

SEMICONDUCTOR MANUFACTURING INTERNATIONAL CORP

Form 20-F/A

February 15, 2019

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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FORM 20 F/A

(Amendment No.1)

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REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2017

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 1 31994

Semiconductor Manufacturing International Corporation

(Exact name of Registrant as specified in its charter)

Not Applicable

(Translation of Registrant's name into English)

Cayman Islands

(Jurisdiction of incorporation or organization)

18 Zhangjiang Road, Pudong New Area, Shanghai, China 201203

(Address of principal executive offices)

Mr. Gao Yonggang, Chief Financial Officer

Telephone: (8621) 3861 0000

Facsimile: (8621) 3895 3568

18 Zhangjiang Road, Pudong New Area, Shanghai, China 201203

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Name of each exchange on which registered
Ordinary Shares, par value US\$0.0041	The Stock Exchange of Hong Kong Limited*
American Depositary Shares	The New York Stock Exchange, Inc.

1The par value of the ordinary share of the Company was US\$0.0004 each before December 7, 2016 and US\$0.004 each after December 7, 2016.

Securities registered or to be registered pursuant to Section 12(g) of the Act. None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act. None

Indicate the number of outstanding shares of each of the issuer's classes of capital or ordinary shares as of the close of the period covered by the annual report.

As of December 31, 2017, there were 4,916,106,889 ordinary shares, par value US\$0.004 per share, outstanding, of which 12,328,021 ordinary shares were held in the form of 61,640,105 American Depositary Shares (“ADSs”). Each ADS represents 5 ordinary shares.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934.

Yes No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of “large accelerated filer”, “accelerated filer” and “emerging growth company” in Rule 12b-2 of the Securities Exchange Act of 1934 (Check one):

Large accelerated filer   Accelerated filer   Non-accelerated filer   Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP	International Financial Reporting Standards as issued	Other
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by the International Accounting Standards Board

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934).

Yes No

\*Not for trading, but only in connection with the listing of American Depositary Shares on the New York Stock Exchange, Inc.

#### EXPLANATORY NOTE

This Amendment No. 1 (this “Amendment No. 1”) to the Annual Report on Form 20-F of Semiconductor Manufacturing International Corporation for the fiscal year ended December 31, 2017 filed with the Securities and Exchange Commission on April 27, 2018 (the “Original Form 20-F”) is being filed for purposes of amending Item 15 herein and filing of the Certification of the Co-Chief Executive. Accordingly, Item 19 of the Original Form 20-F has also been amended and restated, as set forth herein, to reflect the filing of such certifications.

This Amendment No. 1 is not intended to update other information disclosed in the Original Form 20-F. Other than as expressly set forth above, this Amendment No. 1 does not, and does not purport to, amend, update or restate the information in any other item of the Original Form 20-F or reflect any events that have occurred since the Original Form 20-F was originally filed.

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## INTRODUCTION

In this annual report, except where the context otherwise requires and for purposes of this annual report only:

- “ADSs” refers to American Depositary Shares;
- “Average selling price of wafers” refers to simplified average selling price which is calculated as total revenue divided by total shipments;
- “BGN” are to Bulgarian Lev;
- “Board” refers to our board of directors;
- “China” or the “PRC” refers to the People’s Republic of China, excluding for the purpose of this annual report, Hong Kong, Macau and Taiwan;
- “Company,” “SMIC,” “Registrant,” “we,” “our” and “us” refers to Semiconductor Manufacturing International Corporation, Cayman Islands company;
- “Directors” refers to the members of the Board;
- “EUR” refers to Euros;
- “Global Offering” refers to the initial public offering of our ADSs and our ordinary shares, which was completed on March 18, 2004;
- “Group” refers to SMIC and all of its subsidiaries;
- “HK\$” refers to Hong Kong dollars;
- “IFRS” refers to International Financial Reporting Standards as issued by the International Accounting Standards Board;
- “JPY” are to Japanese Yen;
- “NYSE” or “New York Stock Exchange” are to the New York Stock Exchange, Inc.;
- “Ordinary Share(s)” are to the ordinary share(s), in the share capital of the Company, of US\$0.0004 each before December 7, 2016 and to the ordinary share(s) of US\$0.004 each upon the Share Consolidation becoming effective on December 7, 2016;
- “Rmb,” “rmb” or “RMB” refers to Renminbi, the legal currency of China;
- “SEC” refers to the U.S. Securities and Exchange Commission;
- “SEHK,” “HKSE” or “Hong Kong Stock Exchange” refers to The Stock Exchange of Hong Kong Limited;
- “Share Consolidation” are to the consolidation of every ten (10) issued and unissued ordinary shares and preferred shares of US\$0.0004 each in the existing share capital of the Company into one ordinary share and preferred share of US\$0.004 each with effect from December 7, 2016.
- “US\$” or “USD” refers to U.S. dollars.
- “U.S. GAAP” refers to generally accepted accounting principles in the United States; and



- The “Glossary of Technical Terms” contained in Annex A of this annual report sets forth the description of certain technical terms and definitions used in this annual report.

