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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)

INSIDE INFORMATION

ENTERING INTO OF COOPERATION FRAMEWORK AGREEMENT

This announcement is made by the Company pursuant to the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and rule 13.09(2)(a) of the Listing Rules.

COOPERATION FRAMEWORK AGREEMENT

The Board is pleased to announce that on 31 July 2020 (after trading hours), the Company entered into the Cooperation Framework Agreement with BDAC. Pursuant to the Cooperation Framework Agreement, the Company and BDAC, among other matters, intend to jointly establish the Joint Venture Company in the PRC in respect of the development and operation of the Project.

The Project will be developed in two phases. It is intended that the Joint Venture Company will carry on the development and operation of the Project, which will focus on the production of 28 nanometer and above integrated circuits with a goal of achieving eventual production capacity of about 100,000 12-inch wafers per month for the first phase of the Project. The second phase of the Project will be initiated as and when appropriate based on customer and market demand.

Subject to the entering into of the definitive agreement, the estimated investment and initial registered capital of the first phase of the Project will be US\$7.6 billion and US\$5 billion, respectively. Approximately 51% of the initial registered capital will be contributed by the Company. The Company and BDAC will jointly drive other third-party investors to complete the remaining capital contribution. The capital

contribution and equity holding can be subsequently adjusted according to the capital contributions of other third-party investors. The Company will be responsible for the operation and management of the Joint Venture Company.

The Company and BDAC have agreed to negotiate in good faith with a view to entering into a definitive agreement in respect of the proposed establishment of the Joint Venture Company.

INFORMATION OF THE COMPANY

SMIC and its subsidiaries collectively constitute one of the leading foundries in the world, is Mainland China's most advanced and largest foundry, broadest in technology coverage, and most comprehensive in semiconductor manufacturing services. The Group provides integrated circuit (IC) foundry and technology services on process nodes from 0.35 micron to 14 nanometer. Headquartered in Shanghai, China, the Group has an international manufacturing and service base. In China, SMIC has a 300mm wafer fabrication facility (fab), a 200mm fab and a majority-owned joint-venture 300mm fab for advanced nodes in Shanghai; a 300mm fab and a majority-owned 300mm fab for advanced nodes in Beijing; 200mm fabs in Tianjin and Shenzhen; and a majority-owned joint-venture 300mm bumping facility in Jiangyin. The Group also has marketing and customer service offices in the U.S., Europe, Japan, and Taiwan China, and a representative office in Hong Kong.

INFORMATION OF BDAC

Beijing Economic-Technological Development Area is the only state economic and technological development area in Beijing Municipality that enjoys the preferential policies of the state economic and technological development area and state high-tech industrial parks. BDAC implements unified leadership and management of the development area on behalf of the Beijing Municipal People's Government. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, BDAC and its ultimate beneficial owner are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

REASONS FOR ENTERING INTO THE COOPERATION FRAMEWORK AGREEMENT

Seizing the opportunity of the Beijing Municipal government's development of the integrated circuit industry, the Project can meet the growing market and customer needs, enhance the Company's international market position and competitiveness, and promote the development of the integrated circuit industry of the Company and Beijing.

Under the cooperation with the Company, BDAC intends to provide support to the Company's development in Beijing in various aspects.

The Board considers that the Joint Venture Company will enable the Company to expand its production scale, advance its nanotechnology service, reduce its costs of production and thus achieve a higher return.

In light of the above, the Board considers that the entering into of the Cooperation Framework Agreement is in the interests of the Company and its Shareholders as a whole.

GENERAL

The Cooperation Framework Agreement may or may not lead to the entering into of the definitive agreement and the transactions contemplated thereunder may or may not be consummated. The proposed establishment of the Joint Venture Company, if materialised, may constitute a notifiable transaction of the Company under the Listing Rules. The Company will comply with the applicable Listing Rules in relation to the proposed establishment of the Joint Venture Company. Further announcement(s) will be made as and when required by the Listing Rules.

Shareholders of the Company and potential investors should exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, the following words have the following meanings unless the context requires otherwise:

“BDAC”	Beijing Economic-Technological Development Area Management Committee* (北京經濟技術開發區管理委員會);
“Board”	the board of Directors;
“Company” or “SMIC”	Semiconductor Manufacturing International Corporation (中芯國際集成電路製造有限公司*), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange and the Science and Technology Innovation Board of the SSE;
“Cooperation Framework Agreement”	cooperation framework agreement entered into between the Company and BDAC on 31 July 2020 in respect of, among other matters, the proposed establishment of the Joint Venture Company;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

“Joint Venture Company”	a joint venture company proposed to be established in the PRC by the Company and BDAC pursuant to the Cooperation Framework Agreement and subject to the entering into of the definitive agreement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China (for the purposes of this announcement excluding Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan);
“Project”	the development of 12-inch wafer production facilities in Beijing;
“SSE”	the Shanghai Stock Exchange;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“United States”	the United States of America;
“US\$”	United States dollar, the lawful currency of the United States.

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

Shanghai, PRC
31 July 2020

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*