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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  
COMMERCIAL TERMS AGREEMENT AND PURCHASE ORDERS**

The Company announces that:

- (1) the Company has, pursuant to the Commercial Terms Agreement, made a series of purchase orders with the Applied Materials Group for machinery and equipment within a 12-month period from 11 February 2020 to 28 February 2020.

As the highest of the relevant percentage ratios under Chapter 14 of the Listing Rules in respect of the AM Purchase Orders was more than 5% but less than 25%, the AM Purchase Orders constitute a discloseable transaction of the Company and is subject to the announcement requirement under Chapter 14 of the Listing Rules.

- (2) the Company has, made a series of purchase orders with TEL Group for machinery and equipment within a 12-month period from 26 March 2019 to 28 February 2020.

As the highest of the relevant percentage ratios under Chapter 14 of the Listing Rules in respect of the TEL Purchase Orders was more than 5% but less than 25%, the TEL Purchase Orders constitute a discloseable transaction of the Company and is subject to the announcement requirement under Chapter 14 of the Listing Rules.

## **INTRODUCTION**

The Company entered into:

- (1) the Commercial Terms Agreement with the Applied Materials Group for the purchase by the Company of AM Products to be used in the manufacturing of wafer; and
- (2) the TEL Purchase Orders for the purchase by the Company of TEL Products to be used in the manufacturing of wafer.

### **(1) THE COMMERCIAL TERMS AGREEMENT AND THE AM PURCHASE ORDERS**

#### **Commercial Terms Agreement**

The Commercial Terms Agreement provides a framework for the purchase of AM Products. A purchase under the Commercial Terms Agreement is effected through an AM Purchase Order made by the Company (with a list of the required AM Products) and confirmed by the Applied Materials Group.

#### ***Date and Parties***

Date: 16 April 2001 and amended on 30 April 2019

Parties:

- (1) The Company
- (2) Applied Materials Group

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

#### ***Term***

The Commercial Terms Agreement is valid till 30 April 2022.

#### ***Principal Terms***

##### ***Payment***

Pricing for AM Products and other equipment is determined separately each time a purchase order under the Commercial Terms Agreement is made.

The payment terms for each AM Product are:

- (a) ninety percent (90%) of the net invoice value in US Dollars without deduction or offset by irrevocable letter of credit acceptable to the Applied Materials Group, due at sight upon presentation of shipping documents; and
- (b) ten percent (10%) of the net invoice value in US Dollars without deduction or offset by irrevocable letter of credit acceptable to the Applied Materials Group, due the earlier of:
  - (1) final technical sign-off; and
  - (2) ninety (90) days from shipment date.

The payment terms for other equipment are 100% of the net invoice value in US Dollars without deduction or offset by irrevocable letter of credit acceptable to the Applied Materials Group due net 30 days from date of invoice.

#### *Shipment*

Terms of shipment for purchases made under the Commercial Terms Agreement shall be FCA (Free Carrier) Contractor's premises or designated shipping point as per Incoterms 2000. Title to and the risk of loss for each AM Product shall be transferred to the Company upon the Applied Materials' Group completion of its delivery obligations at the FCA point.

#### *Other terms*

The Company may at any time cancel any purchase order issued under the agreement for which no delivery has yet been made upon confirmed delivery to the Applied Materials Group of a written notice signed by an authorized representative, contingent upon payment of a cancellation fee based on the amount of advance notice given in accordance with the agreement.

#### **The AM Purchase Orders**

The AM Purchase Orders were made between 11 February 2020 and 28 February 2020 for the supply by the Applied Materials Group to the Company of machinery used in the manufacturing of wafer.

Pricing for the AM Products purchased under the AM Purchase Orders were determined on arms' length basis. The aggregate consideration for the AM Purchase Orders is US\$543,413,216.

## **(2) THE TEL PURCHASE ORDERS**

### **Date and Parties**

Date: 26 March 2019 to 28 February 2020

Parties:

(1) The Company

(2) TEL Group

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

The TEL Purchase Orders were made between 26 March 2019 and 28 February 2020 for the supply by the TEL Group to the Company of machinery used in the manufacturing of wafer.

Pricing for the TEL Products purchased under the TEL Purchase Orders were determined on arms' length basis. The aggregate consideration for the TEL Purchase Orders is US\$551,382,341.

