

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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
ANNOUNCEMENT ON THE ENTERING INTO
OF THE LIN-GANG COOPERATION FRAMEWORK AGREEMENT**

This announcement is made by Semiconductor Manufacturing International Corporation (“**SMIC**” or the “**Company**”, together with its subsidiaries, the “**SMIC Group**”) pursuant to the Insider Information Provision under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and the rule 13.09(2)(a) of the Hong Kong Listing Rules.

COOPERATION FRAMEWORK AGREEMENT

The Company is pleased to announce that on 2 September 2021, the Company and China (Shanghai) Pilot Free Trade Zone Lin-Gang Special Area Administration (中國(上海)自由貿易試驗區臨港新片區管理委員會) (“**Lin-Gang FTZ Administration**”) had entered into the Cooperation Framework Agreement.

Pursuant to the Cooperation Framework Agreement, the Company and Lin-Gang FTZ Administration intend to jointly establish a joint venture company (the “**Joint Venture Company**”) based in the Shanghai Pilot Free Trade Zone Lin-Gang Special Area (“**Lin-Gang Pilot Free Trade Zone**”). The Joint Venture Company will plan to set up a production line with a production capacity of 100,000 12-inch wafer per month (the “**Project**”), focusing on the production of integrated circuit (“**IC**”) foundry and technology services on process nodes for 28 nanometer and above.

The investment for the Project will be approximately US\$8.87 billion, and the registered capital of the Joint Venture Company will be US\$5.5 billion, of which the Company proposes to contribute no less than 51% and an investment entity designated by Shanghai Municipal People’s Government will contribute no more than 25%. The Company and Lin-Gang FTZ Administration will jointly seek for third-party investors to complete the contribution of the remaining registered capital, and subsequently adjust the respective capital contributions and shareholding of the Joint Venture Company between the Company and Lin-Gang FTZ Administration based on the third-party investors’ capital contributions. The Company will be responsible for the operation and management of the Joint Venture Company.

The Company and Lin-Gang FTZ Administration have agreed to negotiate in good faith to enter into a definitive agreement in respect of the establishment of the Joint Venture Company.

The Cooperation Framework Agreement shall be established as of the date of its execution, and shall become effective subject to the satisfaction of the agreed conditions.

INFORMATION OF THE PARTIES

The Company

The Company and its subsidiaries collectively constitute one of the leading foundries 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. SMIC Group provides IC foundry and technology services on process nodes from 0.35 micron to 14 nanometer. Headquartered in Shanghai, China, 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; 200mm fabs in Tianjin and Shenzhen. 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.

Lin-Gang FTZ Administration

Lin-Gang FTZ Administration was established in August 2019 and is a directly dispatched agency of the Shanghai Municipal People’s Government. Lin-Gang FTZ Administration is responsible for the implementation of various reform pilot tasks of the Lin-Gang Pilot Free Trade Zone and the management of investment, trade, financial services, planning resources of the free trade zone. The core responsibility of Lin-Gang Pilot Free Trade Zone is to strengthen the worldwide high-end resources in order to allocate their core functions, and better represent the PRC to participate in and integrate into economic globalization.

To the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, save for Lin-Gang FTZ Administration 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 strategic opportunity period for the development of the integrated circuit industry in Lin-Gang Pilot Free Trade Zone, the Project can meet the growing market and customer needs and promote the business development of the Company.

The Company considers that the Project will in turn enable the Company to expand its production scale, advance its nanotechnology services and thus achieve a higher return.

In light of the above, the Company 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 Project, 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 Project. 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 expressions have the meanings set out below unless the context otherwise requires:

“Board”	the board of Directors
“Company”	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
“Cooperation Framework Agreement”	a cooperation framework agreement entered into between the Company and Lin-Gang FTZ Administration in respect of, among other matters, the Project
“Director(s)”	the director(s) of the Company
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China

“US\$” United States Dollars, the lawful currency of the United States of America

“%” per cent.

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

Shanghai, PRC
3 September 2021

As at the date of this announcement, the Directors 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

LU Guoging

CHEN Shanzhi

HUANG Dengshan

REN Kai

ZHOU Jie

Independent Non-executive Directors

William Tudor BROWN

LAU Lawrence Juen-Yee

FAN Ren Da Anthony

YOUNG Kwang Leei

LIU Ming

* *For identification purposes only*