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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 AND DISCLOSEABLE TRANSACTIONS IN RELATION TO SMNC FRAMEWORK AGREEMENT

SMNC FRAMEWORK AGREEMENT

Reference is made to the announcements of the Company dated 7 December 2017 and 8 February 2018 and the circular of the Company dated 18 January 2018 in relation to the 2017 Framework Agreement entered into between the Company (on behalf of itself and its subsidiaries (other than SMNC and its subsidiaries)) and SMNC (on behalf of itself and its subsidiaries). As the 2017 Framework Agreement will expire on 31 December 2020, the Company and SMNC agreed to renew and continue the transactions originally covered under the 2017 Framework Agreement by entering into the SMNC Framework Agreement.

The Company announces that on 2 September 2020 (after trading hours), the Company (on behalf of itself and its subsidiaries (other than SMNC and its subsidiaries)) and SMNC (on behalf of itself and its subsidiaries) entered into the SMNC Framework Agreement in relation to the supply of goods, rendering of or receiving services, leasing of assets, transfer of assets, provision of technical authorisation or licensing and provision of guarantee. The SMNC Framework Agreement is for a term of three years commencing on 1 January 2021 and ending on 31 December 2023.

LISTING RULES IMPLICATIONS

As at the date of this announcement, China IC Fund holds approximately 10.36% interest in the Company through its wholly-owned subsidiary, Xinxin (Hongkong) Capital Co., Limited. Accordingly, it is a connected person of the Company at the issuer level pursuant to the Listing Rules. As at the date of this announcement, the registered capital of SMNC is held as to approximately 51% and 32% by the Group and China IC Fund, respectively. SMNC 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.

As one or more of the applicable percentage ratios in respect of the Annual Caps for Type I CCT, Type II CCT, Type III CCT, Type IV CCT and Type VI CCT are 5% or more, such transactions will constitute non-exempt continuing connected transactions under Chapter 14A of the Listing Rules. Accordingly, the SMNC Framework Agreement are subject to the reporting, announcement and Independent Shareholders' approval requirements of Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the Annual Caps for Type V CCT are more than 0.1% but less than 5%, such transactions are subject to the reporting, announcement and annual review requirements, but exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the Annual Caps for Type IV CCT are more than 5% but less than 25%, the Type IV CCT also constitute disclosable transactions of the Company and are subject to the reporting and announcement requirements under Chapter 14 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 SMNC Framework Agreement (including the SMNC Framework Agreement CCT 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 SMNC Framework Agreement (including the SMNC Framework Agreement CCT and the Annual Caps).

GENERAL

At the EGM, an ordinary resolution will be proposed to the Independent Shareholders to approve the SMNC Framework Agreement (including the SMNC Framework Agreement CCT and the Annual Caps).

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 in the Listing Rules) will abstain from voting on the ordinary resolution to approve the SMNC Framework Agreement and the transactions contemplated thereunder. Apart from Xinxin (Hongkong) Capital Co., Limited and other associates of China IC Fund, no other Shareholder will be required to abstain from voting on the 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 SMNC Framework 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; and (iv) a notice convening the EGM.

SMNC FRAMEWORK AGREEMENT

Reference is made to the announcements of the Company dated 7 December 2017 and 8 February 2018 and the circular of the Company dated 18 January 2018 in relation to the 2017 Framework Agreement entered into between the Company (on behalf of itself and its subsidiaries (other than SMNC and its subsidiaries)) and SMNC (on behalf of itself and its subsidiaries). As the 2017 Framework Agreement will expire on 31 December 2020, the Company and SMNC agreed to renew and continue the transactions originally covered under the 2017 Framework Agreement by entering into the SMNC Framework Agreement.

The Company announces that on 2 September 2020 (after trading hours), the Company (on behalf of itself and its subsidiaries (other than SMNC and its subsidiaries)) and SMNC (on behalf of itself and its subsidiaries) entered into the SMNC Framework Agreement in relation to the supply of goods, rendering of or receiving services, leasing of assets, transfer of assets, provision of technical authorisation or licensing and provision of guarantee. The SMNC Framework Agreement is for a term of three years commencing on 1 January 2021 and ending on 31 December 2023.

