



Semiconductor Manufacturing International Corporation
www.smics.com

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People's Republic of China

NEWS RELEASE

All currency figures stated in this report are in US Dollars.
The financial statement amounts in this report are determined in accordance with US GAAP.

SMIC reports 2004 first quarter results

Highlights

-
- Sales increased to \$186.9 million, up 28.9% from 4Q03.
 - Operating profit increased to \$26.8 million, up 481.3% from 4Q03.
 - Net income increased to \$27.5 million, up 152.4% from 4Q03.
 - Wafer shipments increased 13.8% to 174,325 8-inch wafers; blended average selling price increased by 10.8% to \$1008.
 - Successful completion of the Company's initial public offering on both the New York Stock Exchange and the Hong Kong Stock Exchange, raising \$1,017 million.
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Shanghai, China – April 26, 2004. Semiconductor Manufacturing International Corporation (NYSE: SMI; SEHK: 981) ("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 March 31, 2004. Sales increased 28.9% in the first quarter of 2004 to \$186.9 million from \$145.0 million in the prior quarter. Operating profit increased 481.3% in the first quarter of 2004 to \$26.8 million from \$4.6 million in the prior quarter. Recurring net income increased 152.4% in the first quarter of 2004 to \$27.5 million from \$10.9 million in the prior quarter. Gross profit margin increased to 32.2% in the first quarter of 2004 from 21.2% in the prior quarter.

The Company reported net income attributable to holders of ordinary shares of \$8.6 million, or \$0.0033 per share and \$0.1630 per ADS (on a fully diluted basis, \$0.0005 per share, and \$0.0273 per ADS). Excluding a one-time, non-cash deemed dividend on preference shares of \$18.8 million, recurring net income would have been \$27.5 million, or \$0.0104 per share and \$0.5197 per ADS (on a fully diluted basis, \$0.0017 per share and \$0.0869 per ADS).

"We are pleased to report sequential growth during the first quarter of 2004," said Dr. Richard Chang, President and Chief Executive Officer of SMIC. "During this quarter, the Company was able to achieve significant growth in our results of operations due to increased capacity, resulting in increased wafer shipments, an increasing average sales price due to a shift in our product mix toward higher-priced wafers using more advanced manufacturing processes, and overall positive market conditions. During the first quarter of 2004, we engaged 16 new customers. We received relatively strong orders from our customers across all market segments, and in particular the communications market segment. The Company's performance during the first quarter, including the successful completion on March 18, 2004 of the Company's initial public offering on both the New York Stock Exchange and the Hong Kong Stock Exchange which raised in the aggregate \$1,017 million, demonstrates our ability to execute effectively our business plan and our competitiveness in the foundry industry."



Conference call / Webcast announcement details

Date: April 26, 2004

Time: 8 p.m. Shanghai time

Dial-in numbers and access codes: U.S. 1-617-801-9715 (Pass code: 32233010) or HK 852-800-963-844 (Pass code: 32233010).

A live webcast of the 1Q 2004 results announcement will be available at www.smics.com under the "Investor Relations" section. An archived version of the webcast, along with a soft copy of this news release will be available on the SMIC website for a period of 12 months following the webcast.

About SMIC

SMIC (NYSE: SMI, SEHK: 0981.HK) is one of the leading semiconductor foundries in the world. As a foundry, SMIC provides integrated circuit (IC) manufacturing at 0.35-micron to 0.13-micron technologies. Established in April 2000, SMIC, a Cayman Islands company, operates three 8-inch wafer fabrication facilities in the Zhangjiang High-Tech Park in Shanghai, and an 8-inch wafer fabrication facility in Tianjin, China. In addition, SMIC is currently constructing 12-inch wafer fabrication facilities in Beijing, China. SMIC's Fab 1 was named one of two "Top Fabs of the Year 2003" by Semiconductor International, a leading industry publication in May 2003. In addition to IC manufacturing, SMIC provides customers with a full range of services, including design services, mask manufacturing and wafer probe test. For more information, please visit www.smics.com.

