

# SMIC: US still undecided on further restricting China's SMIC

DIGITAL ENGAGEMENT TEAM

23 DECEMBER 2021

## TRADING MATTERS SERIES: STOCK HIGHLIGHT

Features a single stock and zooms in on its performance in the market

### KEY METRICS

Current Price	18.46
Latest Dividend	N/A
Dividend Ex-Date	N/A
Indicated Dividend Yield	N/A
RSI	28.38
Analysts 12M Target Price	27.65

### REFINITIV STOCKREPORTS+ AVERAGE SCORE

**6/10**

As of 22 Dec 2021

Refer to page 3 for indicator components

### KEY MARKET EVENTS



## SMIC (981 HK) Price Chart



Any red lines drawn on the price charts are trendlines, which are visual representations of support & resistance levels. They are drawn by connecting a series of prices together to help indicate the data's best fit or the presence of any trend over a time frame, and are for illustration purposes only.

As of 22 Dec 2021 closing

## Hang Seng Index Price Chart



As of 22 Dec 2021 closing

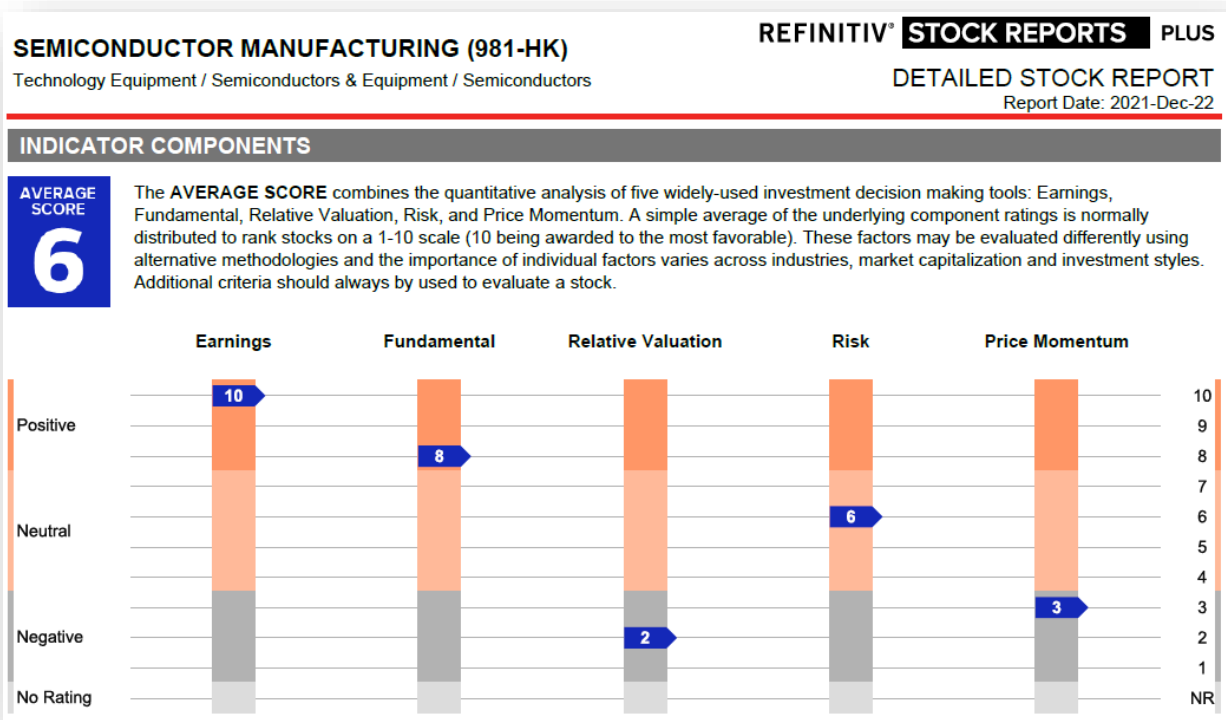
## Headline News & Information

- Semiconductor Manufacturing International Corporation operates as a semiconductor foundry. The company provides integrated circuit foundry and technology services including the testing, development, design, manufacturing, packaging, and sale of integrated circuits. Semiconductor Manufacturing International offers its products and services around the world (Bloomberg)
- U.S. still undecided on further restricting China's SMIC (17 Dec 2021, Reuters)
  - The Biden administration still has not decided whether to block more sales of U.S. technology to Chinese chipmaker SMIC but raised the possibility of discussing with allies' further restrictions on selling chip-making equipment to China