Summary of Principal Terms of the SMNC Framework Agreement

Execution date: 2 September 2020

Effective period: Commencing on 1 January 2021 and ending on 31 December 2023. Two months before the expiry date of the SMNC Framework Agreement, the parties will consider whether to renew the SMNC Framework Agreement.

Parties: (i) the Company (on behalf of itself and its subsidiaries (other than SMNC and its subsidiaries)); and
(i) SMNC (on behalf of itself and its subsidiaries).

SMNC Framework Agreement CCT

Types of transactions

The SMNC Framework Agreement CCT will include the following:

1. Purchase and sale of spare parts, raw materials, photomasks and finished products;
2. Rendering of or receiving services, including, without limitation, (a) processing and testing service; (b) sales service; (c) overseas market promotion and customer service; (d) procurement service; (e) research, development and experiment support service; (f) comprehensive administration, logistics, production management and IT service; and (g) water, electricity, gas, heat provision service and use of chemicals;
3. Leasing of assets, such as plant, office premises and equipment;
4. Transfer of assets;
5. Provision of technical authorisation or licensing by Group A to Group B, as well as the sharing of research and development costs in relation to 28-nanometer technologies; and
6. Provision of guarantee by Group A for SMNC's financing activities.

Pricing of the SMNC Framework Agreement CCT

The price of the SMNC Framework Agreement CCT will be determined in accordance with the following general principles (in ascending order):

- (1) the price prescribed or approved by state or local price control department (if any);
- (2) a reasonable price in accordance with the industry guided price (if any);

- (3) the comparable local market price, which shall be determined after arm's length negotiation between both parties with reference to (a) the market price charged by independent third parties for comparable product or services at the same time and in the same region; and (b) the lowest quotation that the purchaser can obtain by way of public tender;
- (4) where there is no comparable local market price, the price based on the principle of cost plus a fair and reasonable profit rate, being the aggregate sum of (a) the actual reasonable cost; and (b) a fair and reasonable profit rate;
- (5) where none of the above general pricing principles are applicable, the price determined by other reasonable means as agreed upon by both parties on the condition that the relevant costs are identifiable and are allocated to each party involved on a fair and equitable basis.

Where general pricing principles (2) to (5) apply, to the extent possible, each of Group A and Group B will obtain at least two quotations or tenders on pricing and other terms from independent third parties in relation to transactions with similar nature and size before agreeing upon the applicable price.

As to the price prescribed by the state or local price control department, state-prescribed fees apply to water and electricity, which are relevant to the cost of such services and are determined by prices published from time by time by the relevant PRC government authority. Under the Pricing Law of the PRC, the PRC government may implement a state-prescribed or guidance price for specific goods and services if necessary, and such price will be promulgated in accordance with the requirements of relevant laws, regulations or administrative rules from time to time. If any state-prescribed price or guidance price becomes available to the SMNC Framework Agreement CCT in the future, the parties will execute such price first in accordance with pricing principle (1) above.

Based on the above general principles and the actual circumstances when entering into the SMNC Framework Agreement, the parties further agree to the following specific pricing policies for the SMNC Framework Agreement CCT. If any particular SMNC Framework Agreement CCT is not covered by the following policies, or any of the following policies is no longer applicable, the parties will use the above general principles to determine the price for the relevant transaction.