Safe harbor statements

(Under the Private Securities Litigation Reform Act of 1995)

This press release may contain, in addition to historical information, "forward-looking statements" within the meaning of the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on SMIC's current assumptions, expectations and projections about future events. SMIC uses words like "believe," "anticipate," "intend," "estimate," "expect," "project" and similar expressions to identify forward-looking statements, although not all forward-looking statements contain these words. These forward-looking statements are necessarily estimates reflecting the best judgment of SMIC's senior management and involve significant risks, both known and unknown, uncertainties and other factors that may cause SMIC's actual performance, financial condition or results of operations to be materially different from those suggested by the forward-looking statements including, among others, risks associated with cyclicity and market conditions in the semiconductor industry, intense competition, timely wafer acceptance by SMIC's customers, timely introduction of new technologies, SMIC's ability to ramp new products into volume, supply and demand for semiconductor foundry services, industry overcapacity, shortages in equipment, components and raw materials, 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 registration statement on Form F-1, as amended, filed with the SEC on March 11, 2004, 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) on March 8, 2004, and such other documents that SMIC may file with the SEC or SEHK from time to time, including on Form 6-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:

Amounts in US\$ thousands, except for EPS

	1Q04	4Q03	QoQ	1Q03	YoY
Sales	186,937	145,047	28.9%	38,442	386.3%
Gross profit	60,156	30,714	95.9%	(25,053)	-
Operating expenses	(33,313)	(26,097)	27.7%	(13,279)	150.9%
Operating profit	26,843	4,617	481.3%	(38,332)	-
Other income	609	6,260	(90.3%)	280	117.5%
Net income ⁽¹⁾	27,452	10,877	152.4%	(38,052)	-
Deemed dividend	(18,839)	(2,531)	644.4%	0	-
Net income attributable to holders of ordinary shares	8,613	8,346	3.2%	(38,052)	-
Gross profit margin	32.2%	21.2%		(65.2%)	
Operating margin	14.4%	3.2%		(99.7%)	
Basic EPS – per ordinary share ⁽²⁾	\$0.0033	\$0.0867		(\$0.4434)	
Basic EPS – per ADS ⁽³⁾	\$0.1630	\$4.3334		(\$22.1718)	
Diluted EPS – per ordinary share ⁽⁴⁾	\$0.0005	\$0.0005		(\$0.4434)	
Diluted EPS – per ADS ⁽⁵⁾	\$0.0273	\$0.0268		(\$22.1718)	
Wafers shipped (in 8” wafers) ⁽⁶⁾	174,325	153,125	13.8%	74,596	133.7%
Blended ASP	\$1,008	\$910	10.8%	\$494	104.0%
Logic ASP ⁽⁷⁾	\$1,081	\$967	11.8%	\$635	70.2%
Capacity utilisation	99%	97%		88%	

Note:

(1) prior to deemed dividend charge of \$18.8 million

(2) Based on 1Q04 net income excluding dividends, basis EPS per ordinary share is \$0.0104. 4Q03, basic EPS per ordinary share is \$0.1130.

(3) Based on 1Q04 net income excluding dividends, basis EPS per ADS is \$0.5197. 4Q03, basic EPS per ADS is \$5.6480.

(4) Based on 1Q04 net income excluding dividends, diluted EPS per ordinary share is \$0.0017. 4Q03, basic EPS per ordinary share is \$0.0007.

(5) Based on 1Q04 net income excluding dividends, diluted EPS per ADS is \$0.0869. 4Q03, basic EPS per ADS is \$0.0349.

