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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 THE 2022  
FRAMEWORK AGREEMENT WITH DATANG HOLDINGS**

**2022 FRAMEWORK AGREEMENT**

Reference is made to the Company's announcement dated 23 January 2019 in relation to the 2019 Framework Agreement. As the 2019 Framework Agreement had expired on 31 December 2021 and the Company intends to continue the transactions contemplated thereunder, the Company announces that on 10 February 2022, it entered into the 2022 Framework Agreement with Datang Holdings in relation to the Continuing Connected Transactions for a term of three years commencing on 1 January 2022.

**HONG KONG LISTING RULES IMPLICATIONS**

As Datang Holdings is the holding company of Datang (Hongkong), a substantial shareholder of the Company which directly holds approximately 10.79% of the total issued share capital of the Company as at the date of this announcement, Datang Holdings is an associate of Datang (Hongkong) and hence a connected person of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the applicable percentage ratios (other than the profits ratio) are on an annual basis more than 0.1% and less than 5%, the Continuing Connected Transactions constitute non-exempt continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules and are subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

## **2022 FRAMEWORK AGREEMENT**

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### **Summary of Principal Terms**

Parties:	(1) The Company; and (2) Datang Holdings
Date:	10 February 2022
Effective period:	Three years from 1 January 2022 to 31 December 2024
Material terms:	Both the SMIC Group and Datang Holdings and its related companies will engage in business collaboration including but not limited to wafers processing services.

### **PRICING POLICY**

The price for the transactions contemplated under the 2022 Framework Agreement will be determined with reference to reasonable market price available from or to independent third parties in the ordinary and usual course of business based on normal commercial terms and on arm's length negotiations, or on the actual production cost incurred plus a reasonable profit margin with reference to the general range of profit margins in the industry, and will be determined on terms no less favourable than those sales by independent third parties to the SMIC Group and not more favourable than those sales by the SMIC Group to independent third parties (if any). In relation to the provision of foundry services by the SMIC Group to Datang Holdings and its related companies, the Company will make reference to the terms (including pricing) which it offers to independent third-party customers for services of a comparable nature and quantity, as well as the reasonable market prices which are applicable.

### **THE ANNUAL CAPS AND BASIS OF DETERMINATION**

#### **Historical Transactions**

The annual caps under the 2019 Framework Agreement for the years ended 31 December 2019, 2020 and 2021 are US\$20 million, US\$35 million and US\$48 million, respectively. The historical revenue generated under the 2019 Framework Agreement are set out below:

	<b>For the Year Ended 31 December 2019</b>	<b>For the Year Ended 31 December 2020</b>	<b>For the Year Ended 31 December 2021</b>
	<i>US\$ million</i>	<i>US\$ million</i>	<i>US\$ million</i>
	(audited)	(audited)	(unaudited)
<b>Total Historical Revenue</b>	9.90	7.20	25.50

As at the date of this announcement, the Company confirms that the total historical revenue did not exceed the annual caps under the 2019 Framework Agreement for the continuing connected transactions with Datang Holdings and its related companies.

The total historical revenue generated was significantly lower than the annual caps under the 2019 Framework Agreement which was mainly due to the business adjustment of Datang Holdings where they did not require the services of the type of processed wafer from the SMIC Group during the relevant period.

#### **The Annual Caps under the 2022 Framework Agreement**

The Expected Caps (representing the maximum revenue expected to be generated by the Company from the Continuing Connected Transactions) for the three years ending 31 December 2024 under the 2022 Framework Agreement are set out as follows:

	<b>For the Year Ending 31 December</b>		
	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<i>US\$ million</i>	<i>US\$ million</i>	<i>US\$ million</i>
<b>Expected Caps</b>	181.00	182.00	187.00

In arriving at the Expected Caps, the Company has taken into account:

- (i) the potential extent of the Continuing Connected Transactions it may provide in light of current market conditions of the semiconductor industry and the technological capability of the Company;
- (ii) the demand of Datang Holdings for the wafer is anticipated to increase significantly in the next few years due to the global shortage of wafer supply and expected business growth of Datang Holdings; and
- (iii) the overall business outlook of the SMIC Group, with incorporation of price and volume projections on a conservative basis.

## **INTERNAL CONTROL MEASURES**

The Company has (1) reviewed, approved and, if required, selected verification procedures in place to ensure that the agreed price and terms of continuing connected transactions are no less favourable to the SMIC Group than those available to or from independent third parties and also compliance with the pricing policy; and (2) adopted procedures for identifying connected persons and monitoring the annual caps of the continuing connected transactions.

## **REASONS FOR AND BENEFITS OF THE 2022 FRAMEWORK AGREEMENT**

In view of the future demand of Datang Holdings for the foundry services, the Company believes that, by entering into the 2022 Framework Agreement with Datang Holdings, it will bring the Company sustainable business opportunities and also drive the Company's technological achievement.