Types of Continuing

Connected Transactions

Pricing policy

I. Type I CCT — Purchase and sale of goods

- | | | |
|----|---|---|
| 1. | Purchase and sale of spare parts between Group A and Group B | The market price of spare parts, with the relevant transportation fees borne by the purchaser, with reference to market price (see general pricing principle (3) above) |
| 2. | Purchase and sale of raw materials between Group A and Group B | The market price of raw materials, with the relevant transportation fees borne by the purchaser, with reference to market price (see general pricing principle (3) above) |
| 3. | Purchase of photomasks by Group B from Group A | With reference to market price (see general pricing principle (3) above) |
| 4. | Sales of finished products by Group B to Group A, which will resell such finished products to third-party customers | With reference to market price (see general pricing principle (3) above) |

II. Type II CCT — Rendering of or receiving services

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|----|---|---|
| 1. | Mutual rendering of processing and testing service due to Group A and Group B's production capacity limits of certain types of products | With reference to market price (see general pricing principle (3) above) |
| 2. | Provision of sales service by Group A to Group B | Cost plus a fair and reasonable profit rate in line with the industry (see general pricing principle (4) above) based on allocation of the sales expenses according to the revenue from the sales plus a subsequent profit rate of 8% |

**Types of Continuing
Connected Transactions**

Pricing policy

- | | | |
|----|--|--|
| 3. | Rendering of overseas market promotion and customer service by Group A to Group B | Cost plus a fair and reasonable profit rate in line with the industry (see general pricing principle (4) above), based on allocation of the sales expenses according to the revenue from the sales plus a subsequent profit rate of 8% |
| 4. | Rendering of procurement service by Group A to Group B | Cost plus a fair and reasonable profit rate in line with the industry (see general pricing principle (4) above), based on allocation of procurement department expenses according to working hours or workload plus a subsequent profit rate of 5% |
| 5. | Mutual provision of research, development and experiment support service | With reference to market price (see general pricing principle (3) above) |
| 6. | Rendering of comprehensive administration, logistics, production management and IT service by Group A to Group B | Cost plus a fair and reasonable profit rate in line with the industry (see general pricing principle (4) above), based on allocation of labour cost and relevant resources consumption according to the proportion of working hours or workload plus a subsequent profit rate of 5%, or with reference to market price provided by independent third parties |
| 7. | Mutual provision of water, electricity, gas, heat and use of chemicals | The price prescribed or approved by state or local price control department (if any) (see general pricing principle (1) above) or with reference to market price (see general pricing principle (3) above) |

Types of Continuing Connected Transactions

Pricing policy

III. Type III CCT — Leasing of assets

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|----|------------------------------------|--|
| 1. | Mutual leasing of plant and office | With reference to market price (see general pricing principle (3) above) |
| 2. | Mutual leasing of equipment | With reference to market price (see general pricing principle (3) above) |

IV. Type IV CCT — Transfer of assets

- | | | |
|----|------------------------------|--|
| 1. | Mutual transfer of equipment | With reference to market price (see general pricing principle (3) above) |
|----|------------------------------|--|

V. Type V CCT — Provision of technical authorisation or licensing

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|----|--|---|
| 1. | Provision of technical authorisation or licensing by Group A to Group B | With reference to market price (see general pricing principle (3) above) |
| 2. | Sharing of research and development costs in relation to 28-nanometer technologies | The price determined by other reasonable means as agreed upon by both parties (see general pricing principle (5) above) |

VI. Type VI CCT — Provision of guarantee for financing activities

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|----|--|--|
| 1. | Provision of guarantee by Group A for Group B's financing activities | With reference to market price (see general pricing principle (3) above) |
|----|--|--|

Payment

The consideration of the SMNC Framework Agreement CCT will be paid in accordance with the relevant implementation agreement to be entered into for each transaction and will be funded by the relevant parties' internal resources. The Company will monitor closely as an ongoing process the relevant transactions to ensure the Annual Caps for each type of SMNC Framework Agreement CCT are not exceeded.

Other Terms

The terms of the SMNC Framework Agreement are subject to compliance with applicable laws and regulations including the requirements of any regulatory authorities (including but not limited to the Stock Exchange and the Shanghai Stock Exchange).

