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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  
RSU GRANT**

This announcement is made by Semiconductor Manufacturing International Corporation pursuant to Rule 17.06A of the Listing Rules.

**The RSU Grant**

The Board announces that on 1 April 2023, the Company granted 6,486,093 Restricted Share Units to 394 Grantees under the 2014 Equity Incentive Plan. Among the 6,486,093 Restricted Share Units granted, an aggregate of 937,889 Restricted Share Units were granted to 10 Connected Grantees. The Restricted Share Units granted to the Grantees represent the right to receive a Hong Kong Share on the date it vests. There are no restrictions by the rules of the 2014 Equity Incentive Plan in respect of a vesting period shorter than 12 months.

Details of the RSU Grant is as follows:

**Date of grant:** 1 April 2023

**Number of Grantees:** There are a total of 394 Grantees under the RSU Grant

**Number of Restricted Share Units granted:** 937,889 Restricted Share Units to the 10 Connected Grantees  
5,548,204 Restricted Share Units to the 384 Non-Connected Grantees, including senior manager and employees of the Group

Name of the Connected Grantee	Position	Number of Restricted Share Units to be granted (Hong Kong Shares)
Dr. Gao Yonggang	Chairman of the Board and executive Director	159,565
Professor Lau Lawrence Juen-Yee	Independent non-executive Director	92,500
Dr. Fan Ren Da Anthony	Independent non-executive Director	92,500
Dr. Zhao Haijun	Co-chief executive Officer	159,565
Dr. Liang Mong Song	Co-chief executive Officer	159,565
Dr. Wu Junfen	Subsidiary Director	46,482
Mr. Zhang Xin	Subsidiary Director	45,953
Mr. John Peng	Subsidiary Director	61,062
Mr. Lin Hsin-Fa	Subsidiary Director	91,385
Dr. Wang Yong	Subsidiary Director	29,312

**Purchase price of the Restricted Share Unites granted:**

HK\$0.031

**Closing price of the Hong Kong Shares immediately preceding the date of grant**

HK\$18.60 per Hong Kong Share

**Vesting period of the Restricted Share Units:**

***I) 2 Connected Grantees who are independent non-executive Directors***

The grant to these 2 Connected Grantees is subject to the Independent Shareholders' approval at the general meeting.

185,000 Restricted Share Units will vest on 1 January 2024

The vesting period for the grant of all the Restricted Share Units to these 2 Connected Grantees is shorter than 12 months because this grant forms part of their remuneration package and has been approved by the Compensation Committee, therefore their date of grant would have been earlier if not for certain administrative requirements. The Compensation Committee is of the view that such arrangement aligns with the purpose of the 2014 Equity Incentive Plan as it retains and motivates the Directors for their contributions to the growth and profits of the Company.

***II) 8 Connected Grantees who are not independent non-executive Directors***

The grant to these 8 Connected Grantees is subject to the Independent Shareholders' approval at the general meeting.

- (i) 376,447 Restricted Share Units immediately vest on the date of approval obtained from the Independent Shareholders;
- (ii) 225,870 Restricted Share Units will vest on 1 April 2024; and
- (iii) 150,572 Restricted Share Units will vest on 1 April 2025.

The vesting period for the grant of part of the Restricted Share Units to these 8 Connected Grantees is shorter than 12 months because this grant forms part of their remuneration package for the year 2022 and the granting is subject to the fulfillment of the relevant performance targets for the year 2022 and such conditions had been fulfilled as at the date of this announcement. Such arrangement has been approved by the Compensation Committee. The Compensation Committee approved this arrangement and believed that aligns with the purpose of the 2014 Equity Incentive Plan as it retains and motivates the relevant grantees for their contributions to the growth and profits of the Company.

***III) 382 Non-Connected Grantees (including 5 of the 7 new employees (Note))***

- (i) 2,580,111 Restricted Share Units immediately vest on date of grant of the RSU Grant;
- (ii) 1,548,031 Restricted Share Units will vest on 1 April 2024; and
- (iii) 1,031,892 Restricted Share Units will vest on 1 April 2025.

The vesting period for the grant of part of the Restricted Share Units to these 382 Non-Connected Grantees is shorter than 12 months because this grant forms part of their remuneration package for the year 2022 and the granting is subject to the fulfillment of the relevant performance targets for the year 2022 and such

conditions had been fulfilled as at the date of this announcement. The Compensation Committee approved this arrangement for granting to the Restricted Share Units to the senior manager and employees of the Group and believed that aligns with the purpose of the 2014 Equity Incentive Plan as it retains and motivates the senior managers and employees of the Group for their contributions to the growth and profits of the Company.

**IV) 7 Non-Connected Grantees** *(Note)*

All the 7 new employees of the Group are entitled to the grant of the Restricted Share Units under the below vesting schedule:

- (i) 97,043 Restricted Share Units will vest on the first anniversary of the new Employees;
- (ii) 97,043 Restricted Share Units will vest on the second anniversary;
- (iii) 97,043 Restricted Share Units will vest on the third anniversary; and
- (iv) 97,041 Restricted Share Units will vest on the fourth anniversary.

