabilities	182,122	178,596
Other long-term liabilities	61,940	59,883
Long-term liabilities of discontinued operations	286,603	294,806
Long-term liabilities	1,867,648	1,694,151
Other long-term liabilities	3,602	39,004
Equity:		
Shareholders' equity	10,982	10,934
Minority interest	144	-
Accounts receivable, related parties	4,115,597	3,858,643
Accounts payable, related parties	(694)	(1,092)
Accounts payable	(1,692,485)	(1,698,947)
369,900,000 shares of common stock (2010: 369,900,000 shares of common stock)		



# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2011 and 2010

(in US\$ thousands)  
(unaudited)

	Six months ended June 30,	
	2011	2010
<b>Cash flow from operating activities</b>		
Net income	\$7,120	\$(85,391)
Depreciation and amortization	264,429	333,190
(Gain) Loss on disposal of property, plant and equipment	(2,094)	314
Gain on disposal of investment	(20,617)	
Change in working capital	(96,028)	72,697
<b>Net cash provided by operating activities</b>	<b>152,810</b>	<b>320,810</b>
<b>Cash flow from Investing activities:</b>		
Acquisition of property, plant and equipment	(677,501)	(160,667)
Intangible assets	(17,853)	(29,973)
Investment in equity securities	(28,991)	(5,669)
Change in investment	(40,735)	(16,739)
Other	7,426	40,618
<b>Net cash used in investing activities</b>	<b>(757,654)</b>	<b>(172,430)</b>
<b>Financing activities:</b>		
Proceeds from the issuance of long-term debt	340,368	70,523
Dividend payments	(78,447)	(116,116)
Change in short-term debt	(15,000)	(40,000)
Proceeds from the issuance of equity securities	249,396	
Other	3,232	1,073
<b>Net cash provided by (used in) financing activities</b>	<b>499,549</b>	<b>(84,520)</b>
Effect of exchange rate changes	399	(776)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(104,896)</b>	<b>63,084</b>
<b>CASH AND CASH EQUIVALENTS, beginning of period</b>	<b>515,808</b>	<b>443,463</b>
<b>CASH AND CASH EQUIVALENTS, end of period</b>	<b>\$410,912</b>	<b>\$506,547</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Interest paid	\$1,678	\$2,731
Income taxes paid	\$16,501	\$13,645
<b>SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING OR FINANCING ACTIVITIES</b>		
Acquisition of property, plant and equipment through capital lease	\$(249,521)	\$(104,154)
Leasehold improvements	\$(5,138)	\$(16,410)
Other	\$—	\$6,731





2. FAIR VALUE (CONTINUED)

Assets/Liabilities measured at fair value on a recurring basis (Continued)

	Fair Value Measurements at December 31, 2010			
	Level 1	Level 2	Level 3	GAAP
	(US\$)	(US\$)	(US\$)	(US\$)
<b>Assets:</b>				
Financial assets:				
Equity securities	\$	\$695	\$	\$2,204
Contractual assets				292
Derivatives	\$	\$695	\$	\$2,496
<b>Liabilities:</b>				
Financial liabilities:				
Equity securities	\$	\$480	\$	\$(4,170)
Liabilities		1,380		(958)
Contractual liabilities		1,292		(949)
Contingent liabilities				(40,609)
Derivatives	\$	\$3,152	\$	\$(46,686)

The fair value of the financial assets and liabilities is determined based on the quoted market prices in active markets. The fair value of the contractual assets and liabilities is determined based on the quoted market prices in active markets. The fair value of the contingent liabilities is determined based on the quoted market prices in active markets.

The Company's financial assets and liabilities are measured at fair value on a recurring basis. The fair value of the financial assets and liabilities is determined based on the quoted market prices in active markets. The fair value of the contractual assets and liabilities is determined based on the quoted market prices in active markets. The fair value of the contingent liabilities is determined based on the quoted market prices in active markets.

### 3. DISCONTINUED OPERATIONS

On March 1, 2011, the Company acquired 100% of the equity interest of MA, a wholly-owned subsidiary of the Company. MA is a company established in the People's Republic of China, which is engaged in the design, development, production and sales of integrated circuits. The Company has acquired MA through the acquisition of 100% of the equity interest of MA. The Company has acquired MA through the acquisition of 100% of the equity interest of MA. The Company has acquired MA through the acquisition of 100% of the equity interest of MA.