All references in this annual report to silicon wafer quantities are to 8 inch wafer equivalents, unless otherwise specified. Conversion of quantities of 12 inch wafers to 8 inch wafer equivalents is achieved by multiplying the number of 12 inch wafers by 2.25. When we refer to the capacity of wafer fabrication facilities, we are referring to the installed capacity based on specifications established by the manufacturers of the equipment used in those facilities. References to key process technology nodes, such as 0.35 micron, 0.25 micron, 0.18 micron, 0.15 micron, 0.13 micron, 90 nanometer, 65 nanometer, 45 nanometer and 28 nanometer include the stated resolution of the process technology, as well as intermediate resolutions down to but not including the next key process technology node of finer resolution. For example, when we state “0.25 micron process technology,” that also includes 0.22 micron, 0.21 micron, 0.20 micron and 0.19 micron technologies and “0.18 micron process technology” also includes 0.17 micron and 0.16 micron technologies.

## FORWARD-LOOKING STATEMENTS

This annual report contains, in addition to historical information, “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on our current assumptions, expectations and projections about future events. We use words like “believe,” “anticipate,” “intend,” “estimate,” “expect,” “project” and similar expressions to identify forward-looking statements, although not all forward-looking statements contain these words. These forward-looking statements are necessarily estimates reflecting the judgment of our senior management and involve significant risks, both known and unknown, uncertainties and other factors that may cause our actual performance, financial condition or results of operations to be materially different from those suggested by the forward-looking statements including, among others:

- risks associated with cyclical and market conditions in the semiconductor industry;
- intense competition;
- timely wafer acceptance by our customers;
- timely introduction of new technologies;
- our ability to ramp new products into volume;
- supply and demand for semiconductor foundry services;
- industry overcapacity;
- shortages in equipment, components and raw materials;
- availability of manufacturing capacity;
- our anticipated capital expenditures;
- our anticipated investments in research and development, anticipated changes to our liability for unrecognized tax benefits; and
- financial stability in end markets.

Except as required by law, we undertake no obligation and do not intend to update any forward- looking statement, whether as a result of new information, future events or otherwise.

Part I

Item 1. Identity of Directors, Senior Management and Advisors

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

A. Selected Consolidated Financial Data

The selected consolidated financial data presented below as of and for the years ended December 31, 2013, 2014, 2015, 2016 and 2017 have been prepared in accordance with IFRS and are derived from, and should be read in conjunction with our audited consolidated financial statements, including the related notes, included elsewhere in this annual report.

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	For the year ended December 31,				
	2013	2014	2015	2016	2017
	(in US\$ thousands, except for earnings per share, shares, and units)				
Revenue	2,068,964	1,969,966	2,236,415	2,914,180	3,101,175
Cost of sales	(1,630,528)	(1,486,514)	(1,553,795)	(2,064,499)	(2,360,431)
Gross profit	438,436	483,452	682,620	849,681	740,744
Research and development expenses, net	(145,314)	(189,733)	(237,157)	(318,247)	(427,111)
Sales and marketing expenses	(35,738)	(38,252)	(41,876)	(35,034)	(35,796)
General and administration expenses	(138,167)	(139,428)	(213,177)	(157,371)	(197,899)
Other operating income, net	67,870	14,206	31,594	177	44,957
Profit from operations	187,087	130,245	222,004	339,206	124,895
Interest income	5,888	14,230	5,199	11,243	27,090
Finance costs	(34,392)	(20,715)	(12,218)	(23,037)	(18,021)
Foreign exchange gains or losses	13,726	(5,993)	(26,349)	(1,640)	(12,694)
Other gains or losses, net	4,010	18,210	55,611	(2,113)	16,499
Share of profit (loss) of investment accounted for using equity method	2,278	2,073	(13,383)	(13,777)	(9,500)
Profit before tax	178,597	138,050	230,864	309,882	128,269
Income tax (expense) benefit	(4,130)	(11,789)	(8,541)	6,552	