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Semiconductor Manufacturing International Corporation

中 芯 國 際 集 成 電 路 製 造 有 限 公 司 *

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 981)

COMPLETION OF THE ISSUE OF US\$200 MILLION ZERO COUPON CONVERTIBLE BONDS DUE 2022 TO BE CONSOLIDATED AND FORM A SINGLE SERIES WITH THE EXISTING US\$450 MILLION ZERO COUPON CONVERTIBLE BONDS DUE 2022

Sole Global Coordinator



Sole Bookrunner and Manager



Reference is made to the announcement of the Company dated 19 November 2019 in relation to, among others, the proposed issue of the Placed Bonds (the “**Announcement**”). Unless the context otherwise requires, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

The Company is pleased to announce that all of the conditions precedent for the issue of the Placed Bonds under the Placed Bonds Subscription Agreement have been fulfilled and completion of the issue of the Placed Bonds in the principal amount of US\$200 million took place on 9 December 2019. The Company has obtained conditional approval from the Stock Exchange for the listing of, and permission to deal in, the 167,950,270 Placed Conversion Shares and has also received approval from the Singapore Exchange for the listing and quotation of the Placed Bonds. The Placed Bonds are listed on the Singapore Exchange on 10 December 2019. The estimated net proceeds (net of fees, commissions and expenses) from the issue of the Placed Bonds are approximately US\$229.5 million.

The Manager has informed the Company that the Placed Bonds have been offered and sold to six or more independent places (who are independent individual, corporate and/or institutional investors). To the best of the Company’s knowledge, information and belief, having made all reasonable enquiries, each of the places (and their respective ultimate beneficial owners) is independent third parties not connected with the Company or any of its subsidiaries or any of their respective directors, chief executives or substantial shareholders or any of their respective associates.

Based on the Effective Conversion Price of HK\$10.73 per Share as at the date of the Placed Bonds Subscription Agreement and assuming full conversion of the Placed Bonds at such Effective Conversion Price, the Placed Bonds will be convertible into approximately 167,950,270 Placed Conversion Shares, representing (i) approximately 3.32% of the issued share capital of the Company on the Last Trading Day and (ii) approximately 3.22% of the issued share capital of the Company as enlarged assuming the full conversion of the Placed Bonds at the Effective Conversion Price as at the date of the Placed Bonds Subscription Agreement (assuming that there is no change in the issued share capital of the Company, save for the issue of the Placed Conversion Shares).

Pursuant to the Datang Purchase Agreement and the China IC Fund Purchase Agreement which granted the pre-emptive rights to Datang and China IC Fund, respectively, each of Datang and China IC Fund had elected or is deemed to have elected (as the case may be) not to exercise its pre-emptive rights in relation to the issue of the Placed Bonds and the Datang Pre-emptive Subscription or the China IC Fund Pre-emptive Subscription (as the case may be).

The following table illustrates (i) the existing shareholding structure of the Company; (ii) the shareholding structure immediately after the issue of the Placed Bonds and assuming no conversion of the Placed Bonds into Placed Conversion Shares; and (iii) the shareholding structure immediately after the issue of the Placed Bonds and full conversion of the Placed Bonds.

Shareholder	Immediately after the Placed Bonds					
	Existing (as at 9 December 2019)		Assuming no conversion of the Placed Bonds (Note 1)		Assuming full conversion of the Placed Bonds at the Effective Conversion Price as at the date of the Placed Bonds Subscription Agreement (Note 2)	
	No. of Shares	% of issued share capital of the Company	No. of Shares	% of issued share capital of the Company	No. of Shares	% of issued share capital of the Company
Datang (Note 3)	859,522,595	17.00%	859,522,595	17.00%	859,522,595	16.46%
China IC Fund (Note 4)	797,054,901	15.77%	797,054,901	15.77%	797,054,901	15.26%
Holders of Placed Bonds	0	0.00%	0	0.00%	167,950,270	3.21%
Other Shareholders	<u>3,398,687,159</u>	<u>67.23%</u>	<u>3,398,687,159</u>	<u>67.23%</u>	<u>3,398,687,159</u>	<u>65.07%</u>
Total	<u>5,055,264,655</u>	<u>100.00%</u>	<u>5,055,264,655</u>	<u>100.00%</u>	<u>5,223,214,925</u>	<u>100.00%</u>