(6) including copper interconnects

(7) excluding copper interconnects

- Sales increased to \$186.9 million, up 28.9% QoQ from \$145.0 million in 4Q03 and 386.3% YoY from \$38.4 million in 1Q03. The key factors leading to these increases were the following:
 - increased capacity to 65,420 8-inch wafers as of the end of 1Q04;
 - increased wafer shipments to 174,325, up 13.8% QoQ from 153,125 in 4Q03;
 - higher utilization rate of 99%; and
 - increased ASP to \$1,008, up 10.8% from \$910 in 4Q03, due to the shift in product mix towards higher priced wafers.
- Gross profit increased to \$60.2 million, up 95.9% QoQ from \$30.7 million in 4Q03 and from \$(25.1) million in 1Q03. Gross profit margin increased to 32.2% in 1Q04 from 21.2% in 4Q03.
- R&D expenditures increased to \$16.5 million, up 77.1% QoQ from \$9.3 million, due primarily to the non-recurring start-up cost associated with Fab 7 (Tianjin).
- G&A expenses decreased to \$10.7 million, down 12.8% from \$12.3 million due primarily to foreign exchange movements.
- Selling & Marketing expenses decreased to \$1.7 million, down 23.0% from \$2.3 million.
- Operating profit increased to \$26.8 million, up 481.3% QoQ from \$4.6 million in 4Q03 and from \$(38.3) million in 1Q03.
- Interest income decreased by \$1.5 million in 1Q04 due to the non-recurring interest income received in 4Q03 in connection with the sale of the Company’s Series C convertible preference shares. Interest expense in 1Q04 increased by \$1.8 million due to the reduction of capitalized interest.
- Net income increased to \$27.5 million, up 152.4% QoQ from \$10.9 million in 4Q03 and from \$(38.1) million in 1Q03. Net income attributable to holders of ordinary shares increased to \$8.6 million, up 3.2% QoQ from \$8.3 million in 4Q03 and from \$(38.1) million in 1Q03.



1. Analysis of revenues

Sales analysis					
By Application	1Q04	4Q03	3Q03	2Q03	1Q03
Computer	25.1%	26.7%	33.3%	49.8%	71.6%
Communications	56.0%	55.8%	48.2%	32.5%	14.5%
Consumer	12.7%	13.5%	11.7%	11.3%	9.7%
Others	6.2%	4.0%	6.8%	6.4%	4.2%
By Technology (logic, memory & copper interconnect only)	1Q04	4Q03	3Q03	2Q03	1Q03
0.13μm	10.1%	10.4%	15.0%	13.5%	4.6%
0.15μm	15.7%	17.5%	10.0%	0.0%	0.0%
0.18μm	44.4%	34.7%	19.7%	10.5%	2.7%
0.25μm	8.3%	10.6%	33.7%	57.4%	82.5%
0.35μm	21.5%	26.8%	21.6%	18.6%	10.2%
By Logic Only⁽¹⁾	1Q04	4Q03	3Q03	2Q03	1Q03
0.13μm	0.0%	0.0%	0.0%	0.0%	0.0%
0.15μm	4.4%	1.9%	0.3%	0.1%	0.0%
0.18μm	58.5%	52.9%	40.3%	33.3%	13.7%
0.25μm	5.0%	3.4%	15.1%	7.6%	35.5%
0.35μm	32.1%	41.8%	44.3%	59.0%	50.8%
By Device	1Q04	4Q03	3Q03	2Q03	1Q03
Logic (including copper interconnect only)	72.4%	71.6%	60.0%	43.3%	23.6%
Memory	21.6%	24.5%	34.0%	53.0%	72.2%
Other (mask making & probing)	6.0%	3.9%	6.0%	3.7%	4.2%
By Customer Type	1Q04	4Q03	3Q03	2Q03	1Q03
Fabless semiconductor companies	36.6%	30.8%	31.1%	38.2%	48.9%
Integrated device manufacturers (IDM)	54.0%	62.7%	49.2%	29.9%	8.2%
System companies and Others	9.4%	6.5%	19.7%	31.9%	42.9%
By Geography	1Q04	4Q03	3Q03	2Q03	1Q03
North America	41.4%	36.2%	38.8%	39.6%	26.6%
Taiwan	13.3%	9.5%	24.8%	42.1%	67.2%
South Korea	12.2%	17.7%	11.4%	10.4%	0.7%
Japan	16.3%	15.5%	13.3%	4.2%	2.7%
Europe	15.1%	19.7%	9.7%	1.6%	0.1%
Asia Pacific (ex. Japan, S. Korea and Taiwan)	1.7%	1.4%	2.0%	2.1%	2.7%

