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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 IN RELATION TO THE DEVELOPMENT OF 12-INCH WAFER PRODUCTION FACILITIES IN SHENZHEN**

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 Hong Kong Listing Rules.

#### **COOPERATION FRAMEWORK AGREEMENT**

The Board is pleased to announce that as at the date of this announcement, the Company entered into the Cooperation Framework Agreement concluded by Shenzhen Government on 12 March 2021. Pursuant to the Cooperation Framework Agreement, the Company and Shenzhen Government (through Shenzhen Major), among other matters, intend to initiate the development and operation of the Project through SMIC Shenzhen by way of the Proposed Capital Contribution.

It is intended that SMIC Shenzhen will carry on the development and operation of the Project, which will focus on the production of 28 nanometer and above integrated circuits and technical services with a goal of achieving eventual production capacity of about 40,000 12-inch wafers per month. It is expected that production will commence in 2022.

Subject to the entering into of the definitive agreement, the estimated new investment for the Project will be US\$2.35 billion. The actual amount of funds to be contributed by each party will be determined based on the assessment on SMIC Shenzhen to be conducted by a third-party professional firm. It is expected that, upon completion of the Proposed Capital Contribution, SMIC Shenzhen will be owned as to approximately 55% and not more than 23% by the Company and Shenzhen Major, respectively. The Company and Shenzhen Government will jointly drive other third-party investors to complete the remaining capital contribution.

The Company and Shenzhen Government have agreed to negotiate in good faith with a view to entering into a definitive agreement in respect of the Proposed Capital Contribution and the specific support to be provided.

## **INFORMATION OF THE PARTIES**

### **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 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.

### **Shenzhen Government and Shenzhen Major**

Shenzhen Government is Shenzhen Municipal People's Government.

Shenzhen Major, which was established in May 2019, is a wholly-owned enterprise directly managed by the State-owned Assets Supervision and Administration Commission of Shenzhen Municipal ("Shenzhen SASAC"). As a market-oriented leading and investment and management platform for major industries in Shenzhen, Shenzhen Major is committed to upgrading Shenzhen's industrial foundation, modernizing its industrial chain and introducing innovative resources for major industrial projects as well as nurturing and cultivating strategic emerging industries in Shenzhen. It also gives full play to the functions of leading investment in major industrial projects and the development and growth of strategic emerging industries. The ultimate beneficial owner of Shenzhen Major is Shenzhen SASAC.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, save for Shenzhen Major's equity interest of 9.69% in Sino IC Leasing, Shenzhen Government and Shenzhen Major and its ultimate beneficial owner are third parties independent of the Company and its connected persons (as defined in the Hong Kong Listing Rules).

## **REASONS FOR ENTERING INTO THE COOPERATION FRAMEWORK AGREEMENT**

Seizing the opportunity of the Shenzhen Government's development of the integrated circuit industry, the Project can meet the growing market and customer needs and promote the development of the Company.

The Board considers that the Proposed Capital Contribution in SMIC Shenzhen will in turn enable the Company to expand its production scale, advance its nanotechnology service 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 Capital Contribution, if materialised, may constitute a notifiable transaction of the Company under the Hong Kong Listing Rules. The Company will comply with the applicable Hong Kong Listing Rules in relation to the Proposed Capital Contribution. Further announcement(s) will be made as and when required by the Hong Kong 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:

“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 Shanghai Stock Exchange;
“Cooperation Framework Agreement”	a cooperation framework agreement entered into between the Company and Shenzhen Government in respect of, among other matters, the Proposed Capital Contribution;
“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;
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China;
“Project”	the development of 12-inch wafer production facilities in Shenzhen;
“Proposed Capital Contribution”	the proposed capital contribution in SMIC Shenzhen pursuant to the Cooperation Framework Agreement;
“Shenzhen Government”	Shenzhen Municipal People’s Government (深圳市人民政府);
“Shenzhen Major”	Shenzhen Major Industry Investment Group Co., Ltd.* (深圳市重大產業投資集團有限公司), a company established under the laws of the PRC;
“Sino IC Leasing”	Sino IC Leasing Co., Ltd.* (芯鑫融資租賃有限責任公司), a limited liability company established and validly existing under the laws of the PRC and an associated company of the Company;

“SMIC Shenzhen”	Semiconductor Manufacturing International (Shenzhen) Corporation* (中芯國際集成電路製造(深圳)有限公司), a company established under the laws of the PRC and a wholly-owned subsidiary of the Company as at the date of this announcement;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“United States”	the United States of America; and
“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 Company Secretary*

Shanghai, PRC  
17 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*