THE ANNUAL CAPS AND BASIS OF DETERMINATION

Historical Transaction Amounts

The historical transaction amounts between Group A and Group B for the transactions contemplated under the 2017 Framework Agreement are as follows:

Nature of Continuing Connected Transactions under 2017 Framework Agreement	Transactions For the Year Ended 31 December		From 1 January 2020 to 31 July 2020 ⁽³⁾
	2018 ⁽¹⁾⁽²⁾ (US\$ million)	2019 ⁽¹⁾⁽²⁾ (US\$ million)	(US\$ million)
Type I CCT	561.8	607.5	511.7
Type II CCT	84.5	73.1	71.3
Type III CCT	0.3	0.1	0.1
Type IV CCT	—	195.9	302.1
Type V CCT	—	—	—
Type VI CCT	7.4	30.1	52.3

Notes:

- (1) Representing the amounts of all transactions between Group A and Group B for the year ended 31 December 2018 and 31 December 2019, respectively.
- (2) Audited.
- (3) Unaudited.

Annual Caps

The Annual Caps for the SMNC Framework Agreement CCT are set out below:

Nature of SMNC Framework Agreement CCT	For the year ending 31 December		
	2021	2022	2023
	(US\$ million)	(US\$ million)	(US\$ million)
Type I CCT	1,600	1,800	1,800
Type II CCT	200	200	200
Type III CCT	200	200	200
Type IV CCT	200	200	200
Type V CCT	100	100	100
Type VI CCT	1,000	1,000	1,000

With regards to Type VI CCT, the Annual Caps for each year ending 31 December 2021, 2022 and 2023 is US\$1,000 million. Such Annual Caps are split into (i) US\$990 million for the maximum amount of the financial liabilities of SMNC in respect of which that guarantee can be provided by the Company or its subsidiaries (the “**Balance Cap**”); and (ii) US\$10 million for the fee payable by SMNC in consideration for such guarantee (the “**Guarantee Fee Cap**”), and the Balance Cap and Guarantee Fee Cap are determined as follows:

- a) the Balance Cap of US\$990 million is primarily determined based on the future capital expenditure and the financing needs of SMNC for the years ending 31 December 2021, 2022 and 2023; and
- b) the Guarantee Fee Cap of US\$10 million for each year ending 31 December 2021, 2022 and 2023 is determined based on the Balance Cap of US\$990 million and a guarantee fee charge rate up to 1.0%. Such charge rate was determined based on the fee quotes provided by commercial banks who are independent third parties.

In arriving at the Annual Caps, the Company has considered various factors including the growth and expansion of SMNC’s business operations since its establishment in June 2013. It is expected that SMNC will continue to increase its manufacturing capacity as well as work closely with its customers and develop new clients and products. The Company has also considered the historical transaction amounts between the Company and SMNC in respect of the SMNC Framework Agreement CCT, and reasonable factors such as the expected occurrences of SMNC Framework Agreement CCT in light of current market conditions of the semiconductor industry and the technological capability and future business plans of the Company.

REASONS FOR AND BENEFITS OF THE SMNC FRAMEWORK AGREEMENT CCT

The SMNC Framework Agreement CCT is in substance a continuation of the transactions carried out under the 2017 Framework Agreement.

SMNC operates a 12-inch wafer fab with 28 nanometer and 40 nanometer production capacity. As the market demand for 28 nanometer and 40 nanometer products continues to increase, the Company will continue to allocate its manufacturing of 28 nanometer and 40 nanometer products to SMNC to ensure future wafer production needs of the Group are met.

The domestic integrated circuit industry is developing rapidly with strong customer demand. With the continuous expansion and improvement of SMNC's technology platforms, SMNC's production capacity continues to expand to meet the market demand. Compared with the year end of 2018, SMNC's production capacity of 12-inch wafer increased by 24% to 41,000 wafers/month by the year end of 2019; and compared with the year end of 2019, SMNC's production capacity of 12-inch wafer at end of the first half year of 2020 increased by 22% to 50,000 wafers/month. The continuous cooperation with SMNC, throughout the various steps in production of the SMNC Framework Agreement CCT, helps the Company to meet demand from its customers and to attain higher profitability. Further, the Company can leverage on SMNC's production capacity and utilise its technology in a capital-efficient way so as to expand the Group's production capacity.

