



Investor Contacts:

NEWS RELEASE
SMIC Reports 2007 Third Quarter Results



We are committed to our strategy and are confident that prudent development of advanced technology nodes in China for leading customers will position SMIC for solid, long-term growth.”

Conference Call / Webcast Announcement

Date: October 31, 2007

Time: 8:00 a.m. Shanghai time

Dial-in numbers and pass code: U.S. 1-617-597-5342 or HK 852-3002-1672 (Pass code: SMIC).

A live webcast of the 2007 third quarter announcement will be available at <http://www.smics.com> under the “Investor Relations” section. An archived version of the webcast, along with an electronic copy of this news release will be available on the SMIC website for a period of 12 months following the webcast.

About SMIC

Semiconductor Manufacturing International Corporation (“SMIC”; NYSE: SMI; SEHK: 981) is one of the leading semiconductor foundries in the world and the largest and most advanced foundry in Mainland China, providing integrated circuit (IC) manufacturing service at 0.35um to 90nm and finer line technologies. Headquartered in Shanghai, China, SMIC has a 300mm wafer fabrication facility (fab) under pilot production and three 200mm wafer fabs in its Shanghai mega-fab, two 300mm wafer fabs in its Beijing mega-fab, a 200mm wafer fab in Tianjin, and an in-house assembly and testing facility in Chengdu. SMIC also has customer service and marketing offices in the U.S., Europe, and Japan, and a representative office in Hong Kong. In addition, SMIC manages and operates a 200mm wafer fab in Chengdu owned by Cension Semiconductor Manufacturing Corporation and a 300mm wafer fab under construction in Wuhan owned by Wuhan Xinxin Semiconductor Manufacturing Corporation. For more information, please visit <http://www.smics.com>

Safe Harbor Statements

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June 29, 2007, especially in the “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” sections, and its registration statement on Form A-1 as filed with the Stock Exchange of Hong Kong (SEHK



Summary of Third Quarter 2007 Operating Results

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

	3Q07	2Q07	QoQ	3Q06 ⁽³⁾	YoY
Revenue	391,398	374,829	4.4%	368,926	6.1%
Cost of sales	349,148	336,339	3.8%	342,046	2.1%
Gross profit	42,250	38,490	9.8%	26,880	57.2%
Operating expenses	62,435	47,113	32.5%	40,317	54.9%
Loss from operations	(20,185)	(8,623)	134.1%	(13,437)	50.2%
Other income (expenses), net	(4,342)	6,085	-	(21,819)	-80.1%
Income tax (expenses) benefit	(966)	1,621	-	3,047	-
Net loss after					
income taxes	(25,493)	(917)	2680.0%	(32,209)	-20.9%
Minority interest	859	(137)	-	(2,674)	-
Share of loss of affiliate company	(919)	(1,001)	-8.2%	(1,097)	-16.2%
Net loss	(25,553)	(2,054)	1144.1%	(35,980)	-29.0%
Gross margin	10.8%	10.3%		7.3%	
Operating margin	-5.2%	-2.3%		-3.6%	
Net loss per ordinary share - basic ⁽¹⁾	(0.0014)	(0.0001)		(0.0020)	
Net loss per ADS – basic	(0.0690)	(0.0056)		(0.0980)	
Net loss per ordinary share – diluted ⁽¹⁾	(0.0014)	(0.0001)		(0.0020)	
Net loss per ADS – diluted	(0.0690)	(0.0056)		(0.0980)	
Wafers shipped (in 8" wafers) ⁽²⁾	458,466	443,445	3.4%	413,985	10.7%
Capacity utilization	94.1%	88.9%	-	84.3%	-

Note:

(1) Based on weighted average ordinary shares of 18,523 million (basic) and 18,523 million (diluted) in 3Q07, 18,477 million (basic) and 18,477 million (diluted) in 2Q07 and 18,356 million (basic) and 18,356 million (diluted) in 3Q06