The Company's net income for the period ended March 31, 2011 is \$17,103. The Company's net income for the period ended March 31, 2011 is \$17,103. The Company's net income for the period ended March 31, 2011 is \$17,103. The Company's net income for the period ended March 31, 2011 is \$17,103. The Company's net income for the period ended March 31, 2011 is \$17,103.

### 4. REVENUE RECOGNITION

The Company's revenue recognition policy is based on the transfer of control of the goods to the customer. The Company's revenue recognition policy is based on the transfer of control of the goods to the customer. The Company's revenue recognition policy is based on the transfer of control of the goods to the customer. The Company's revenue recognition policy is based on the transfer of control of the goods to the customer. The Company's revenue recognition policy is based on the transfer of control of the goods to the customer.

The Company's revenue recognition policy is based on the transfer of control of the goods to the customer. The Company's revenue recognition policy is based on the transfer of control of the goods to the customer. The Company's revenue recognition policy is based on the transfer of control of the goods to the customer. The Company's revenue recognition policy is based on the transfer of control of the goods to the customer. The Company's revenue recognition policy is based on the transfer of control of the goods to the customer.

The Company's revenue recognition policy is based on the transfer of control of the goods to the customer. The Company's revenue recognition policy is based on the transfer of control of the goods to the customer. The Company's revenue recognition policy is based on the transfer of control of the goods to the customer. The Company's revenue recognition policy is based on the transfer of control of the goods to the customer. The Company's revenue recognition policy is based on the transfer of control of the goods to the customer.

### 5. SHARE-BASED COMPENSATION

C 在 2011 年 6 月 30 日 2010 年 6 月 30 日 每股 \$4,154 每股 \$6,386, 分别为:

在 2011 年 6 月 30 日 2010 年 6 月 30 日 每股 \$4,154 每股 \$6,386, 分别为:

	Six months ended June 30,	
	2011	2010
A 在 2011 年 6 月 30 日 2010 年 6 月 30 日	1.27%	1.63%
E 在 2011 年 6 月 30 日 2010 年 6 月 30 日	4 years	1.4 年
在 2011 年 6 月 30 日 2010 年 6 月 30 日	70.32%	61.09%
E 在 2011 年 6 月 30 日 2010 年 6 月 30 日	0%	0%

#### Share-based compensation plans

C 在 2011 年 6 月 30 日 2010 年 6 月 30 日 每股 \$4,154 每股 \$6,386, 分别为:

2004 年 C 在 2004 年 6 月 30 日 2004 年 6 月 30 日 每股 \$4,154 每股 \$6,386, 分别为:

2001 年 C 在 2001 年 6 月 30 日 2001 年 6 月 30 日 每股 \$4,154 每股 \$6,386, 分别为:

A 在 2011 年 6 月 30 日 2010 年 6 月 30 日 每股 \$4,154 每股 \$6,386, 分别为:

	Number of options	Weighted average exercise price	Weighted average contractual life	Aggregate intrinsic value
在 2011 年 6 月 30 日 2010 年 6 月 30 日	1,317,679,526	\$0.11		
G 在 2011 年 6 月 30 日 2010 年 6 月 30 日	149,132,801	\$0.08		
E 在 2011 年 6 月 30 日 2010 年 6 月 30 日	(62,640,812)	\$0.05		
C 在 2011 年 6 月 30 日 2010 年 6 月 30 日	(117,344,541)	\$0.11		
在 2011 年 6 月 30 日 2010 年 6 月 30 日	1,286,826,974	\$0.10	6.75 年	\$10,157
在 2011 年 6 月 30 日 2010 年 6 月 30 日	1,077,424,873	\$0.11	6.30 年	\$8,830
E 在 2011 年 6 月 30 日 2010 年 6 月 30 日	515,884,156	\$0.12	4.70 年	\$3,957

D 在 2011 年 6 月 30 日 2010 年 6 月 30 日 每股 \$4,154 每股 \$6,386, 分别为:

在 2011 年 6 月 30 日 2010 年 6 月 30 日 每股 \$4,154 每股 \$6,386, 分别为:

## 5. SHARE-BASED COMPENSATION (CONTINUED)

### Restricted share units

於 2004 年 1 月 1 日，本公司根據 2004 年員工激勵計劃（2004 EL）向員工授出 C 類 restricted share units。C 類 restricted share units 的行使期為 2004 年 1 月 1 日至 2004 年 12 月 31 日。於 2004 年 12 月 31 日，C 類 restricted share units 的數量為 14,313,744 股。此外，本公司根據 2004 年員工激勵計劃向員工授出 B 類、D 類及 A 類 restricted share units。於 2011 年 12 月 31 日，B 類、D 類及 A 類 restricted share units 的數量分別為 14,313,744 股、10,000,000 股及 10,000,000 股。