The business partnership between the Company and SMNC has helped to eliminate some duplicated efforts relevant to the introduction and manufacturing processes for IC design houses, therefore reducing the time to market and some overhead expenses for both parties. With the expansion of its capacity and continuous innovation, the Company believes that it will be able to enhance its position in the industry and benefit from the increase in its economies of scale.

The Directors (excluding the independent non-executive Directors whose view will be given after taking into account the advice from the Independent Financial Adviser) are of the view that the terms of the SMNC Framework Agreement including the Annual Caps are fair and reasonable, and the entering into of the SMNC Framework Agreement and the SMNC Framework Agreement CCT 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, China IC Fund holds approximately 10.36% interest in the Company through its wholly-owned subsidiary, Xinxin (Hongkong) Capital Co., Limited. Accordingly, it is a connected person of the Company at the issuer level pursuant to the Listing Rules. The registered capital of SMNC is held as to approximately 51% and 32% by the Group and China IC Fund, respectively. SMNC 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.

As one or more of the applicable percentage ratios in respect of the Annual Caps for Type I CCT, Type II CCT, Type III CCT, Type IV CCT and Type VI CCT are 5% or more, such transactions will constitute non-exempt continuing connected transactions under Chapter 14A of the Listing Rules. Accordingly, the SMNC Framework Agreement are subject to the reporting, announcement and Independent Shareholders' approval requirements of Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the Annual Caps for Type V CCT are more than 0.1% but less than 5%, such transactions are subject to the reporting, announcement and annual review requirements, but exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the Annual Caps for Type IV CCT are more than 5% but less than 25%, the Type IV CCT also constitute disclosable transactions of the Company and are subject to the reporting and announcement requirements under Chapter 14 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 SMNC Framework Agreement (including the SMNC Framework Agreement CCT 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 SMNC Framework Agreement (including the SMNC Framework Agreement CCT and the Annual Caps).

GENERAL

At the EGM, an ordinary resolution will be proposed to the Independent Shareholders to approve the SMNC Framework Agreement (including the SMNC Framework Agreement CCT and the SMNC Framework Agreement CCT Annual Caps).

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 in the Listing Rules) will abstain from voting on the ordinary resolution to approve the SMNC Framework Agreement and the transactions contemplated thereunder. Apart from Xinxin (Hongkong) Capital Co., Limited and other associates of China IC Fund, no other Shareholder will be required to abstain from voting on the 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 SMNC Framework 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; and (iv) a notice convening the EGM.

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

INFORMATION ABOUT THE PARTIES

Information on 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 on SMNC

SMNC is a joint venture company established in the PRC pursuant to the joint venture agreement dated 3 June 2013, the registered capital of which is owned as to 12.5% by SMIC Beijing, 13% by SMIC Investment, 25.5% by SMIC Holdings and 32% by China IC Fund. The remaining registered capital of SMNC is owned by ZDG, IDIMC, Beijing Semi Fund and E-Town Capital and none of them owns 10% or more of the registered capital of SMNC. SMNC is primarily engaged in manufacturing and trading of semiconductor products. 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. For further details about the shareholders of China IC Fund, please refer to the circular of the Company dated 6 June 2020. ZDG is an important carrier for Beijing Municipal government to build the Zhongguancun National Innovation Demonstration Zone. IDIMC is a wholly-owned subsidiary of Beijing State-owned Assets Management Co., Ltd. and its ultimate beneficial owner is Beijing Municipal government. Beijing Semi Fund is the Beijing government sponsored fund for the semiconductor sector in China. E-Town Capital is a State-owned investment corporation for industrial transformations and improvements in the Beijing Economic-Technological Development Area, by providing innovative financial services in response to development demands. For further details about the shareholders of SMNC, please refer to the circular of the Company dated 13 September 2017.