(2) Including copper interconnects

(3) As restated

- Revenue increased to \$391.4 million in 3Q07, up 4.4% QoQ from \$374.8 million in 2Q07 and up 6.1% YoY from \$368.9 million in 3Q06. As compared to 2Q07, logic revenue increased by 13.0% while DRAM revenue fell by 14.6% in 3Q07.
- Cost of sales increased to \$349.1 million in 3Q07, up 3.8% QoQ from \$336.3 million in 2Q07, primarily due to an increase in loss provision for DRAM inventories as of the end of 3Q07 resulting from the ongoing severe price declines in the DRAM market.
- Gross profit increased to \$42.3 million in 3Q07, up 9.8% QoQ from \$38.5 million in 2Q07 and up 57.2% YoY from \$26.9 million in 3Q06.
- Gross margins increased to 10.8% in 3Q07 from 10.3% in 2Q07 primarily because of the positive impact from higher utilization and higher logic shipments which were partially offset by price decline for DRAM products.
- Total operating expenses increased to \$62.4 million in 3Q07 from \$47.1 million, an increase of 32.5% QoQ, primarily due to increased R&D and G&A expenses.



- R&D expenses increased to \$25.9 million in 3Q07, up 11.7% from \$23.2 million due to costs relating to the new 12-inch project in Shanghai and 65nm R&D activities.
- G&A expenses increased to \$23.8 million in 3Q07 from \$14.7 million in 2Q07. G&A expenses excluding foreign exchange loss remained flat at \$18.1 million. The foreign exchange loss from operating activities in 3Q07 was \$5.7 million as compared to a gain of \$4.8 million in 2Q07. However, combining the foreign exchange gain from non-operating activities, which was recorded in other income, a total gain of \$2.0 million was recorded in 3Q07 as compared to a gain of \$3.3 million in 2Q07.
- Selling & marketing expenses increased to \$4.9 million in 3Q07, up 15.8% QoQ from \$4.2 million in 2Q07.





Detailed Financial Analysis

Gross Profit Analysis

<i>Amounts in US\$ thousands</i>	3Q07	2Q07	QoQ	3Q06	YoY
Cost of sales	349,148	336,339	3.8%	342,046	2.1%
Depreciation	151,720	159,154	-4.7%	196,993	-23.0%
Other manufacturing costs	189,069	168,408	12.3%	136,327	38.7%
Deferred cost amortization	5,886	5,886	-	5,886	-
Share-based compensation	2,473	2,891	-14.5%	2,840	-12.9%
Gross Profit	42,250	38,490	9.8%	26,880	57.2%
Gross Margin	10.8%	10.3%	-	7.3%	-

- Cost of sales increased to \$349.1 million in 3Q07, up 3.8% QoQ from \$336.3 million in 2Q07, primarily due to an increase in loss provision for DRAM inventories as of the end of 3Q07 resulting from the ongoing severe price declines in the DRAM market.
- Gross profit increased to \$42.3 million in 3Q07, up 9.8% QoQ from \$38.5 million in 2Q07 and up 57.2% YoY from \$26.9 million in 3Q06.
- Gross margins increased to 10.8% in 3Q07 from 10.3% in 2Q07 primarily because of the positive impact from higher utilization and higher logic shipments which were partially offset by price decline for DRAM products.

Operating Expense Analysis

<i>Amounts in US\$ thousands</i>	3Q07	2Q07	QoQ	3Q06	YoY
Total operating expenses	62,435	47,113	32.5%	40,317	54.9%
Research and development	25,906	23,194	11.7%	27,319	-5.2%
General and administrative	23,836	14,746	61.6%	4,216	465.4%
Selling and marketing	4,901	4,234	15.8%	3,614	35.6%
Amortization of intangible assets	7,751	6,213	24.8%	6,040	28.3%
Loss (Income) from disposal of properties	41	(1,274)	-	(872)	-

- Total operating expenses increased to \$62.4 million in 3Q07 from \$47.1 million, an increase of 32.5% QoQ, primarily due to increased R&D and G&A expenses.
- R&D expenses increased to \$25.9 million in 3Q07, up 11.7% from \$23.2 million due to costs relating to the new 12-inch project in Shanghai and 65nm R&D activities.
- G&A expenses increased to \$23.8 million in 3Q07 from \$14.7 million in 2Q07. G&A expenses excluding foreign exchange loss remained flat at \$18.1 million. The foreign exchange loss from operating activities in 3Q07 was \$5.7 million as compared to a gain of \$4.8 million in 2Q07. However, combining the foreign exchange gain from non-operating activities, which was recorded in other income, a total gain of \$2.0 million was recorded in 3Q07 as compared to a gain of \$3.3 million in 2Q07.
- Selling & marketing expenses increased to \$4.9 million in 3Q07, up 15.8% QoQ from \$4.2 million in 2Q07.