The vesting period for the grant of part of the Restricted Share Units to these 7 Non-Connected Grantees who are new employees of the Group is shorter than 12 months. The Compensation Committee approved this arrangement because the grants to newly joined employees are to replace their awards when leaving their previous employer and as part of their remuneration package.

*Note: There are in total 7 new employees of the Group who are Non-Connected Grantees and 5 of the new employees are entitled to vesting of their entitlements of the Restricted Share Units under both vesting schedules as set out in III) and IV) above.*

**Performance targets of the Restricted Share Units:**

The granting of the Restricted Share Units granted shall be conditional upon the achievement of certain targets based on both Company and individual performance indicators, including but not limited to revenue, profit, project completion status and other relevant indicators. Each target can be presented on an absolute and/or relative basis.

**Clawback mechanism of the Restricted Share Units:**

The key clawback terms are as follow:

Any unvested Restricted Share Units shall be returned by the Grantees and such Restricted Share Units will automatically lapse immediately under all circumstances, including but not limited to:

- (i) cessation of employment or service with the Group for any reason other than retirement that had been approved; or
- (ii) internal disciplinary action for violation of the internal code of the Group or the criminal liability for violation of the national laws and regulations

The RSU Grant will entitle the Grantees to subscribe for up to a total of 6,486,093 new Hong Kong Shares which represent approximately 0.08% of the issued shares of the Company as at the date of this announcement.

The grant of the Restricted Share Units under the RSU Grant was approved by the independent non-executive Directors, with each of them abstaining from voting on the resolutions relating to their respective grant.

None of the Non-Connected Grantees will, as a result of the relevant grant of the Restricted Share Units (and the relevant grant of the share options of the Company, if applicable), be issued and entitled to be issued with such number of Hong Kong Shares representing over 1% of the Company's issued shares as at the date of grant of the RSU Grant upon vesting of all Restricted Share Units (and share options of the Company, if applicable) granted to each of them in the past 12-month period up to and including the date of grant of the RSU Grant. In addition, none of the Connected Grantees will, as a result of the relevant grant of the Restricted Share Units, be issued and entitled to be issued with such number of Hong Kong Shares representing over 0.1% of the Company's issued

shares as at the date of grant of the RSU Grant upon vesting of all Restricted Share Units granted to each of them in the past 12-month period up to and including the date of grant of the RSU Grant.

## **ISSUE OF NEW SHARES UNDER THE RSU GRANT**

The Restricted Share Units granted under this 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, 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.

### **Reasons for and benefits of the RSU Grant**

The 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 recognize contributions rendered by the Directors and the employees of the Group; and provide sufficient incentives to attract and motivate the Grantees to remain with the Company, to strive for the future development of the Group and to enhance Shareholder value through further aligning the interests of the Grantees with the Company.

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

## **NUMBER OF HONG KONG SHARES AVAILABLE FOR FUTURE GRANT**

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. The number of Hong Kong Shares available for future grant after this RSU Grant will be 10,740,263.

## **LISTING RULES IMPLICATIONS**

The grant of 937,889 Restricted Share Units to the 10 Connected Grantees under the RSU Grant, and any transactions contemplated thereunder (including the allotment and issue of any new Hong Kong Shares thereunder) constitutes [non-exempt connected transactions] of the Company under Chapter 14A of the Listing Rules and are thus subject to reporting, announcement and the Independent Shareholders' approval requirements.

The Company has established the Independent Board Committee to advise the Independent Shareholders in respect of the 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 RSU Grant and any transactions contemplated thereunder.

## **GENERAL**

An ordinary resolution will be proposed at the general meeting to approve the 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 RSU Grant, a letter from the Independent Board Committee and a letter from the independent financial adviser together with the notice convening the general meeting 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 four 12-inch fabs in Shanghai, Beijing, Tianjin and Shenzhen, and three 12-inch fabs under construction in Shanghai, Beijing 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:

“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
“RSU Grant”	the grant of 6,486,093 Restricted Share Units under the 2014 Equity Incentive Plan
“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
“Compensation Committee”	the compensation committee of the Board
“Connected Grantees”	grantees of the RSU Grant who are connected persons of the Company under the Listing Rules
“Director(s)”	the director(s) of the Company
“Grantees”	collectively, the Connected Grantees and the Non-Connected Grantees
“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 RSU Grant, established to advise the Independent Shareholders in respect of the [non-exempt] connected transactions relating to the RSU Grant
“Independent Shareholders”	the Shareholders who are not required under the Listing Rules to abstain from voting at the general meeting to approve the [non-exempt] connected transactions relating to the RSU Grant
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange

“Non-Connected Grantees”	the grantees of the RSU Grant who are senior manager and employees of the Company and are not connected persons of the Company under the Listing Rules
“PRC”	the People’s Republic of China
“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 the 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

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

Shanghai, PRC  
2 April 2023

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

**Executive Director**  
GAO Yonggang

**Non-executive Directors**  
LU Guoqing  
CHEN Shanzhi  
YANG Lumin  
HUANG Dengshan

**Independent Non-executive Directors**  
LAU Lawrence Juen-Yee  
FAN Ren Da Anthony  
LIU Ming  
WU Hanming

\* *For identification purposes only*