Notes:

1. Assuming that other than the Placed Bonds, no Shares are issued or repurchased by the Company, no issuance of Pre-emptive Bonds, no share options are exercised, no Restricted Share Units are granted and no conversion into Shares of any securities. As at 31 October 2019, the Company has 21,223,764 outstanding share options.
2. Assuming that other than the Placed Bonds, no Shares are issued or repurchased by the Company, no issuance of Pre-emptive Bonds, no share options are exercised, no Restricted Share Units are granted and no conversion into Shares of any securities other than the Placed Bonds. As at 31 October 2019, the Company has 21,223,764 outstanding share options.
3. All such Shares are held by Datang HK, a wholly-owned subsidiary of Datang.
4. All such Shares are held by Xinxin HK, a wholly-owned subsidiary of China IC Fund.

GRANT OF WAIVER

Rule 13.36(6) of the Listing Rules provides that an issuer may not issue securities convertible into new shares of the issuer for cash consideration pursuant to a general mandate given under rule 13.36(2)(b) of the Listing Rules, unless the initial conversion price is not lower than the benchmarked price (as defined in rule 13.36(5) of the Listing Rules) of the shares at the time of the placing.

As disclosed in the Announcement, the price at which the conversion shares will be issued upon conversion of the Placed Bonds was initially HK\$0.925 per Share pursuant to the terms and conditions of the Placed Bonds. As a result of share consolidation undertaken by the Company, the details of which are more fully disclosed in the announcement of the Company dated 6 December 2016, such conversion price was adjusted to HK\$9.25 per Share. The existing conversion price of HK\$9.25 per Share is prima facie lower than the benchmarked price (as defined in rule 13.36(5) of the Listing Rules) of the Shares at the time of the placing.

As disclosed in the Announcement, the Effective Conversion Price as at the date of the Announcement was HK\$10.73 per Share, which was not lower than the benchmarked price (as defined in rule 13.36(5) of the Listing Rules) of the Shares at the time of the placing.

The Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements of rule 13.36(6) of the Listing Rules taking into account, among others, the following specific circumstances:

- a) this is a tap issuance and the Placed Bonds to be issued in the tap issuance will be consolidated and form a single series with the Existing Bonds. Therefore, all the terms and conditions, except for the issue price, are fixed and have to be the same as those governing the Existing Bonds. As such, the time costs for preparation and execution of the Placed Bonds, together with the economic costs, could be reduced;
- b) the Existing Bonds are listed on the Singapore Exchange and due to the high trading price of the Existing Bonds, the Placed Bonds in the tap issuance will be issued with high premium on the par value. Therefore, shares to be converted under the Placed Bonds can be considered to be issued with high premium on the initial conversion price as well; and
- c) both the Existing Bonds and the Placed Bonds are zero coupon convertible bonds due 2022 which aligns with the Company's objective for the new financing and the tap issuance will increase the principal size of the Existing Bonds, which brings additional liquidity in the current market for the bondholders.

By order of the Board
Semiconductor Manufacturing International Corporation
Gao Yonggang
*Executive Director, Chief Financial Officer and
Joint Company Secretary*

Shanghai, PRC
10 December 2019

As at the date of this announcement, the directors of the Company are:

Executive Directors

ZHOU Zixue (*Chairman*)

ZHAO Haijun (*Co-Chief Executive Officer*)

LIANG Mong Song (*Co-Chief Executive Officer*)

GAO Yonggang (*Chief Financial Officer and Joint Company Secretary*)

Non-executive Directors

CHEN Shanzhi

ZHOU Jie

REN Kai

LU Jun

TONG Guohua

Independent Non-executive Directors

William Tudor BROWN

CONG Jingsheng Jason

LAU Lawrence Juen-Yee

FAN Ren Da Anthony

YOUNG Kwang Leei

* *For identification purposes only*