Other Income (Expenses)

Amounts in US\$ thousands	3Q07	2Q07	QoQ	3Q06	YoY
Other income (expenses)	(4,342)	6,085	-	(21,819)	-80.1%
Interest income	2,204	2,679	-17.7%	2,970	-25.8%
Interest expense	(14,791)	3,343	-	(12,247)	20.8%
Other, net	8,245	63	12987.3%	(12,542)	-

- Other non-operating loss of \$4.3 million in 3Q07 as compared to a gain of \$6.1 million in 2Q07, primarily due to government interest subsidies received in 2Q07 in conjunction with the ramp up of the 12-inch fabs.
- The increase in Other, net is due to foreign exchange gain of \$7.7 million from non-operating activities recorded in 3Q07 as compared to a loss of \$1.5 million in 2Q07. Combined with the foreign exchange loss from operating activities, total foreign exchange gain was \$2.0 million in 3Q07 as compared to a total gain of \$3.3 million in 2Q07

Liquidity

Amounts in US\$ thousands	3Q07	2Q07
Cash and cash equivalents	382,987	372,449
Short term investments	69,947	73,080
Accounts receivable	308,020	300,379
Inventory	254,875	237,966
Others	80,614	125,413
Total current assets	1,096,443	1,109,287
Accounts payable	387,356	483,925
Short-term borrowings	70,000	108,000
Current portion of long-term debt	290,744	290,533
Others	144,326	124,086
Total current liabilities	892,426	1,006,544
Cash Ratio	0.4x	0.4x
Quick Ratio	0.9x	0.7x
Current Ratio	1.2x	1.1x



Capital Structure

<i>Amounts in US\$ thousands</i>	3Q07	2Q07
Cash and cash equivalents	382,987	372,449
Short-term investment	69,947	73,080
Current portion of promissory note	29,493	29,242
Promissory note	64,996	64,443
Short-term borrowings	70,000	108,000
Current portion of long-term debt	290,744	290,533
Long-term debt	587,091	574,564
Total debt	947,835	973,097
Shareholders' equity	3,007,379	3,027,635
Total debt to equity ratio	31.5%	32.1%

Cash Flow

<i>Amounts in US\$ thousands</i>	3Q07	2Q07
Net cash from operating activities	142,910	152,999
Net cash from investing activities	(107,751)	(146,800)
Net cash from financing activities	(24,571)	24,593
Net change in cash	10,538	30,745

Capex Summary

- Capital expenditures for 3Q07 were \$139 million.
- Total planned capital expenditures for 2007 will be approximately \$700 million and will be adjusted based on market conditions.

Fourth Quarter 2007 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" above.

- Revenues expected to increase 2% to 5% from the third quarter.
- Operating expense as a percentage of sales expected to be in the mid-teens.
- Capital expenditures expected to be approximately \$60 million to \$90 million.
- Depreciation and amortization expected to be approximately \$185 million to \$205 million.



Recent Highlights and Announcements

- SMIC Holds 2007 Technology Symposium in Shanghai [2007-9-21]
- Announcement of Unaudited Interim Results for the Six Months Ended June 30, 2007 [2007-9-20]
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Semiconductor Manufacturing International Corporation
BALANCE SHEET
(In US dollars)

