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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)**

**CONTINUING CONNECTED TRANSACTIONS IN RELATION TO  
CENTRALISED FUND MANAGEMENT AGREEMENT WITH SMSC**

**CENTRALISED FUND MANAGEMENT AGREEMENT**

Reference is made to the announcements of the Company dated 13 July 2018 (as supplemented on 19 September 2018) and 7 November 2018 and the circular of the Company dated 22 October 2018 in relation to the 2017 Centralised Fund Management Agreement entered into among the Company, SMIC Beijing (a wholly-owned subsidiary of the Company) and SMSC (a non wholly-owned subsidiary of the Company) in relation to the internal deposit services, collection and payment services and foreign exchange services, internal loan services, provision of letter of credit services and other financial services. As the 2017 Centralised Fund Management Agreement will expire on 31 December 2020, the Company, SMIC Beijing and SMSC agreed to renew and continue the transactions originally covered under the 2017 Centralised Fund Management Agreement by entering into the Centralised Fund Management Agreement.

The Company announces that on 31 August 2020 (after trading hours), the Company, SMIC Beijing and SMSC entered into the Centralised Fund Management Agreement in relation to: (i) the Company authorising its wholly-owned subsidiary, SMIC Beijing, to carry out centralised management of the Group's RMB fund and foreign exchange in accordance with the relevant PRC laws and regulations; and (ii) SMSC participating in the Group's centralised fund management system. SMIC Beijing will provide internal deposit services, collection and payment services, foreign exchange services, internal loan services, provision of letter of credit services and other financial services to SMSC pursuant to the Centralised Fund Management Agreement.

\* For identification purposes only

## LISTING RULES IMPLICATIONS

As at the date of this announcement, as China IC Fund holds approximately 10.36% shareholding in the Company through its wholly-owned subsidiary, Xinxin (Hongkong) Capital Co., Limited, it is a connected person of the Company at the issuer level under the Listing Rules. The registered capital of SMSC is owned as to approximately 38.515%, 14.562%, 23.077%, 12.308% and 11.538% by SMIC Holdings, China IC Fund, China IC Fund II, Shanghai IC Fund and Shanghai IC Fund II, respectively. SMSC is regarded as a subsidiary of the Company since SMIC Holdings is entitled to appoint the majority of the directors in SMSC's board of directors and veto certain material matters discussed at a general meeting of SMSC at its sole discretion. The Company has effective control over SMSC and accordingly the financial results of SMSC is consolidated into the consolidated financial statements of the Group under the relevant accounting policy. Each of China IC Fund II, Shanghai IC Fund and Shanghai IC Fund II is also a connected person of the Company by way of being a substantial shareholder (as defined in the Listing Rules) of SMSC. SMSC is therefore a connected subsidiary of the Company as defined under rule 14A.16 of the Listing Rules and thus a connected person of the Company under the Listing Rules.

The Internal Deposit Services to be provided by SMIC Beijing to SMSC will constitute continuing connected transactions by way of financial assistance received by SMIC Beijing from a connected person. Pursuant to rule 14A.90 of the Listing Rules, as the Internal Deposit Services are conducted on normal commercial terms and not secured by the assets of the Group, the provision of the Internal Deposit Services is fully exempt from the reporting, announcement and/or the Independent Shareholders' approval requirements under the Listing Rules.

As one or more of the applicable percentage ratios in respect of each of the Annual Caps for the Collection and Payment Services and Foreign Exchange Services, Internal Loan Services and Provision of Letter of Credit Services exceed 5%, the transactions contemplated under the Centralised Fund Management Agreement constitute continuing connected transactions subject to the reporting, announcement and the Independent Shareholders' approval requirements of Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios (other than the profits ratio) in respect of the Annual Caps for the Other Financial Services are more than 0.1% but less than 5%, the transaction is subject to the reporting, announcement and annual review requirements but exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

In accordance with the Listing Rules, the Independent Board Committee has been established to advise and provide recommendation to the Independent Shareholders on the Centralised Fund Management Agreement (including the transactions contemplated thereunder and the Annual Caps) and to advise the Independent Shareholders on how to vote.