DEFINITIONS

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

“2017 Framework Agreement”	the framework agreement entered into between the Company (on behalf of itself and its subsidiaries (other than SMNC and its subsidiaries)) and SMNC (on behalf of itself and its subsidiaries) on 6 December 2017 in relation to the supply of goods, rendering of or receiving services, leasing of assets, transfer of assets, provision of technical authorisation or licensing and provision of guarantee, which will expire on 31 December 2020;
“Annual Caps”	the proposed annual caps for the years ending 31 December, 2021, 2022 and 2023 in relation to each type of SMNC Framework Agreement CCT which are more fully set out in the section headed “The Annual Caps and Basis of Determination — Annual Caps” above;
“associates”	shall have the meaning assigned to it under the Listing Rules;

“Beijing Semi Fund”	Beijing Semiconductor Manufacturing and Equipment Equity Investment Center (Limited Partnership)* (北京集成電路製造和裝備股權投資中心(有限合夥)), a company established under the laws of the PRC;
“Board”	the board of Directors;
“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;
“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;
“Director(s)”	the director(s) of the Company;
“E-Town Capital”	Beijing E-Town International Investment & Development Co., Ltd.* (北京亦莊國際投資發展有限公司), a limited liability company established under the laws of the PRC;
“EGM”	the extraordinary general meeting of the Company proposed to be held to approve, among other things, the SMNC Framework Agreement;
“Group”	the Company and its subsidiaries;
“Group A”	the Company and/or its subsidiaries (other than SMNC and its subsidiaries);
“Group B”	SMNC and/or its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“IDIMC”	Beijing Industrial Developing Investment Management Co., Ltd.* (北京工業發展投資管理有限公司), a company established under the laws of the PRC;
“Independent Board Committee”	the independent committee of the Board that consists of all independent non-executive Directors who have no direct or indirect interest in the SMNC Framework Agreement other than, where applicable, being a Shareholder;

“Independent Financial Adviser”	Messis Capital Limited, a licensed cooperation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), and being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the SMNC Framework Agreement and the SMNC Framework Agreement CCT;
“Independent Shareholders”	in relation to the SMNC Framework Agreement, Shareholders other than Xinxin (Hongkong) Capital Co., Limited and other associates of China IC Fund;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“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);
“Shareholder(s)”	the holder(s) of the Share(s);
“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 under the laws of 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 under the laws of the PRC and a wholly-owned subsidiary of the Company;
“SMIC Investment”	SMIC Investment (Shanghai) Corporation* (中芯集電投資(上海)有限公司), a wholly foreign-owned enterprise established under the laws of the PRC and a wholly-owned subsidiary of the Company;
“SMNC”	Semiconductor Manufacturing North China (Beijing) Corporation* (中芯北方集成電路製造(北京)有限公司), a company established under the laws of the PRC pursuant to the joint venture agreement dated 3 June 2013;

“SMNC Framework Agreement”	the framework agreement entered into between the Company (on behalf of itself and its subsidiaries (other than SMNC and its subsidiaries)) and SMNC (on behalf of itself and its subsidiaries) on 2 September 2020 in relation to SMNC Framework Agreement CCT;
“SMNC Framework Agreement CCT”	the non-exempt continuing connected transactions contemplated under the SMNC Framework Agreement which includes Type I CCT, Type II CCT, Type III CCT, Type IV CCT, Type V CCT and Type VI CCT;
“SSE”	the Shanghai Stock Exchange;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Type I CCT”	the transactions contemplated under the SMNC Framework Agreement in relation to purchase and sale of goods;
“Type II CCT”	the transactions contemplated under the SMNC Framework Agreement in relation to rendering of or receiving services;
“Type III CCT”	the transactions contemplated under the SMNC Framework Agreement in relation to leasing of assets;
“Type IV CCT”	the transactions contemplated under the SMNC Framework Agreement in relation to transfer of assets;
“Type V CCT”	the transactions contemplated under the SMNC Framework Agreement in relation to provision of technical authorisation or licensing;
“Type VI CCT”	the transactions contemplated under the SMNC Framework Agreement in relation to provision of guarantee;
“U.S.” or “United States”	the United States of America;
“US\$”	United States dollar, the lawful currency of the United States;

“ZDG” Zhongguancun Development Group* (中關村發展集團股份有限公司), a company established under the laws of in the PRC; and

“%” per cent.

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

Shanghai, PRC, 2 September 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*