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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)

DISCLOSEABLE TRANSACTIONS

PURCHASES MADE PURSUANT TO THE VOLUME PURCHASE AGREEMENTS AND PURCHASE ORDERS

The Company announces that the Company has, pursuant to the Volume Purchase Agreements, entered into the ASML Purchase Orders with the ASML Group for the purchase of the ASML Products over a 12-month period from 16 March 2020 to 2 March 2021.

As one or more of the applicable percentage ratios under Chapter 14 of the Hong Kong Listing Rules in respect of the ASML Purchase Orders was more than 5% but less than 25%, the transactions contemplated under the ASML Purchase Orders constitute discloseable transactions of the Company and are subject to the announcement requirement under Chapter 14 of the Hong Kong Listing Rules.

INTRODUCTION

On 1 February 2021, the Company had entered into the Amended and Restated ASML Volume Purchase Orders with ASML Shanghai, pursuant to which, the original term of the ASML Volume Purchase Agreement from 1 January 2018 to 31 December 2020 had been extended from 1 January 2018 to 31 December 2021.

The Company has, pursuant to the Volume Purchase Agreements, entered into the ASML Purchase Orders with the ASML Group for the purchase of the ASML Products, to be used in the manufacturing of wafers, over a 12-month period from 16 March 2020 to 2 March 2021.

The Volume Purchase Agreements serve as reference for the terms and conditions incorporated in the ASML Purchase Orders and purchases under the Volume Purchase Agreements are effected through the entry into purchase orders by the Company.

THE AMENDED AND RESTATED ASML VOLUME PURCHASE AGREEMENT AND THE ASML PURCHASE ORDERS

The Amended and Restated ASML Volume Purchase Agreement

Date and Parties

Date: 1 February 2021

Parties:

- (1) The Company; and
- (2) ASML Shanghai

The Company confirmed that, to the best of their knowledge, information and belief, having made all reasonable enquiry, ASML Shanghai and its ultimate beneficial owner(s) are third parties independent of the Company and its connected person.

Term

The agreement is valid until 31 December 2021.

Principal Terms of the Amended and Restated ASML Volume Purchase Agreement

Payment

The pricing for ASML Products and other equipment are determined separately each time a purchase order under the Amended and Restated ASML Volume Purchase Agreement is made.

The payment terms for each ASML Product are:

- (1) down payment of around thirty percent (30%) upon giving of the relevant purchase order; and
- (2) the remaining amount to be paid on delivery of the relevant ASML Product.

Shipment

Terms of shipment for purchases made under the ASML Purchase Orders shall be FCA (Free Carrier) Contractor's premises or delivered at place (DAP).

The ASML Purchase Orders

The ASML Purchase Orders were made pursuant to the Volume Purchase Agreements between 16 March 2020 and 2 March 2021 for the supply by ASML Group to the Company of machinery used in the manufacturing of wafers.

Pricing for the ASML Products purchased under the ASML Purchase Orders were determined on arms' length basis. The aggregate consideration under the ASML Purchase Orders is US\$1,201,598,880.

INFORMATION ON THE PARTIES

The Company 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 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, the Company has a 300mm wafer fabrication facility (fab), a 200mm fab and an effectively-controlled-joint-venture 300mm fab for advanced nodes in Shanghai; a 300mm fab and a majority-owned 300mm fab in Beijing; two 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 United States, Europe, Japan, and Taiwan China, and a representative office in Hong Kong China.

ASML Holding N.V. is a company incorporated in Netherlands and is listed on Euronext Amsterdam and NASDAQ. ASML Holding N.V. is a world's leading supplier for the semiconductor industry and it provides hardware, software and services to chip-makers around the world. ASML Hong Kong and ASML Shanghai are subsidiaries of ASML Holding N.V..

REASONS FOR AND BENEFITS OF ENTERING INTO THE ASML VOLUME PURCHASE AGREEMENTS

The Company is the most advanced and largest integrated circuit manufacturing in the PRC. In order to meet customer's need, the Company continues to expand its production capacity, seize market opportunities and grow.

The Volume Purchase Agreements and the ASML Purchase Orders were made in the ordinary course of business of the Company for the acquisition of the relevant machineries used in the production of wafers, being the principal business of the Company. The Company had entered into the Amended and Restated ASML Volume Purchase Agreement as the term of the ASML Volume Purchase Agreement had expired.

The Directors consider that the respective terms of the Volume Purchase Agreements and ASML Purchase Orders are fair and reasonable and in the interests of the Company and its shareholders as a whole.

IMPLICATION UNDER THE HONG KONG LISTING RULES

The ASML Purchase Orders made pursuant to the ASML Volume Purchase Agreements are a series of purchases for ASML Products over a 12-month period and, pursuant to Rules 14.22 and 14.23 of the Hong Kong Listing Rules, are aggregated and treated as if they were a single transaction for the purchase.

As one or more of the applicable percentage ratio under Chapter 14 of the Hong Kong Listing Rules in respect of the ASML Purchase Orders was more than 5% but less than 25%, the transactions contemplated under the ASML Purchase Orders constitute discloseable transactions and are subject to the announcement requirement under Chapter 14 of the Hong Kong Listing Rules.

DEFINITIONS

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

“Amended and Restated ASML Volume Purchase Agreement”	the Amended and Restated ASML Volume Purchase Agreement dated 1 February 2021 between the Company and ASML Shanghai;
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“ASML Group”	collectively, ASML Hong Kong and ASML Shanghai;
“ASML Hong Kong”	ASML Hong Kong Ltd.;
“ASML Products”	capital equipment comprising of scanners;
“ASML Purchase Orders”	purchase orders made pursuant to the Volume Purchase Agreements for the ASML Products between 16 March 2020 and 2 March 2021;
“ASML Shanghai”	ASML (Shanghai) Electrics Equipment Co., Ltd.
“ASML Volume Purchase Agreement”	the ASML Volume Purchase Agreement dated 1 January 2018 between the Company and ASML Hong Kong;
“Board”	the board of Directors;
“Company”	Semiconductor Manufacturing International Corporation;
“Director(s)”	director(s) of the Company;
“Hong Kong Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited;
“PRC”	the People’s Republic of China;
“US\$”	United States dollar; and
“Volume Purchase Agreements”	collectively, the ASML Volume Purchase Agreement and the Amended and Restated ASML Volume Purchase Agreement.

By order of the Board
Semiconductor Manufacturing International Corporation
Dr. GAO Yonggang
Executive Director, Chief Financial Officer and Company Secretary

Shanghai, PRC
3 March 2021

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

Executive Directors

ZHOU Zixue (*Chairman*)

CHIANG Shang-Yi (*Vice Chairman*)

ZHAO Haijun (*Co-Chief Executive Officer*)

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

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

Non-executive Directors

CHEN Shanzhi

ZHOU Jie

REN Kai

LU Jun

TONG Guohua

Independent Non-executive Directors

William Tudor BROWN

LAU Lawrence Juen-Yee

FAN Ren Da Anthony

YOUNG Kwang Leei

LIU Ming

** For identification purposes only*