Messis Capital Limited has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Centralised Fund Management Agreement (including the transactions contemplated thereunder and the Annual Caps).

## **GENERAL**

At the EGM, an ordinary resolution will be proposed to the Independent Shareholders to approve the Centralised Fund Management Agreement and the transactions contemplated thereunder.

As China IC Fund is a connected person of the Company, its wholly-owned subsidiary Xinxin (Hongkong) Capital Co., Limited and its other associates (as defined under the Listing Rules) will abstain from voting on the ordinary resolution to approve the Centralised Fund Management Agreement and the transactions contemplated thereunder. As China IC Fund II and Shanghai IC Fund are connected persons of the Company and each of China IC Fund II and Shanghai IC Fund holds approximately 1.66% and 0.24% shareholding in the Company, respectively, China IC Fund II and Shanghai IC Fund and their associates will also abstain from voting on the ordinary resolution to approve the Centralised Fund Management Agreement and the transactions contemplated thereunder. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save as set out above, no other Shareholder will be required to abstain from voting on this resolution at the EGM.

The Company expects to dispatch a circular to the Shareholders on or around 20 October 2020 as time is needed to finalise than contents therein. The circular will contain, among other things, (i) further details on the Centralised Fund Management Agreement; (ii) a letter from the Independent Board Committee to the Independent Shareholders; (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders together with (iv) a notice convening the EGM.

## **CENTRALISED FUND MANAGEMENT AGREEMENT**

Reference is made to the announcements of the Company dated 13 July 2018 (as supplemented on 19 September 2018) and 7 November 2018 and the circular of the Company dated 22 October 2018 in relation to the 2017 Centralised Fund Management Agreement entered into among the Company, SMIC Beijing (a wholly-owned subsidiary of the Company) and SMSC (a non wholly-owned subsidiary of the Company) in relation to the internal deposit services, collection and payment services and foreign exchange services, internal loan services, provision of letter of credit services and other financial services. As the 2017 Centralised Fund Management Agreement will expire on 31

December 2020, the Company, SMIC Beijing and SMSC agreed to renew and continue the transactions originally covered under the 2017 Centralised Fund Management Agreement by entering into the Centralised Fund Management Agreement.

The Company announces that on 31 August 2020 (after trading hours), the Company, SMIC Beijing and SMSC entered into the Centralised Fund Management Agreement in relation to: (i) the Company authorising its wholly-owned subsidiary, SMIC Beijing, to carry out centralised management of the Group's RMB fund and foreign exchange in accordance with the relevant PRC laws and regulations; and (ii) SMSC participating in the Group's centralised fund management system. The principal terms of the Centralised Fund Management Agreement are set out below.

Date: 31 August 2020

Parties: (i) the Company;  
(ii) SMIC Beijing, a wholly-owned subsidiary of the Company;  
and  
(iii) SMSC, a non wholly-owned subsidiary of the Company.

Effective period: Effective from 1 January 2021 or the date when all the necessary approvals required under the applicable law, the articles of associations of the parties and the requirements of the Stock Exchange and the SSE are obtained, whichever is later, and ending on 31 December 2023.

Termination: SMSC may terminate the Centralised Fund Management Agreement by three months' prior written notice. Two months before the expiry date, the parties will negotiate whether to renew or terminate the Centralised Fund Management Agreement.

### **Centralised Fund Management Services**

The Company will authorise its wholly-owned subsidiary SMIC Beijing to carry out centralised management of the Group's RMB fund and foreign exchange in accordance with the relevant PRC laws and regulations. Based on such authorisation, SMIC Beijing will provide the following fund management services to SMSC within the scope permitted by the relevant PRC policies.

**1. *Internal Deposit Services (the “Internal Deposit Services”)***

SMIC Beijing will provide deposit services and pay interest to SMSC.

