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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)

**CONNECTED TRANSACTION
PROPOSED GRANT OF RESTRICTED SHARE UNITS**

THE PROPOSED RSU GRANT

The Board announces that on 5 September 2022, the Company proposes to grant 277,500 Restricted Share Units under the 2014 Equity Incentive Plan to Academician Wu Hanming ("**Academician Wu**"), an independent non-executive Director, [subject to the Independent Shareholders' approval at the GM]. The Restricted Share Units to be granted to Academician Wu represents the right to receive a Hong Kong Share on the date it vests. Details of the Proposed RSU Grant is as follows:

| Name | Position | Number of Restricted Share Units to be granted (Hong Kong Shares) | Vesting schedule |
|----------------|------------------------------------|--|---|
| Academician Wu | Independent non-executive Director | 277,500 | 277,500 Restricted Share Units to be granted will vest over a period of three years at the rate of 33%, 33% and 34% for each 12-month period commencing on 11 August 2022 |

In accordance with the terms of the 2014 Equity Incentive Plan, the Proposed RSU Grant will be made for no consideration, other than the minimum payment required by the applicable laws in the Cayman Islands (which is the par value of the Ordinary Shares to be issued pursuant thereto).

Based on the closing price of HK\$15.14 per Hong Kong Share as quoted on the Hong Kong Stock Exchange on 5 September 2022, the market value of the Restrict Share Unit proposed to be granted amounts to approximately HK\$4,201,350.

REASONS FOR AND BENEFITS OF THE PROPOSED RSU GRANT

The Proposed RSU Grant is part of the Company's remuneration system, the purpose of which is to closely align the interests and benefits of and risk sharing among the Shareholders, the Company and the employees in order to maximise the motivation of the Directors.

The Proposed RSU Grant to Academician Wu aim to provide sufficient incentives to attract and motivate Academician Wu to remain with the Company, to strive for the future development and expansion of the Group and to enhance Shareholder value through further aligning the interests of Academician Wu with the Company.

Furthermore, there will not be substantial cash outflow by the Company under the Proposed RSU Grant. In this regard, the Directors (excluding the independent non-executive Directors and subject to advice from the independent financial adviser) consider that the terms of the Proposed RSU Grant are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

SPECIFIC MANDATE TO ISSUE NEW HONG KONG SHARES

The new Hong Kong Shares to be issued under the Proposed RSU Grant will be issued under the specific mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 13 June 2013 for the issue of the Hong Kong Shares under the 2014 Equity Incentive Plan. The Listing Committee of the Hong Kong Stock Exchange has previously granted its approval for the listing of, and permission to deal in, the Hong Kong Shares to be issued under the 2014 Equity Incentive Plan, subject to the fulfilment of all other conditions of the 2014 Equity Incentive Plan. In the context of the grant of Restricted Share Units and issue of Hong Kong Shares pursuant thereto under the 2014 Equity Incentive Plan to a connected person, the requirements under Chapter 14A of the Listing Rules would be required to be satisfied, including the obtaining of the approval of the Independent Shareholders. The total number of such new Hong Kong Shares which may be issued under the 2014 Equity Incentive Plan will not exceed 80,184,428.

IMPLICATIONS UNDER THE LISTING RULES

Academician Wu is an independent non-executive Director and hence a connected person of the Company. The proposed grant of 277,500 Restricted Share Units to Academician Wu and any transactions contemplated thereunder (including the allotment and issue of any new Hong Kong Shares thereunder) constitutes connected transaction of the Company under Chapter 14A of the Listing Rules and are subject to reporting, announcement and the Independent Shareholders' approval requirements.

The Company will establish the Independent Board Committee to advise the Independent Shareholders in respect of the Proposed RSU Grant and any transactions contemplated thereunder. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Proposed RSU Grant and any transactions contemplated thereunder.

GENERAL

An ordinary resolution will be proposed at the GM to approve the Proposed RSU Grant and any transactions contemplated thereunder (including the allotment and issue of any new Hong Kong Shares thereunder). A circular containing, among other things, details of the Proposed RSU Grant, a letter from the Independent Board Committee and a letter from the independent financial adviser together with the notice convening the GM will be dispatched to the Shareholders at a later date as more time is required to ascertain the relevant information therein.

INFORMATION OF THE COMPANY

The Company and its subsidiaries are one of the leading foundries in the world and is the front runner in manufacturing capability, manufacturing scale, and comprehensive service in the Chinese Mainland. SMIC Group provides semiconductor foundry and technology services to global customers on 0.35 micron to FinFET process node technologies. Headquartered in Shanghai, China, SMIC Group has an international manufacturing and service base, with three 8-inch wafer fabrication facilities (fabs) and three 12-inch fabs in Shanghai, Beijing, Tianjin and Shenzhen, and four 12-inch fabs under construction in Shanghai, Beijing, Shenzhen and Tianjin. 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.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context other requires:

| | |
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| “2014 Equity Incentive Plan” | the 2014 equity incentive plan adopted by the Company pursuant to a resolution passed by the Shareholders at the annual general meeting of the Company held on 13 June 2013 and effective from 15 November 2013 upon its registration with the PRC State Administration of Foreign Exchange |
| “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 Shanghai Stock Exchange Science and Technology Innovation Board |
| “connected person(s)” | has the same meaning as ascribed to it under the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “GM” | the general meeting of the Company proposed to be held to approve, among other things, the Proposed RSU Grant and any transactions contemplated thereunder |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | Hong Kong Special Administrative Region of the PRC |
| “Hong Kong Shares” | the existing common Shares which are listed on the Hong Kong Stock Exchange |
| “Hong Kong Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Independent Board Committee” | an independent committee of the Board comprising all independent non-executive Directors who have no direct or indirect interest in the Proposed RSU Grant, established to advise the Independent Shareholders in respect of the non-exempt connected transaction relating to the Proposed RSU Grant |
| “Independent Shareholders” | the Shareholders who are not required under the Listing Rules to abstain from voting at the GM to approve the connected transaction relating to the Proposed RSU Grant |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange |
| “Ordinary Share(s)” | the ordinary Share(s) of US\$0.004 each in the share capital of the Company |
| “PRC” | the People’s Republic of China |
| “Proposed RSU Grant” | the proposed grant of 277,500 Restricted Share Units to Academician Wu under the 2014 Equity Incentive Plan |
| “Restricted Share Units” | an unsecured promise of the Company to pay eligible individuals a specific number of Hong Kong Shares, on a specified date pursuant to 2014 Equity Incentive Plan, subject to all applicable laws, rules, regulations and the applicable vesting, transfer or |

| | |
|---------------------------|--|
| | forfeiture restrictions as set out in the 2014 Equity Incentive Plan and the applicable award document |
| “Shareholder(s)” | holder(s) of existing Shares |
| “Share(s)” | share(s) of all classes in the capital of the Company and warrants and other securities which carry a right to subscribe for or purchase shares of the Company |
| “SMIC Group” or “Group” | the Company and its subsidiaries |
| “United States” or “U.S.” | the United States of America, its territories, its possessions and all areas subject to its jurisdiction |

By order of the Board
Semiconductor Manufacturing International Corporation
Joint Company Secretary / Board Secretary
Guo Guangli

Shanghai, PRC
5 September 2022

As at the date of this announcement, the Directors are:

Executive Directors

GAO Yonggang

Non-executive Directors

LU Guoqing
CHEN Shanzhi
HUANG Dengshan
REN Kai

Independent Non-executive Directors

LAU Lawrence Juen-Yee
FAN Ren Da Anthony
LIU Ming
Wu Hanming

* *For identification purposes only*