Note:

(1) excluding 0.13μm copper interconnects

- Sales from the communications segment grew faster than other applications in 1Q04 compared to 4Q03.
- Percentage of sales from logic wafers, including copper interconnects, increased to 72.4 % of sales in 1Q04, as compared to 71.6% in 4Q03 and 23.6% in 1Q03.
- Percentage of sales from 0.18μm and below technologies increased to 70.2% of sales in 1Q04, as compared with 62.6% in 4Q03 and 7.3% in 1Q03.
- Fabless companies accounted for 36.6% of sales in 1Q04, as compared to 30.8% in 4Q03.
- Percentage of sales generated from North American customers increased to 41.4% in 1Q04, as compared to 36.2% in 4Q03. Sales generated from Taiwanese and Japanese customers increased to 13.3% and 16.3% in 1Q04, as compared to 9.5% and 15.5% in 4Q03, respectively.



Capacity:

wafers per month at the end of the period in 8" wafers

Fab / (Wafer Size)	1Q04	4Q03
Fab 1 (8")	31,720	28,000
Fab 2 (8")	24,400	21,000
Total monthly wafer fabrication capacity	56,120	49,000
Copper Interconnects:		
Fab 3 (8")	9,300	9,000
Total monthly copper interconnect capacity	9,300	9,000

- As of the end of 1Q04, monthly capacity increased to 65,420 wafers, as the Company continued to ramp up Fabs 1, 2, and 3.

Shipment and utilization:

8" wafers	1Q04	4Q03	3Q03	2Q03	1Q03
Wafer shipments including copper interconnects	174,325	153,125	130,780	117,950	74,596
Utilization rate ⁽¹⁾	99%	97%	93%	97%	88%

Note:

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

- Wafer shipment of 174,325 units of 8-inch wafers in 1Q04, representing a 13.8% increase from 4Q03 and 133.7% increase from 1Q03.
- The utilization rates varied from quarter to quarter due to capacity ramp-up and the product mix.

<i>Blended average selling price trend</i>	<i>Logic average selling price trend (excluding 0.13μm copper interconnects)</i>
<p>The blended ASP increased to \$1008 in 1Q04 from \$910 in 4Q03 and \$494 in 1Q03, mainly due to the shift to production of more logic and less DRAM wafers, the adoption of more advanced and higher margin process technologies, the overall improvement in market prices for semiconductors and the establishment of the Company in the market.</p>	<p>The logic ASP (excluding 0.13μm copper interconnects) increased to \$1081 in 1Q04 from \$967 in 4Q03 and \$635 in 1Q03, mainly due to the shift to production of more advanced (<= 0.18μm) logic wafers, the adoption of more advanced and higher margin process technologies, the overall improvement in market prices for semiconductors and the establishment of the Company in the market.</p>



2. Detailed financial analysis

Gross profit analysis

<i>Amounts in US\$ thousands</i>	1Q04	4Q03	QoQ	1Q03	YoY
Cost of sales	126,781	114,333	10.9%	63,495	99.7%
Depreciation	64,423	58,193	10.7%	28,511	126.0%
Other manufacturing costs	62,358	56,140	11.1%	34,984	78.2%
Gross Profit	60,156	30,714	95.9%	(25,053)	-
Gross Margin	32.2%	21.2%		(65.2%)	

- Gross profit increased to \$60.2 million, up 95.9% QoQ from \$30.7 million in 4Q03 and from \$(25.1) million in 1Q03, mainly due to increased capacity resulting in increased wafer shipments, a higher utilization rate, and an increase in ASP due to the shift in product mix towards higher priced wafers.
- Gross margin increased to 32.2% in 1Q04 from 21.2% in 4Q03.