**2. *Collection and Payment Services and Foreign Exchange Services (the “Collection and Payment Services and Foreign Exchange Services”)***

SMIC Beijing will serve as the platform for centralised collection and payment activities and foreign exchange activities within the Group. SMSC may carry out such activities by itself or through SMIC Beijing.

**3. *Internal Loan Services (the “Internal Loan Services”)***

SMIC Beijing will provide internal loan services to SMSC in accordance with PRC laws, regulations and policies.

**4. *Provision of Letter of Credit Services (the “Provision of Letter of Credit Services”)***

The Company will utilise its overseas credit lines to provide letter of credit on behalf of SMSC for importing equipment in accordance with PRC laws, regulations and policies.

**5. *Other Financial Services (the “Other Financial Services”)***

SMIC Beijing will provide other financial services to SMSC in accordance with PRC laws, regulations and policies.

**Pricing Policy**

The price of the services provided by SMIC Beijing to SMSC contemplated under the Centralised Fund Management Agreement will be fair and reasonable under the Listing Rules, determined according to the market principle on arm’s length basis, subject to compliance with requirements for connected transactions of the Stock Exchange and relevant requirements for connected transactions that are applicable to the parties. The Company will ensure that the prices charged to SMSC will not be more favourable than prices charged to its other subsidiaries which are not connected persons under the Listing Rules. The terms in respect of each of the centralised fund management services by the Company or SMIC Beijing to SMSC will be on normal commercial terms or better, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, subject to the relevant provisions of PRC laws and regulations.

### **1. *Internal Deposit Services***

The interest rate applicable to SMSC's deposits with SMIC Beijing will be determined based on arm's length negotiations by the parties. SMIC or SMIC Beijing will obtain two or more written quotes from third-party commercial banks in the PRC for providing deposit services of the same type during the same period to SMSC. The interest rate for SMSC's deposits with SMIC Beijing will be the same as or lower than lowest of the quoted interest rates. The PBOC publishes benchmark interest rates for RMB deposits from time to time which serve as a guidance price for reference only for the commercial banks in the PRC. The Company understands that when determining the interest rates quoted to SMSC, the third-party commercial banks will refer to such PBOC benchmark interest rate for RMB deposits of a similar type and make adjustment based on the bank's credit assessment of SMSC.

### **2. *Collection and Payment Services and Foreign Exchange Services***

The fees charged by SMIC Beijing to SMSC for providing such services will be determined based on arm's length negotiations by the parties which will not be less favourable to SMIC Beijing than (1) fees charged by SMIC Beijing to other subsidiaries which are not connected persons under the Listing Rules; and (2) fees charged to SMIC Beijing by other third-party commercial banks or financial institutions providing fund management services to SMIC Beijing for services of the same type during the same period. SMIC Beijing will obtain services of the same type from third-party commercial banks or financial institutions first and then use the fees charged to it to determine fees to be charged to SMSC as described above. In particular, SMIC Beijing will make reference to the quotes offered by independent third-party commercial banks or financial institutions which take into account the specific market conditions and other specific considerations such as the credit of the customers and the size of the transaction.

### **3. *Internal Loan Services***

The interest rate applicable to loans granted to SMSC by SMIC Beijing will be based on arm's length negotiations by the parties. SMIC or SMIC Beijing will obtain two or more written quotes from third-party commercial banks in the PRC for providing loan services of the same type during the same period to SMSC. The interest rate for SMSC's loans with SMIC Beijing will be the same as or higher than the highest of the quoted interest rates. The PBOC publishes benchmark interest rates for RMB loans from time to time which serve as a guidance price for reference only for the commercial banks in the PRC. The Company understands that when determining the interest rates quoted to SMSC, the third-party commercial banks will refer to such PBOC benchmark interest rate for RMB loan of a similar type and make adjustment based on the bank's credit assessment of SMSC.

