

## Technology

# SMIC to upgrade facilities in profit hunt

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Semiconductor Manufacturing International Corp (SMIC) said yesterday that it plans to significantly boost its capital spending this year to upgrade its current facilities in an effort to improve competitiveness and return to profit.

David Wang, the newly appointed chief executive of China's largest contract chip maker, said the company plans capital spending of \$335 million this year, up 76 percent from \$189.9 million last year. He said SMIC aims to maintain its gross margin at double digits throughout 2010 and outpace the chip foundry market's average 20 percent growth this year.

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Founded in 2000, SMIC is the largest foundry in the mainland and gets significant support from the Chinese government, which has long been trying to build up its high-value-added technology industries.

However, after getting off to a relatively strong start, SMIC has posted net losses for the past 14 quarters, as it struggles to gain the scale necessary to compete with Taiwan Semiconductor Manufacturing Co (TSMC) and United Microelectronics Corp (UMC), the world's top two contract chipmakers.

At the end of last year, SMIC announced that Richard Chang, the company's founder and chief executive, would leave the firm and would be replaced by David Wang, a 63-year-old director at Solar Fun Power Holdings.

"One specific goal is sustained profitability," said Wang yesterday in his first quarterly results call since becoming CEO. "To achieve this goal we need to make the company more solid in all aspects of the operation."

SMIC said its fourth-quarter revenue totaled \$333.1 million, up 3 percent from the previous quarter and up 22.2 percent from a year earlier. It said it expected revenue to rise 2 percent in the first quarter.

SMIC also announced an overhaul of its top management, including the naming of a new chief financial and operating officers.