Operating expense analysis

<i>Amounts in US\$ thousands</i>	1Q04	4Q03	QoQ	1Q03	YoY
Total operating expense	(33,313)	(26,097)	27.7%	(13,279)	150.9%
General & Administrative	(10,688)	(12,251)	(12.8%)	(3,916)	172.9%
Selling & Marketing	(1,747)	(2,270)	(23.0%)	(2,145)	(18.6%)
R&D	(16,540)	(9,341)	77.1%	(6,339)	160.9%
Amortization of deferred stock compensation	(4,338)	(2,235)	94.1%	(879)	393.5%

- Total operating expenses increased to \$33.3 million, up 27.7% QoQ from \$26.1 million, and 150.9% YoY from \$13.3 million in 1Q03.
- R&D expenditures increased to \$16.5 million, up 77.1% QoQ from \$9.3 million, due primarily to the non-recurring start-up cost associated with Fab 7 (Tianjin).
- Amortization of deferred stock compensation increased to \$4.3 million, up 94.1% QoQ from \$2.2 million, due to the issuance of options to employees, primarily associated with the closing of the acquisition of Fab 7.

Non-Operating items

<i>Amounts in US\$ thousands</i>	1Q04	4Q03	QoQ	1Q03	YoY
Other income, net	609	6,260	(90.3%)	280	117.5%
Interest income	1,484	2,983	(50.3%)	678	118.9%
Interest expense, net of government subsidy	(2,743)	(926)	196.4%	(146)	1777.9%
Other, net	1,868	4,203	(55.5%)	(252)	-
Deemed dividend	(18,839)	(2,531)	(644.4%)	0	-

- Interest income decreased by \$1.5 million in 1Q04 due to the non-recurring interest payment received in 4Q03 in connection with the sale of the Company's Series C convertible preference shares. Interest expense in 1Q04 increased by \$1.8 million due to the reduction of capitalized interest.
- Deemed dividends, which are non-cash and non-recurring expense items, represent the difference between the sale and conversion prices of warrants to purchase Series D convertible preference shares the Company issued in 1Q04 and their respective fair market values. The warrants expired upon the closing of the initial public offering of the Company.

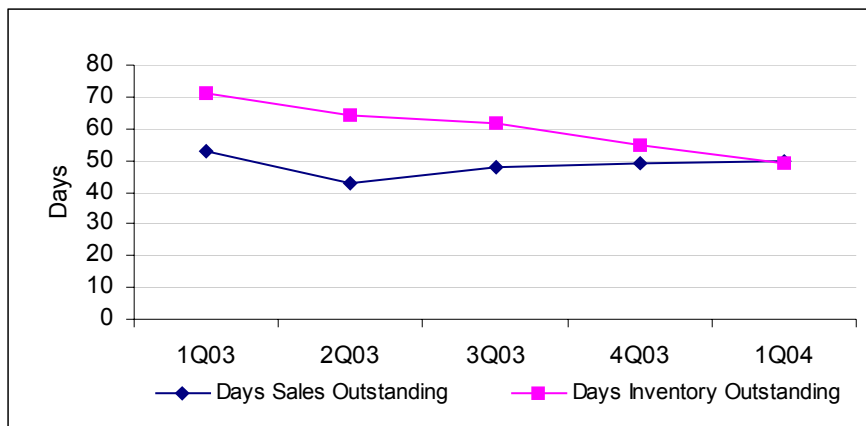


3. Liquidity

<i>Amounts in US\$ thousands</i>	1Q04	4Q03
Cash and cash equivalents	1,373,072	445,276
Short term investments	27,306	27,165
Accounts receivable	116,812	90,539
Inventory	85,479	69,924
Others	50,383	47,978
Total current assets	1,653,052	680,882
Accounts payable	390,071	211,762
Current portion of long-term debt	95,992	0
Others	88,951	113,669
Total current liabilities	575,014	325,431
Cash Ratio	2.4x	1.4x
Quick Ratio	2.7x	1.9x
Current Ratio	2.9x	2.1x

- Cash and cash equivalents increased to \$1,373.1 million from \$445.3 million, primarily due to the receipt of the net proceeds from the initial public offering. The cash ratio remains healthy at 2.4x.