下表列出了截至 2011 年 12 月 31 日，本公司所有 restricted share units 的加權平均行使價格、加權平均剩餘合約期及加權平均內在價值。

	Number of share units	Weighted average exercise price	Weighted average remaining contractual life	Aggregate intrinsic value
於 2011 年 1 月 1 日	144,382,562	\$0.10		
G 類 restricted share units	21,349,030	\$0.08		
E 類 restricted share units	(58,607,164)	\$0.10		
C 類 restricted share units	(5,224,350)	\$0.09		
於 2011 年 12 月 31 日	101,900,078	\$0.09	8.82 年	\$9,401
於 2011 年 12 月 31 日	78,085,089	\$0.09	8.74 年	\$7,181

於 2011 年 12 月 31 日，2004 年員工激勵計劃 C 類 restricted share units 的數量為 21,349,030 股。於 2011 年 12 月 31 日，C 類 restricted share units 的加權平均行使價格為 \$0.08。此外，本公司根據 2004 年員工激勵計劃向員工授出 A 類 restricted share units。於 2011 年 12 月 31 日，A 類 restricted share units 的數量為 10,000,000 股。於 2011 年 12 月 31 日，A 類 restricted share units 的加權平均行使價格為 \$1,344。

### Unrecognized compensation cost related to non-vested share-based compensation

於 2011 年 12 月 31 日，本公司未確認的與非歸屬 share-based compensation 相關的補償成本為 \$16,354。該成本將根據 2001 年員工激勵計劃及 2004 年員工激勵計劃在未來期間內攤銷。於 2011 年 12 月 31 日，2004 年員工激勵計劃 C 類 restricted share units 的加權平均剩餘合約期為 1.45 年。

## 6. RESTRICTED CASH

於 2011 年 12 月 31 日，本公司受限現金的賬面價值為 \$171,154。該金額包括：(i) 於 2011 年 12 月 31 日，中國政府為支持本公司在中國境內的研發活動而提供的政府補貼，賬面價值為 \$13,654；(ii) 於 2011 年 12 月 31 日，中國政府為支持本公司在中國境內的研發活動而提供的政府補貼，賬面價值為 \$157,500。於 2010 年 12 月 31 日，本公司受限現金的賬面價值為 \$128,818。該金額包括：(i) 於 2010 年 12 月 31 日，中國政府為支持本公司在中國境內的研發活動而提供的政府補貼，賬面價值為 \$32,532；(ii) 於 2010 年 12 月 31 日，中國政府為支持本公司在中國境內的研發活動而提供的政府補貼，賬面價值為 \$96,286。





### 10. ACCOUNTS PAYABLE

Accounts payable consist of the following:

	June 30, 2011	December 31, 2010
Current liabilities:	<b>\$356,978</b>	\$429,831
Accounts payable	<b>40,703</b>	42,087
Accounts payable - 30 days	<b>13,485</b>	8,541
Accounts payable - 31 to 60 days	<b>37,155</b>	35,118
	<b>\$448,321</b>	\$515,577

### 11. INDEBTEDNESS

Long-term debt consists of the following:

	Maturity	Interest rate	June 30, 2011	December 31, 2010
Accounts payable	2009-2012	2.40%, 4.86%	<b>\$80,000</b>	\$110,271
Accounts payable	2011, 2013	4.4%	<b>70,000</b>	-
			<b>\$150,000</b>	\$110,271

### 13. CONVERTIBLE PREFERRED SHARES

#### Convertible Preferred Shares and Warrants

On March 3, 2011, the Company issued (1) 360,589,053 convertible preferred shares (the "Preferred Shares") with a par value of \$0.0004 and a conversion price of HK\$5.39 per share; and (2) 72,117,810 convertible preferred shares (the "Convertible Preferred Shares") with a par value of HK\$5.39 per share. The Convertible Preferred Shares are convertible into common shares of the Company ("Common Shares") at the option of the holder of the Convertible Preferred Shares. The total amount of the Convertible Preferred Shares is \$249,396,000 and the total amount of the Preferred Shares is \$603,000.