### **Principal Terms of the TEL Purchase Orders**

#### ***Payment***

The payment terms and pricing for TEL Products and other equipment are determined separately each time a purchase is made.

The payment terms for each TEL Products ranges between 90% payment within thirty days of sight of Product with the remaining 10% payment within ninety days of shipment date and 100% payment within thirty days of receipt of the TEL Products.

#### ***Shipment***

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

## **INFORMATION ON THE PARTIES**

The Company, 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 Company provides integrated circuit (IC) foundry and technology services on process nodes from 0.35 micron to 14 nanometer. Headquartered in Shanghai, China, the Company has an international manufacturing and service base. In China, the Company has a 300mm wafer fabrication facility (fab), a 200mm fab and a majority-owned joint-venture 300mm fab for advanced nodes (under construction) 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 Company also has marketing and customer service offices in the U.S., Europe, Japan, and Taiwan China, and a representative office in Hong Kong China.

The Applied Materials Group is a leader in materials engineering solutions and provides equipment, services and software for the manufacturing of semiconductor chips.

The parent company of both Applied Materials South East Asia Pte. Ltd. and Applied Materials China, Ltd. is Applied Materials Inc. Applied Materials Inc., a company incorporated in Delaware USA is listed on NASDAQ global select market.

Tokyo Electron Limited is a Japanese electronics and semiconductor company headquartered in Tokyo, Japan and produces semiconductor production equipment. Tokyo Electron Limited is currently listed on the Tokyo Stock Exchange.

The parent company of both Tokyo Electron (Shanghai) Logistic Center Ltd. and Tokyo Electron (Shanghai) Ltd. is Tokyo Electron Limited.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE COMMERCIAL TERMS AGREEMENT**

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 Commercial Terms Agreement, AM Purchase Orders and TEL 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 wafer, being the principal business of the Company.

The Directors consider that the respective terms of the Commercial Terms Agreement, AM Purchase Orders and TEL Purchase Orders are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATION**

The AM Purchase Orders are a series of purchases for AM Products made under the Commercial Terms Agreement within a 12-month period and, pursuant to Rules 14.22 and 14.23 of the Listing Rules, are aggregated and treated as if they were a single transaction for the purchase.

As the highest of relevant percentage ratio in respect of the AM Purchase Orders is more than 5% but less than 25%, the AM Purchase Orders constitute discloseable transactions and are subject to the announcement requirement under Chapter 14 of the Listing Rules.

The TEL Purchase Orders are a series of purchases for TEL Products within a 12-month period and, pursuant to Rules 14.22 and 14.23 of the Listing Rules, are aggregated and treated as if they were a single transaction for the purchase.

As the highest of relevant percentage ratio in respect of the TEL Purchase Orders is more than 5% but less than 25%, the TEL Purchase Orders constitute discloseable transactions and are subject to the announcement requirement under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

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

“Applied Materials Group”	Applied Materials South East Asia Pte. Ltd. and Applied Materials China, Ltd.;
“AM Products”	capital equipment comprising of processing and metrology tools, and other non-system orders;
“AM Purchase Orders”	purchase orders made pursuant to the Commercial Terms Agreement for the AM Products between 11 February 2020 and 28 February 2020;
“Board”	the board of Directors;
“Commercial Terms Agreement”	the Commercial Term Agreement dated 16 April 2001 and amended on 30 April 2019 between the Company and Applied Materials Asia-Pacific, Ltd.;
“Company”	Semiconductor Manufacturing International Corporation;
“Director(s)”	director(s) of the Company;
“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);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“TEL Group”	Tokyo Electron Limited, Tokyo Electron (Shanghai) Logistic Center Ltd. and Tokyo Electron (Shanghai) Ltd.;
“TEL Products”	capital equipment comprising of etching equipment, voltage furnace-low pressure chemical vapor deposition and photoresist coating equipment;
“TEL Purchase Orders”	purchase orders made for TEL Products between 26 March 2019 and 28 February 2020;
“United States”	the United States of America;
“US\$” or “US Dollars”	United States dollar, the lawful currency of the United States; and
“%”	percent.

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

Shanghai, PRC  
2 March 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 Lee

\* *For identification purposes only*