Receivable/Inventory Days trends



- Inventory turnover continued to improve, with the number of days for inventory outstanding decreasing to 49 days in 1Q04 from 55 days in 4Q03.

Capital Structure

<i>Amounts in US\$ thousands</i>	1Q04	4Q03
Cash and cash equivalents	1,373,072	445,276
Short-term investment	27,306	27,165
Current portion of long-term debt	95,992	0
Long-term debt	397,898	479,961
Total debt	493,890	479,961
Net cash	906,488	(7,520)
Shareholders' equity	2,894,431	1,485,115
Total debt to equity ratio	17.1%	32.3%

- Total debt increased to \$493.9 million in 1Q04 compared with \$480.0 million in 4Q03.
- Total debt-to-equity ratio improved to 17.1% in 1Q04 from 32.3% in 4Q03.



4. Cashflow & Capex

<i>Amounts in US\$ thousands</i>	<u>1Q04</u>	<u>4Q03</u>
Net income	27,452	10,877
Depreciation & amortization	84,264	68,898
Amortization of acquired intangible assets	3,237	1,041
Net change in cash	927,796	(33,597)

Capex plans

- Planned capital expenditure for 2004 remains at \$1,950 million.

5. 2Q04 outlook and guidance

- Wafer shipments expected to increase by mid-teens
- Utilization to remain at similar levels
- Blended ASP QoQ remains unchanged
- Logic process mix of 0.18 μ m and below, excluding copper interconnects, likely to remain at similar levels
- Logic and memory revenue mix to remain at similar levels
- Gross margin in mid-20%s due to depreciation expenses associated with ramp-up at Fab 7. Excluding these depreciation expenses, gross margin should be in the low 30%s
- Operating expense as a percentage of sales likely to remain at current levels
- Capital expenditures of approximately \$800 million
- Depreciation and amortization of approximately \$100-110 million
- Deferred compensation charge of approximately \$7 million, of which approximately \$4 million will be charged to operating expenses and \$3 million in cost of sales

6. Recent announcements

- Stabilizing Action and End of Stabilization Period. [2004-04-16]
- SMIC Enhances IP Portfolio With Artisan's 0.15-Micron IP Platform. [2004-03-31]
- Semiconductor Manufacturing International Corporation (SMIC) Regrets Taiwan Semiconductor Manufacturing Company (TSMC) Smear Campaign Again. [2004-03-24]
- Semiconductor Manufacturing International Corporation Share Price Fixed at HK\$2.69 Per Share. [2004-03-15]
- Semiconductor Manufacturing International Corporation Announces Proposed Dual Listing on SEHK and NYSE. [2004-03-07]

Please visit SMIC's website www.smics.com for further details regarding the above announcements.