#### **4. *Provision of Letter of Credit Services***

The fees charged by the Company to SMSC for providing such services will be determined based on arm's length negotiations by the parties which will not be less favourable to SMIC Beijing than (1) fees charged by SMIC Beijing to other subsidiaries which are not connected persons under the Listing Rules; and (2) fees charged to SMIC Beijing by other third party-commercial banks or financial institutions providing fund management services to SMIC Beijing for services of the same type during the same period. SMIC Beijing will obtain services of the same type from third-party commercial banks or financial institutions first and then use the fees charged to it to determine fees to be charged to SMSC as described above. In particular, third-party commercial banks or financial institutions will charge SMIC Beijing an issuance fee according to the key terms of the credit facility, which is subject to the issuer's credit and financial profile. The final fee charged to SMSC will be determined by the face amount of letter of credit multiplied with the issuance fee rate and the time length of the letter.

#### **5. *Other Financial Services***

The fees charged by SMIC Beijing to SMSC for providing such services will be determined based on arm's length negotiations by the parties which will not be less favourable to SMIC Beijing than (1) fees charged by SMIC Beijing to other subsidiaries which are not connected persons under the Listing Rules; and (2) fees charged to SMIC Beijing by other third party-commercial banks or financial institutions providing fund management services to SMIC Beijing for services of the same type during the same period. SMIC Beijing will obtain services of the same type from third-party commercial banks or financial institutions first and then use the fees charged to it to determine fees to be charged to SMSC as described above.

#### **Payment**

The consideration for the transactions contemplated under the Centralised Fund Management Agreement will be paid in accordance with the specific and separate agreements entered into between SMIC Beijing and SMSC, the terms of which will be on normal commercial terms or better, and funded by the relevant party's internal resources.

#### **Termination**

SMSC may terminate the Centralised Fund Management Agreement by three months' prior written notice to the Company. Two months before the expiry date of the Centralised Fund Management Agreement, the parties will negotiate whether to renew or terminate the Centralised Fund Management Agreement.

## Other Terms

The terms of the Centralised Fund Management Agreement are subject to applicable laws and regulations including the requirements of any regulatory authorities (including but not limited to the Stock Exchange and the SSE).

SMSC's participation in the centralised fund management system of the Group will not alter its existing rights to its own funds. The rights to own, use, approve of use and benefit from SMSC's funds will remain with SMSC.

## THE ANNUAL CAPS AND BASIS OF DETERMINATION

### Historical Transaction Amount

The historical transaction amounts among the Company, SMIC Beijing and SMSC for the transactions contemplated under the 2017 Centralised Fund Management Agreement for the two years ended 31 December 2018 and 2019 and the six months ended 30 June 2020 are as follows:

	Transactions for the year ended 31 December 2018 <sup>(1)(2)</sup> (US\$ million)	Transactions for the year ended 31 December 2019 <sup>(1)(2)</sup> (US\$ million)	Transactions from 1 January 2020 to 30 June 2020 <sup>(3)</sup> (US\$ million)
Nature of Continuing Connected Transactions			
Collection and payment services and foreign exchange services (representing the maximum daily transaction amount for collection and payment services and foreign exchange services provided by SMIC Beijing to SMSC)	—	3.0	1,500
Internal loan services (representing the maximum balance of internal loans provided by SMIC Beijing to SMSC per calendar year)	—	—	—
Provision of letter of credit services (representing the maximum total amount of the letter(s) of credit issued on SMSC's behalf per calendar year)	—	448.5	454.30
Other financial services (representing the maximum fees charged by SMIC Beijing for providing other financial services to SMSC per calendar year)	—	—	—



Notes:

- (1) Representing the audited amounts of all transactions among the Company, SMIC Beijing and SMSC for the two years ended 31 December 2018 and 2019.
- (2) Audited.
- (3) Unaudited.

The Annual Caps under the Centralised Fund Management Agreement are set out below.