The Directors (including the independent non-executive Directors) consider the Continuing Connected Transactions to be on normal commercial terms, in the ordinary and usual course of business of the Company, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Mr. Lu Guoqing, a non-executive Director, who is an executive director and president of Datang Holdings and Dr. Chen Shanzhi, a non-executive Director, who is a senior vice president of Datang Holdings, have abstained from voting on the respective Board resolutions approving the 2022 Framework Agreement. Save as disclosed, none of other Directors is considered to have a material interest in the 2022 Framework Agreement which would have required such Director to abstain from voting at the Board meeting approving the 2022 Framework Agreement.

## **HONG KONG LISTING RULES IMPLICATIONS**

As Datang Holdings is the holding company of Datang (Hongkong), a substantial shareholder of the Company which directly holds approximately 10.79% of the total issued share capital of the Company as at the date of this announcement, Datang Holdings is an associate of Datang (Hongkong) and hence a connected person of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the applicable percentage ratios (other than the profits ratio) are on an annual basis more than 0.1% and less than 5%, the Continuing Connected Transactions constitute non-exempt continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules and are subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

The 2022 Framework Agreement and the transactions contemplated thereunder constitute connected transaction under ordinary course of business and are also required to be disclosed at the Shanghai Stock Exchange pursuant to the relevant rules of the STAR Market Listing Rules.

## INFORMATION ABOUT THE PARTIES

### The Company

The Company and its subsidiaries are one of the leading foundries enterprise in the world and is the most advanced and the largest foundry with the broadest technology coverage and the most comprehensive semiconductor manufacturing services in Chinese Mainland. It provides integrated circuit (“IC”) foundry and technology services on process nodes from 0.35 micron to 14 nanometer. Headquartered in Shanghai, China, the SMIC Group has an international manufacturing and service base. In China, SMIC has a 200mm wafer fabrication facility (“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; a 200mm fabs in Tianjin and a majority-owned 200mm fab in Shenzhen. The SMIC Group also has marketing and customer service offices in the U.S., Europe, Japan, and Taiwan China, and a representative office in Hong Kong China.

### Datang Holdings

Datang (Hongkong) is a wholly-owned subsidiary of Datang Holdings which in turn is a wholly-owned subsidiary of Datang Telecom Group\* (電信科學技術研究院有限公司). Datang Telecom Group is a wholly owned subsidiary of China Information and Communication Technology Group Co., Limited (“CICT”), which is headquartered in Wuhan, the PRC, has entered industries relating to optical communication, mobile communication, photoelectric and IC, internet safety and special communications, artificial intelligence applications, data communications, etc.. The optical communication in China was originated from CICT and it is one of the major stakeholders in the intellectual property and international standards in mobile communications. It is a global renowned service provider in information communication products and has significant contribution to the innovation of the intellectual property in information communication technology in China and the promotion of information communication industry with considerable stake and global affection.

## DEFINITIONS

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

“2019 Framework Agreement”	the framework agreement dated 23 January 2019 entered into between the Company and Datang Holdings, as referred to in the announcement of the Company dated 23 January 2019
“2022 Framework Agreement”	the framework agreement entered into between the Company and Datang Holdings on 10 February 2022
“associates”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“Board”	the board of Directors of the Company

“Company” or “SMIC”	Semiconductor Manufacturing International Corporation (中芯國際集成電路製造有限公司*), a limited liability company incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Hong Kong Stock Exchange and the Science and Technology Innovation Board of the Shanghai Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“Continuing Connected Transactions”	the transactions as provided under the 2022 Framework Agreement
“Datang (Hongkong)”	Datang Holdings (Hongkong) Investment Company Limited (大唐控股(香港)投資有限公司), a company incorporated in Hong Kong and a wholly-owned subsidiary of Datang Holdings
“Datang Holdings”	Datang Telecom Technology & Industry Holdings Co., Ltd.* (大唐電信科技產業控股有限公司), a company incorporated under the PRC laws
“Director(s)”	the director(s) of the Company
“Expected Caps”	the maximum revenue expected to be generated by the Company from the Continuing Connected Transactions during each of the years ending 31 December 2022, 2023 and 2024 in respect of the Continuing Connected Transactions
“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 of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“Shareholder(s)”	holder(s) of the Share(s)
“Shares”	Shares of all classes in the capital of the Company
“SMIC Group”	the Company and its subsidiaries

“STAR Market Listing Rules”	Rules Governing the Listing of Stocks on the Science and Technology Innovation Board of Shanghai Stock Exchange
“substantial shareholder(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“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**  
*Joint Company Secretary/Board Secretary*  
**Guo Guangli**

Shanghai, PRC  
10 February 2022

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

**Executive Directors**

GAO Yonggang (*Acting Chairman and Chief Financial Officer*)

ZHOU Zixue

ZHAO Haijun (*Co-Chief Executive Officer*)

**Non-executive Directors**

LU Guoqing

CHEN Shanzhi

HUANG Dengshan

REN Kai

**Independent Non-executive Directors**

William Tudor BROWN

LAU Lawrence Juen-Yee

FAN Ren Da Anthony

LIU Ming

\* *For identification purpose only*