  - The listing, which requires U.S. suppliers to obtain a license before shipping chipmaking equipment and other goods, allows most sales to be decided on a case-by-case basis. However, equipment that can be used to make only the most advanced, 10-nanometer and smaller chips is held to a higher standard and is likely to be denied
  - The policy change being considered would restrict sales of items that could also be used for less advanced chips
- US-China tech war: semiconductor troubles cloud Beijing's efforts for self-sufficiency as US mulls tougher sanctions (15 Dec 2021, SCMP)
  - China is struggling to draw a clear road map to achieve self-sufficiency in semiconductor production, as reliance on foreign chip-making equipment remains a weak link that could further disadvantage the domestic industry amid Washington's plans to tighten export controls
  - One major challenge for China is home-made equipment, which is technologically far behind imported equipment, according to Jin Cunzhong, deputy secretary general at CEPEA, the industry body representing more than 180 Chinese chip equipment makers

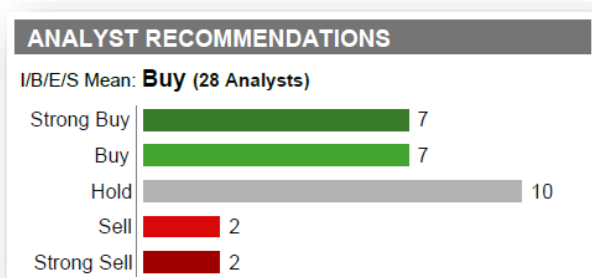
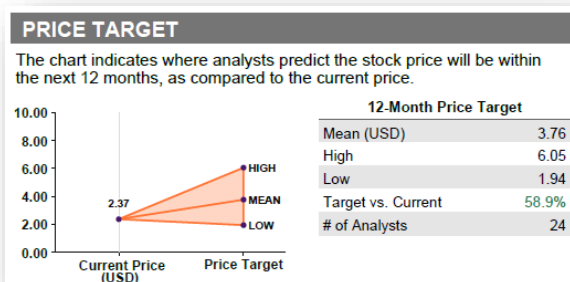
TRADING FLOWS	RESISTANCE LEVELS	SUPPORT LEVELS
<ul style="list-style-type: none"> <li>• Shares fell 1.4% in the past 5 days and are down 17% in the past 30 days</li> </ul>	<ul style="list-style-type: none"> <li>• 21.66 (50 Day MA)</li> <li>• 24.30 (11 Nov 2021)</li> </ul>	<ul style="list-style-type: none"> <li>• 16.76 (05 Oct 2020)</li> <li>• 14.62 (29 Apr 2020)</li> </ul>