### Annual Caps

Nature of Continuing Connected Transactions	For the year ending 31 December		
	2021 (US\$ million)	2022 (US\$ million)	2023 (US\$ million)
Collection and Payment Services and Foreign Exchange Services (representing the maximum daily transaction amount for collection and payment services and foreign exchange services provided by SMIC Beijing to SMSC)	2,500	2,500	2,500
Internal Loan Services (representing the maximum balance of internal loans provided by SMIC Beijing to SMSC per calendar year)	1,500	1,500	1,500
Provision of Letter of Credit Services (representing the maximum total amount of the letter(s) of credit issued on SMSC's behalf per calendar year)	2,000	2,000	2,000
Other Financial Services (representing the maximum fees charged by SMIC Beijing for providing the Other Financial Services to SMSC per calendar year)	50	50	50

The Annual Caps are determined based on the assumptions and factors as explained below:

#### 1. *Collection and Payment Services and Foreign Exchange Services*

- (a) the practical needs of SMSC and the Group's respective future business; and
- (b) the future development plan of each of SMSC and the Group.

#### 2. *Internal Loan Services*

- (a) the capital expenditure required for future capital expenditure expansion of each of SMSC and the Group; and

- (b) the operating cash flow and financial needs of each of SMSC and the Group and the availability of fund within the Group in respect of its future business expansion.

### **3. *Provision of Letter of Credit Services***

- (a) the capital expenditure required for future capital expenditure of each of SMSC and the Group; and
- (b) the increase of SMSC's and the Group's respective fixed assets over the past years.

### **4. *Other Financial Services***

- (a) the practical needs of SMSC's and the Group's respective future business; and
- (b) the future development plan of each of SMSC and the Group.

## **REASONS FOR AND BENEFITS OF THE CENTRALISED FUND MANAGEMENT AGREEMENT**

The Company considers that the entry into of the Centralised Fund Management Agreement and the transactions contemplated thereunder will have the following benefits:

1. Open up the domestic and foreign funding channels of the Group;
2. Reduce the Group's overall debt levels and increase efficient fund usage;
3. Reduce the Group's interest expense; and
4. Obtain favorable exchange rate for the Group.

The Directors (excluding independent non-executive Directors whose view will be given after taking into account the advice from the Independent Financial Adviser) consider that it is in the best interests of the Company and the Shareholders as a whole to enter into the Centralised Fund Management Agreement and the transactions contemplated thereunder, the terms of the Centralised Fund Management Agreement including the Annual Caps are fair and reasonable; and the entering into of the Centralised Fund Management Agreement and the transactions contemplated thereunder are on normal commercial terms or better, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

## LISTING RULES IMPLICATIONS

As at the date of this announcement, as China IC Fund holds approximately 10.36% shareholding in the Company through its wholly-owned subsidiary, Xinxin (Hongkong) Capital Co., Limited, it is a connected person of the Company at the issuer level under the Listing Rules. The registered capital of SMSC is owned as to approximately 38.515%, 14.562%, 23.077%, 12.308% and 11.538% by SMIC Holdings, China IC Fund, China IC Fund II, Shanghai IC Fund and Shanghai IC Fund II, respectively. SMSC is regarded as a subsidiary of the Company since SMIC Holdings is entitled to appoint the majority of the directors in SMSC's board of directors and veto certain material matters discussed at a general meeting of SMSC at its sole discretion. The Company has effective control over SMSC and accordingly the financial results of SMSC is consolidated into the consolidated financial statements of the Group under the relevant accounting policy. Each of China IC Fund II, Shanghai IC Fund and Shanghai IC Fund II is also a connected person of the Company by way of being a substantial shareholder (as defined in the Listing Rules) of SMSC. SMSC is a connected subsidiary of the Company as defined under rule 14A.16 of the Listing Rules and thus a connected person of the Company under the Listing Rules.

The Internal Deposit Services to be provided by SMIC Beijing to SMSC will constitute continuing connected transactions by way of financial assistance received by SMIC Beijing from a connected person. Pursuant to rule 14A.90 of the Listing Rules, as the Internal Deposit Services are conducted on normal commercial terms and not secured by the assets of the Group, the provision of the Internal Deposit Services is fully exempt from the reporting, announcement and/or the Independent Shareholders' approval requirements under the Listing Rules.