The following table summarizes the terms of the Convertible Preferred Shares and Preferred Shares:

The Convertible Preferred Shares are convertible into Common Shares at the option of the holder of the Convertible Preferred Shares. The conversion price of the Convertible Preferred Shares is HK\$5.39 per share. The Convertible Preferred Shares are convertible into Common Shares at the option of the holder of the Convertible Preferred Shares. The conversion price of the Convertible Preferred Shares is HK\$5.39 per share.

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### 14. INCOME TAXES

The Company is subject to income taxes in the People's Republic of China ("PRC") and the Cayman Islands. The Company's income tax expense is determined based on the tax laws and regulations in the PRC and the Cayman Islands. The Company's income tax expense is determined based on the tax laws and regulations in the PRC and the Cayman Islands.



## 17. TRANSACTIONS WITH MANAGED GOVERNMENT OWNED FOUNDRIES

(CONTINUED)

本公司在截至六月三十日止六個月內，與受管理政府擁有之晶圓代工廠（「MGA」）進行之交易，包括本公司（「本公司」）向MGA購買晶圓，以及MGA向本公司出售晶圓。2009年，本公司向MGA購買晶圓之金額為\$15,575,000，MGA向本公司出售晶圓之金額為\$6,914,000。截至六月三十日，2010年及2011年，本公司向MGA購買晶圓之金額分別為\$27,232,000及\$28,416,000，MGA向本公司出售晶圓之金額分別為\$1,176,000及\$1,176,000。

本公司向MGA購買晶圓之金額增加1.2%，主要是由於本公司在2011年向MGA購買更多晶圓所致。截至六月三十日，2011年，本公司向MGA購買晶圓之金額為\$28,416,000，MGA向本公司出售晶圓之金額為\$1,176,000。

## 18. RECONCILIATION OF EARNINGS (LOSS) PER SHARE

	Six months ended June 30,	
	2011	2010
(1) 淨收入		
扣除：(1) 受管理政府擁有之晶圓代工廠 (MGA) 之收入	\$6,462	\$(85,912)
扣除：(2) 受管理政府擁有之晶圓代工廠 (MGA) 之支出	(7,621)	(81,676)
扣除：(3) 受管理政府擁有之晶圓代工廠 (MGA) 之其他收入	(658)	(521)
扣除：(4) 受管理政府擁有之晶圓代工廠 (MGA) 之其他支出	(8,279)	(82,197)
扣除：(5) 受管理政府擁有之晶圓代工廠 (MGA) 之其他收入	14,457	(3,715)
扣除：(6) 受管理政府擁有之晶圓代工廠 (MGA) 之其他支出	284	
淨收入	27,401,260,769	22,438,779,149
扣除：(7) 受管理政府擁有之晶圓代工廠 (MGA) 之其他收入	537,895,272	
淨收入		
扣除：(8) 受管理政府擁有之晶圓代工廠 (MGA) 之其他收入	\$(0.00)	\$(0.00)
扣除：(9) 受管理政府擁有之晶圓代工廠 (MGA) 之其他收入	\$0.00	\$(0.00)
扣除：(10) 受管理政府擁有之晶圓代工廠 (MGA) 之其他收入	\$0.00	\$(0.00)
淨收入	\$0.00	
扣除：(11) 受管理政府擁有之晶圓代工廠 (MGA) 之其他收入	\$0.00	
淨收入	\$0.00	

本公司在截至六月三十日止六個月內，與受管理政府擁有之晶圓代工廠（「MGA」）進行之交易，包括本公司（「本公司」）向MGA購買晶圓，以及MGA向本公司出售晶圓。2009年，本公司向MGA購買晶圓之金額為\$15,575,000，MGA向本公司出售晶圓之金額為\$6,914,000。截至六月三十日，2010年及2011年，本公司向MGA購買晶圓之金額分別為\$27,232,000及\$28,416,000，MGA向本公司出售晶圓之金額分別為\$1,176,000及\$1,176,000。

本公司向MGA購買晶圓之金額增加1.2%，主要是由於本公司在2011年向MGA購買更多晶圓所致。截至六月三十日，2011年，本公司向MGA購買晶圓之金額為\$28,416,000，MGA向本公司出售晶圓之金額為\$1,176,000。

### 19. COMMITMENTS

A. 於 2011 年 3 月 30 日，本公司有如下表所述的承諾事項：

C. 本公司有如下表所述的承諾事項：

本公司

本公司

本公司

本公司