# Fundamental Viewpoint

## An Extract from STOCKREPORTS+



## Analyst Price Target and Recommendations



Source: REFINITIV STOCKREPORTS+, extracted 22 Dec 2021

# HK Peer Analysis (STOCKREPORTS+)

PEER ANALYSIS													Currency in HKD	
Average Score	Ticker	PRICE MOMENTUM				VALUATION			FUNDAMENTAL		ANALYSTS			
		Price (2021-12-22)	1-Mo Return	3-Mo Return	1-Yr Return	Market Cap	Trailing PE	Forward PE	Dividend Yield	Net Margin	LTG Forecast	I/B/E/S Mean	# of Analysts	
6	981	18.46	-16.7%	-16.3%	-2.6%	111.4B	26.1	12.4	--	29.3%	29.1%	Buy	27	
5	1347	41.60	-11.7%	5.7%	-8.2%	54.0B	69.7	36.8	--	12.4%	--	Buy	25	
4	1725	27.15	-6.9%	-16.7%	2163%	8.5B	419.7	--	--	2.3%	--	--	--	
5	1385	26.35	-8.8%	21.4%	96.9%	6.9B	105.5	36.7	--	8.0%	--	Hold	1	
9	1612	1.03	18.4%	1.0%	-44.0%	689M	3.1	7.9	7.3%	16.3%	--	Buy	1	
6	6939	1.26	-6.0%	-12.5%	--	654M	19.6	--	1.1%	15.5%	--	--	--	
2	712	0.37	-17.8%	-22.1%	17.5%	300M	--	--	--	-70.3%	--	--	--	
6	1305	1.26	-10.0%	133.3%	196.5%	275M	8.4	--	--	2.4%	--	--	--	
4	2336	0.11	-19.6%	-38.3%	-34.7%	209M	--	--	--	-2.8%	--	--	--	
5	8257	0.18	-19.5%	-10.6%	-35.6%	179M	4.7	--	6.8%	7.4%	--	--	--	
8	8231	1.21	-4.0%	70.4%	-29.0%	150M	20.6	--	--	4.1%	--	--	--	
5.5	Average	10.82	-9.3%	10.5%	231.9%	16.7B	75.3	23.5	5.0%	2.2%	29.1%	Buy	13.5	

PEER COMPANIES			
1305	Wai Chi Holdings Co	2336	Hailiang International
1347	Hua Hong Semiconductor	6939	Megain Holding (Cayman) Co
1385	Shanghai Fudan	712	Comtec Solar Systems Group
1612	Vincent Medical Holdings	8231	PFC Device Inc
1725	Hong Kong Aerospace Technology	8257	Genes Tech Group Holdings Co

Source: REFINITIV STOCKREPORTS+, extracted 22 Dec 2021

# Global Peer Analysis (Bloomberg)

Ticker	Name	Mkt Cap (USD) (Millions)	Last Px	P/E	P/E 5Yr Avg	P/B	P/B 5Yr Avg	Indicated Yield (%)
<b>Average</b>		<b>7,562</b>	<b>733.02</b>	<b>37.66</b>	<b>112.13</b>	<b>5.70</b>	<b>5.15</b>	<b>1.94</b>

981 HK	SEMICONDUCTOR							
Equity	MANUFACTURING	30,247	18.46	15.46	25.52	1.12	1.37	N/A
603005 CH	CHINA WAFER LEVEL							
Equity	CSP CO -A	3,746	58.50	46.47	50.02	6.46	6.45	0.33
3711 TT	ASE TECHNOLOGY							
Equity	HOLDING CO LT	16,305	103.00	10.27	12.34	1.89	1.77	4.07
AMKR US	AMKOR							
Equity	TECHNOLOGY INC	5,526	22.60	10.30	12.01	2.02	1.94	0.88
6239 TT	POWERTECH							
Equity	TECHNOLOGY INC	2,731	97.50	9.34	10.82	1.56	1.66	5.13
036540 KS	SFA SEMICON							
Equity		1,023	7,420.00	30.42	46.57	3.16	2.98	N/A
8150 TT	CHIPMOS							
Equity	TECHNOLOGIES INC	1,258	48.10	8.08	10.12	1.53	1.35	4.57
603893 CH	ROCKCHIP							
Equity	ELECTRONICS CO L-A	8,914	136.15	104.20	96.35	22.05	16.65	0.37
688099 CH	AMLOGIC SHANGHAI							
Equity		7,814	121.11	78.91	632.21	14.19	11.74	N/A
002156 CH	TONGFU							
Equity	MICROELECTRONIC	4,055	19.44	32.64	59.82	2.52	3.19	0.13
300708 CH	FOCUS LIGHTINGS							
Equity	CO LTD-A	1,563	18.32	68.16	277.64	6.21	7.56	0.06

Source: Bloomberg, extracted 22 Dec 2021 closing

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