As one or more of the applicable percentage ratios in respect of each of the Annual Caps for the Collection and Payment Services and Foreign Exchange Services, Internal Loan Services and Provision of Letter of Credit Services exceed 5%, the transactions contemplated under the Centralised Fund Management Agreement constitute continuing connected transactions subject to the reporting, announcement and the Independent Shareholders' approval requirements of Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios (other than the profits ratio) in respect of the Annual Caps for the Other Financial Services are more than 0.1% but less than 5%, the transaction is subject to the reporting, announcement and annual review requirements but exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

In accordance with the Listing Rules, the Independent Board Committee has been established to advise and provide recommendation to the Independent Shareholders on the Centralised Fund Management Agreement (including the transactions contemplated thereunder and the Annual Caps) and to advise the Independent Shareholders on how to vote.

Messis Capital Limited has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Centralised Fund Management Agreement (including the transactions contemplated thereunder and the Annual Caps).

## **INFORMATION ABOUT THE PARTIES**

### **Information of the Company and SMIC Beijing**

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. SMIC Beijing is a wholly foreign-owned enterprise established in the PRC and a wholly-owned subsidiary of the Company.

### **Information on SMSC**

SMSC is a joint venture company established in the PRC, the registered capital of which is owned as to 38.515%, 14.562%, 23.077%, 12.308% and 11.538% by SMIC Holdings, China IC Fund, China IC Fund II, Shanghai IC Fund and Shanghai IC Fund II, respectively. SMSC is principally engaged in wafer manufacturing, wafer probing and bumping, technology development, design service, mask manufacturing, assembly and final testing of integrated circuits and sales of self-manufactured products, wholesale, import/export of relevant abovementioned products, commission agent (except auctions), and the provision of relevant complementary services.

#### *Shareholders of SMSC*

- i. China IC Fund, incorporated in September 2014, mainly invests in the value chain of integrated circuit industry via equity investment, primarily in integrated circuit chip manufacturing as well as chip designing, packaging test and equipment and materials. There are 16 fund investors in China IC Fund.
- ii. China IC Fund II, incorporated in October 2019, mainly invests in the value chain of integrated circuit industry via equity investment, primarily in integrated circuit chip manufacturing as well as chip designing, packaging test and equipment and materials. There are 27 fund investors in China IC Fund II.

- iii. Shanghai IC Fund is the local integrated circuit industry investment fund of Shanghai, with a total amount of 1st phase investment of RMB28.5 billion and is the largest state-owned integrated circuit industry investment fund in Shanghai.
- iv. Shanghai IC Fund II is an industry investment fund officially established in May 2020 focusing on the investment in high-quality projects in the integrated circuit industry in Shanghai. The fund focuses on those enterprises specialized in IC chip manufacturing in Shanghai and invests in quality enterprises and projects in integrated circuit industry chain.

For further details about the shareholders of SMSC, please refer to the circular of the Company dated 6 June 2020.

## **GENERAL**

At the EGM, an ordinary resolution will be proposed to the Independent Shareholders to approve the Centralised Fund Management Agreement and the transactions contemplated thereunder.

As China IC Fund is a connected person of the Company, its wholly-owned subsidiary Xinxin (Hongkong) Capital Co., Limited and its other associates (as defined under the Listing Rules) will abstain from voting on the ordinary resolution to approve the Centralised Fund Management Agreement and the transactions contemplated thereunder. As China IC Fund II and Shanghai IC Fund are connected persons of the Company and each of China IC Fund II and Shanghai IC Fund holds approximately 1.66% and 0.24% shareholding in the Company, respectively, China IC Fund II and Shanghai IC Fund and their associates will also abstain from voting on the ordinary resolution to approve the Centralised Fund Management Agreement and the transactions contemplated thereunder. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save as set out above, no other Shareholder will be required to abstain from voting on this resolution at the EGM.