	As of	
	September 30, 2007	June 30, 2007
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 382,987,357	\$ 372,449,095
Short term investments	69,946,991	73,079,577
Accounts receivable, net of allowances of \$ 4,496,016 and \$ 4,688,098, respectively	308,020,158	300,379,234
Inventories	254,874,702	237,966,018
Prepaid expense and other current assets	27,310,047	13,059,060
Receivable for sale of plant and equipment and other fixed assets	50,180,365	109,907,931
Assets held for sale	3,123,567	2,445,806
Total current assets	1,096,443,187	1,109,286,721
Land use rights, net	47,133,249	47,139,822
Plant and equipment, net	3,275,509,427	3,375,543,336
Acquired intangible assets, net	72,925,914	62,413,712
Deferred cost	76,523,714	82,410,154
Equity investment	10,782,486	11,407,056
Other long-term prepayments	3,179,173	3,551,063
Deferred tax assets	34,582,059	33,036,474
TOTAL ASSETS	\$ 4,617,079,209	\$ 4,724,788,338
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	387,356,058	483,925,496
Accrued expenses and other current liabilities	114,781,960	94,683,683
Short-term borrowings	70,000,000	108,000,000
Current portion of promissory note	29,492,873	29,242,001
Current portion of long-term debt	290,744,282	290,533,471
Income tax payable	51,233	159,421
Total current liabilities	892,426,406	1,006,544,072
Long-term liabilities:		
Promissory note	64,995,655	64,442,787
Long-term debt	587,090,705	574,563,677
Long-term payables relating to license agreements	26,453,014	14,458,131
Deferred tax liabilities	2,633,174	184,367
Total long-term liabilities	681,172,548	653,648,962
Total liabilities	\$ 1,573,598,954	\$ 1,660,193,034
Minority interest	36,101,510	36,960,657
Stockholders' equity:		
Ordinary shares, \$0.0004 par value, 50,000,000,000 shares authorized, shares issued and outstanding 18,536,981,058 and 18,493,184,050, respectively	7,414,793	7,397,274
Warrants	32,387	32,387
Additional paid-in capital	3,307,574,393	3,302,244,424
Accumulated other comprehensive income	14,195	64,874
Accumulated deficit	(307,657,023)	(282,104,312)
Total stockholders' equity	3,007,378,745	3,027,634,647
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 4,617,079,209	\$ 4,724,788,338



Semiconductor Manufacturing International Corporation
CONSOLIDATED STATEMENT OF OPERATIONS
(In US dollars)

	For the three months ended	
	September 30, 2007	June 30, 2007
Sales	391,397,891	374,829,258
Cost of sales	349,147,976	336,338,574
Gross profit	42,249,915	38,490,684
Operating expenses:		
Research and development	25,906,095	23,193,707
General and administrative	23,835,922	14,746,510
Selling and marketing	4,900,813	4,234,048
Amortization of acquired intangible assets	7,750,931	6,213,171
Loss (Income) from sale of plant and equipment and other fixed assets	41,576	(1,274,018)
Total operating expenses	62,435,337	47,113,418
Loss from operations	(20,185,422)	(8,622,734)
Other income (expenses):		
Interest income	2,203,909	2,678,460
Interest expense	(14,790,753)	3,343,327
Foreign currency exchange gain (loss)	7,722,330	(1,514,169)
Other income, net	522,314	1,577,151
Total other income (expenses), net	(4,342,200)	6,084,769
Net loss before income tax, minority interest, and loss from equity investment	(24,527,622)	(2,537,965)
Income tax benefit (expense)	(965,676)	1,621,322
Minority interest	859,147	(136,518)
Loss from equity investment	(918,560)	(1,001,034)
Net loss	\$ (25,552,711)	\$ (2,054,195)
Net loss per share, basic	(0.0014)	(0.0001)
Net loss per ADS, basic	(0.0690)	(0.0056)
Net loss per share, diluted	(0.0014)	(0.0001)
Net loss per ADS, diluted	(0.0690)	(0.0056)
Ordinary shares used in calculating basic loss per ordinary share	18,523,392,676	18,476,528,957
Ordinary shares used in calculating diluted loss per ordinary share	18,523,392,676	18,476,528,957
*Share-based compensation related to each account balance as follows:		
Cost of sales	2,472,711	2,890,848
Research and development	880,402	1,274,430
General and administrative	427,639	1,291,079
Selling and marketing	875,343	549,542



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

	For the three months ended	
	September 30, 2007	June 30, 2007
Operating activities		
Net loss	(25,552,711)	(2,054,195)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Minority interest	(859,147)	136,518
Loss (Gain) on disposal of plant and equipment	41,576	(1,274,018)
Depreciation and amortization	176,792,146	175,187,932
Amortization of acquired intangible assets	7,750,931	6,213,171
Share-based compensation	4,656,095	6,005,899
Non cash interest expense on promissory notes	1,051,275	1,195,552
Loss from equity investment	918,560	1,001,034
Changes in operating assets and liabilities:		
Accounts receivable, net	(7,640,924)	(12,352,703)
Inventories	(16,908,684)	(346,549)
Prepaid expense and other current assets	(7,675,557)	(52,120)
Accounts payable	(7,269,481)	(4,132,746)
Accrued expenses and other current li	48(1)-11..0148()-67 0 0 4.163029333]TJ ET Q q 1736 2136.34 m 1740 2136.34 l 1740 2093.34 l 1736 2093.34 l h1st3.	