SMIC Financials

**Semiconductor Manufacturing International Corporation
CONSOLIDATED BALANCE SHEETS
(In US dollars)**

	For the three months ended	
	Mar. 31, 2004 (unaudited)	Dec. 31, 2003
Balance sheet		
ASSETS		
Current assets:		
Cash and cash equivalents	1,373,072,249	445,276,334
Short-term investments	27,306,329	27,164,603
Accounts receivable, net of allowances of \$76,435 on March 31, 2004 and \$114,473 on December 31, 2003)	116,812,161	90,538,517
Inventories	85,479,153	69,923,879
Prepaid expense and other current assets	17,792,517	15,387,319
Assets held for sales	32,589,744	32,591,363
Total current assets	1,653,052,153	680,882,015
Land use rights, net	34,975,122	41,935,460
Property, plant and equipment, net	2,115,338,834	1,523,564,055
Acquired intangible assets, net	60,973,178	41,120,465
Investments held to maturity	3,004,297	3,004,724
TOTAL ASSETS	3,867,343,584	2,290,506,719
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	95,991,558	-
Redeemable convertible promissory note	-	15,000,000
Accounts payable	390,071,430	211,762,334
Note payable to stockholder	-	27,018,043
Deposits received from stockholders	37,972,810	38,351,407
Accrued expenses and other current liabilities	50,978,423	33,298,915
Total current liabilities	575,014,221	325,430,699
Long-term liabilities:		
Long-term debt	397,898,517	479,960,575
Total long-term liabilities	397,898,517	479,960,575
Total liabilities	972,912,738	805,391,274
Commitments		
Stockholders' equity:		
Common stock, \$0.0004 par value, 50,000,000,000 shares authorized, shares issued and outstanding 242,595,000 in 2003 and 18,201,735,490 on March 31, 2004	7,280,694	9,703
Series A convertible preferred stock, \$0.0004 par value, 1,000,000,000 shares authorized, shares issued and outstanding 954,977,374 in 2003 and nil on March 31, 2004	-	381,990
Series A-1 non-convertible preferred stock, \$0.00001 par value, 1,000,000,000 shares authorized, shares issued and outstanding 219,499,674 in 2002 and nil on March 31, 2004	-	2,195
Series A-2 convertible preferred stock, \$0.0004 par value, 42,373,000 authorized, shares issued and outstanding 42,373,000 in 2002 and nil on March 31, 2004	-	16,949
Series B convertible preferred stock, \$0.0004 par value, 50,000,000 authorized, shares issued and outstanding 2,350,000 in 2003 and nil on March 31, 2004	-	940
Series C convertible preferred share, \$0.0004 par value, 215,285,714 authorized, shares issued and outstanding 181,718,858 in 2003 and nil on March 31, 2004	-	72,688
Series D convertible preferred shares, \$0.0004 par value, 122,142,857 authorized, shares issued and outstanding 7,142,857 in 2003 and nil on March 31, 2004	-	2,857
Warrants	124,920	37,839,931
Additional paid-in capital	3,291,984,495	1,835,907,420
Subscription receivable from stockholders	(93,000,000)	(105,420,031)
Notes receivable from stockholders	(34,160,683)	(36,026,073)
Accumulated other comprehensive income(loss)	254,625	199,827
Deferred stock compensation	(79,375,571)	(40,582,596)
Accumulated deficit	(198,677,634)	(207,290,355)
Total stockholders' equity	2,894,430,846	1,485,115,445
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	3,867,343,584	2,290,506,719



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

	For the three months ended	
	Mar. 31, 2004	Dec. 31, 2003
	(unaudited)	(unaudited)
Sales	186,936,986	145,047,669
Cost of sales	(124,115,756)	(112,547,691)
Cost of sales - Amortization of deferred stock compensation	(2,665,247)	(1,785,845)
Gross profit (loss)	60,155,983	30,714,133
Operating expenses:		
Research and development	(16,539,866)	(9,340,842)
General and administrative expenses	(10,687,939)	(12,251,115)
Selling and marketing expenses	(1,746,901)	(2,269,596)
Amortization of deferred stock compensation *	(4,338,052)	(2,234,743)
Total operating expense	(33,312,758)	(26,096,296)
Income (loss) from operating	26,843,225	4,617,837
Other income (expenses):		
Interest income	1,483,715	2,982,930
Interest expense	(2,743,377)	(925,647)
Other, net	1,868,584	4,203,136
Provision for income taxes		
Net income (loss)	27,452,147	10,878,256
Deemed dividends on preference shares (1)	(18,839,426)	(2,530,728)
Net income(loss) attributable to ordinary shareholders	8,612,721	8,347,528
Net income (loss) per share, basic	0.0033	0.0867
Net income (loss) per ADS, basic (2)	0.1630	4.3340
Net income (loss) per share, diluted	0.0005	0.0005
Net income (loss) per ADS, diluted (2)	0.0273	0.0268
Shares used in calculating basic net income(loss) per share (in millions)	2,641	96
Shares used in calculating diluted net income(loss) per share (in millions)	15,793	15,566
* Amortization of deferred stock compensation related to:		
Research and development	1,315,047	947,181
Selling and marketing expenses	628,341	836,871
General and administrative expenses	2,394,664	450,691
	4,338,052	2,234,743