The Company expects to dispatch a circular to the Shareholders on or around 20 October 2020 as time is needed to finalise the contents therein. The circular will contain, among other things, (i) further details on the Centralised Fund Management Agreement; (ii) a letter from the Independent Board Committee to the Independent Shareholders; (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders together with (iv) a notice convening the EGM.

No Director was considered to have a material interest in the Centralised Fund Management Agreement on the date of the Board meeting authorising the Centralised Fund Management Agreement which would have required the Director to abstain from voting at the relevant Board meeting.

## DEFINITIONS

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

“2017 Centralised Fund Management Agreement”	the centralised fund management agreement dated 1 June 2017 entered into among the Company, SMIC Beijing and SMSC, as referred to in the announcement of the Company dated 13 July 2018 (as supplemented on 19 September 2018)
“Annual Caps”	annual caps for the years ending 31 December 2021, 2022 and 2023 in relation to each type of continuing connected transactions contemplated under the Centralised Fund Management Agreement which are more fully set out in the section headed “The Annual Caps and Basis of Determination — Annual Caps” in this announcement
“Board”	the board of Directors
“Centralised Fund Management Agreement”	the centralised fund management agreement dated 31 August 2020 entered into among the Company, SMIC Beijing and SMSC
“China IC Fund”	China Integrated Circuit Industry Investment Fund Co., Ltd.* (國家集成電路產業投資基金股份有限公司), a company established under the laws of the PRC
“China IC Fund II”	China Integrated Circuit Industry Investment Fund (Phase II) Co., Ltd.* (國家集成電路產業投資基金二期股份有限公司), a company established under the laws of the PRC
“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 and the Science and Technology Innovation Board of the SSE
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company proposed to be held to approve, among other things, the Centralised Fund Management Agreement and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

“Independent Board Committee”	an independent committee of the Board that consists of all independent non-executive Directors who have no direct or indirect interest in the Centralised Fund Management Agreement, other than, where applicable, being a Shareholder
“Independent Financial Adviser”	Messis Capital Limited, the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Centralised Fund Management Agreement
“Independent Shareholders”	in relation to the Centralised Fund Management Agreement, Shareholders other than Xinxin (Hongkong) Capital Co., Limited and other associates (as defined under the Listing Rules) of China IC Fund, China IC Fund II and Shanghai IC Fund and their associates
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PBOC”	the Peoples’ Bank of China
“PRC”	the People’s Republic of China, but for the purposes of this announcement only, excludes Hong Kong, Macau and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai IC Fund”	Shanghai Integrated Circuit Industry Investment Fund Co., Ltd.* (上海集成電路產業投資基金股份有限公司), a company established under the laws of the PRC and is owned as to approximately 10.53% by China IC Fund
“Shanghai IC Fund II”	Shanghai Integrated Circuit Industry Investment Fund (Phase II) Co., Ltd.* (上海集成電路產業投資基金(二期)有限公司), a company established under the laws of the PRC
“Shareholders”	holder(s) of Shares
“Shares”	ordinary shares of par value US\$0.004 each in the capital of the Company
“SMIC Beijing”	Semiconductor Manufacturing International (Beijing) Corporation* (中芯國際集成電路製造(北京)有限公司), a wholly foreign-owned enterprise established in the PRC and a wholly-owned subsidiary of the Company

“SMIC Holdings”	SMIC Holdings Corporation (中芯國際控股有限公司*), a limited liability company established in the PRC and a wholly-owned subsidiary of the Company
“SMSC”	Semiconductor Manufacturing South China Corporation* (中芯南方集成電路製造有限公司), a Chinese-foreign joint venture established under the laws of the PRC and a non wholly-owned subsidiary of the Company, the registered capital of which is owned as to 38.515%, 14.562%, 23.077%, 12.308% and 11.538% by SMIC Holdings, China IC Fund, China IC Fund II, Shanghai IC Fund and Shanghai IC Fund II, respectively
“SSE”	the Shanghai Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“U.S.” or “United States”	the United States of America
“US\$”	United States dollar, the lawful currency of the United States of America
“%”	per cent.

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

Shanghai, 31 August 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*