

Contents

9	Corporate Information
10	Chairman Statement
12	Chief Executive Officer's Statement
14	Business Review
20	Management's Discussion and Analysis of Financial Condition and Results of Operation
34	Directors and Senior Management
40	Report of the Directors
81	Corporate Governance Report
95	Social Responsibility
101	Report of Independent Registered Public Accounting Firm
103	Consolidated Balance Sheets
105	Consolidated Statements of Operations
107	Consolidated Statements of Stockholders' Equity and Comprehensive Income (Loss)
108	Consolidated Statements of Cash Flows
111	Notes to the Consolidated Financial Statements

CAUTIONARY STATEMENT FOR PURPOSES OF THE "SAFE HARBOR" PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This annual report 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 cyclical 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.

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.