(1) Deemed dividends, which are non-cash and non-recurring expense items, represent the differences between the sale and conversion prices of warrants to purchase Series D convertible preference shares the Company issued in 1Q04 and their respective fair market values. The warrants expired upon the closing of the initial public offering of the Company.

(2) 1 ADS equals 50 ordinary shares.



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

	For the three months ended	
	Mar. 31, 2004	Dec. 31, 2003
	(unaudited)	(unaudited)
Operating activities		
Income (loss) attributable to holders of ordinary shares	8,612,721	8,347,528
Deemed dividends on preference shares	18,839,426	2,530,728
Net income (loss)	27,452,147	10,878,256
Adjustments to reconcile net income to net cash provided by (used in)operating activities:		
Gain on disposal of plant and equipment	(198,351)	-
Bad debt expense	(38,038)	(308,660)
Depreciation and amortization	84,263,652	68,897,694
Non-cash interest expense	-	397,381
Amortization of acquired intangible assets	3,237,098	1,040,958
Amortization of deferred stock compensation	7,003,300	4,020,588
Stock compensation from Series C convertible preference shares	-	2,707,201
Changes in operating assets and liabilities:		
Accounts receivable	(26,235,606)	(22,881,736)
Inventories	(15,555,274)	(325,708)
Prepaid expenses and other current assets	(1,218,597)	(2,061,024)
Accounts payable	13,125,287	2,841,578
Accrued expenses and other liabilities	17,367,340	(1,121,709)
Net cash provided by (used in) operating activities	109,202,958	64,084,819
Investing activities		
Purchase of property, plant and equipment	(225,979,371)	(163,869,785)
Purchase of acquired intangible assets	-	(705,000)
Purchase of short-term investments	(2,093,043)	(5,020,216)
Purchase of long-term investments	427	-
Sale of short-term investments	2,017,960	-
Proceeds received for assets held for sales	445,071	4,562,934
Proceeds from disposal of plant and equipment	38,057	-
Net cash used in investing activities	(225,570,899)	(165,032,067)
Financing activities		
Proceeds from short-term borrowings	-	(33,624,510)
Repayment of note payable to stockholder for land use rights	(13,658,773)	-
Proceeds from long-term debt	13,929,500	-
Repayment of redeemable convertible promissory note	(15,000,000)	-
Proceeds from issuance of ordinary shares	1,017,051,336	-
Proceeds from issuance Series C convertible preference shares	-	92,690,468
Proceeds from issuance of Series D convertible preference shares	29,975,000	-
Proceeds from exercise of employee stock options	1,840,682	601,636
Collection of subscription receivables	12,420,031	79,969
Change in deposit received from stockholders	(378,597)	7,582,960
Payments for ordinary shares issuance cost	(1,403,478)	-
Payment for Series C issuance cost	(600,000)	-
Net cash provided by financing activities	1,044,175,701	67,330,523
Effect of exchange rate changes	(11,845)	20,125
Net decrease in cash and cash equivalents	927,795,915	(33,596,600)
Cash and cash equivalent - 1/1/2004(10/1/2003)	445,276,334	478,872,934
Cash and cash equivalent - 3/31/2004(12/31/2003)	1,373,072,249	445,276,334