

# **SEMICONDUCTOR MANUFACTURING INTERNATIONAL CORPORATION**

**(incorporated in the Cayman Islands with limited liability)**

## **CODE OF BUSINESS CONDUCT AND ETHICS**

(As adopted by the Board on August 31, 2004 and amended by the Board on September 22 2005, October 26, 2007, November 7, 2011, February 6, 2013, April 24, 2013 and February 4, 2021)

### **I. INTRODUCTION**

This Code of Business Conduct and Ethics helps ensure compliance with legal requirements and our standards of business conduct. All employees of the Company and its affiliated companies are expected to read and understand this Code of Business Conduct and Ethics, uphold these standards in day-to-day activities, comply with all applicable policies and procedures, and ensure that all agents and contractors are aware of, understand and adhere to these standards.

Because the principles described in this Code of Business Conduct and Ethics are non-exhaustive and general in nature, you should also review all applicable Company policies and procedures for more specific instruction, and contact the Human Resources Department or the Compliance Office if you have any questions.

Nothing in this Code of Business Conduct and Ethics, in any Company policies and procedures, or in other related communications (verbal or written) creates or implies an employment contract or term of employment.

We are committed to continuously reviewing and updating our policies and procedures. Therefore, this Code of Business Conduct and Ethics is subject to modification. This Code of Business Conduct and Ethics supersedes all other such codes, policies, procedures, instructions, practices, rules or written or verbal representations to the extent they are inconsistent. The Company's codes, policies, and procedures shall apply for areas that are not covered by this Code of Business Conduct and Ethics.

You are required to sign the acknowledgment form at the end of this Code of Business Conduct and Ethics and return the form to the Human Resources Department indicating that you have received, read, understand and agree to comply with the current version of the Code of Business Conduct and Ethics. The signed acknowledgment form will be located in your personnel file. Any subsequent amended version of the Code of Business Conduct and Ethics will be posted on the Company's website from time to time and you will be notified thereof via email.

### **II. COMPLIANCE IS EVERYONE'S BUSINESS**

Ethical business conduct is critical to our business. As an employee, your responsibility is to respect and adhere to these practices. Many of these practices reflect legal or

regulatory requirements. Violations of these laws and regulations can create significant liability for you, the Company, its directors, officers, and other employees.

Part of your job and ethical responsibility is to help enforce this Code of Business Conduct and Ethics. You should be alert to possible violations and report possible violations to the Compliance Office. All such reports will be treated as highly confidential. You must cooperate in any internal or external investigations of possible violations. Reprisal, threats, retribution or retaliation against any person who has in good faith reported a violation or a suspected violation of law, this Code of Business Conduct and Ethics or other Company policies, or against any person who is assisting in any investigation or process with respect to such a violation, is strictly prohibited. Reports may be submitted anonymously if the employee desires. Any superior or other employee intimidating, imposing sanctions or threatening sanctions against an employee for reporting a matter will be subject to disciplinary action, up to and including termination.

Violations of law, this Code of Business Conduct and Ethics, or other Company policies or procedures shall be reported to the Compliance Office at Code@SMICS.com. All reported violations relating to an executive officer of the Company will be handled directly by the Audit Committee, and in no event may any person engage the Compliance Office, the Internal Audit Department, the Human Resources Department or any other department within the Company to commence investigation of an executive officer of the Company without the prior authorization of the Audit Committee.

The Company shall not discharge, demote, suspend, threaten, harass, or in any other manner discriminate or retaliate against an employee in the terms and conditions of employment because of any lawful act done by the employee in upholding the rules and regulations governing the Company, including this Code of Business Conduct and Ethics. Any act of retaliation should be reported to the Compliance Office immediately.

Violations of law, this Code of Business Conduct and Ethics or other Company policies or procedures by Company employees can lead to disciplinary action up to and including termination. If deemed appropriate, the Company may also take legal action against any violators.

In trying to determine whether any given action is appropriate, use the following test. Imagine that the words you are using or the action you are taking is going to be fully disclosed in the media with all the details, including your photo. If you are uncomfortable with the idea of this information being made public, perhaps you should think again about your words or your course of action.

In all cases, if you are unsure about the appropriateness of an event or action, please seek assistance in interpreting the requirements of these practices by contacting the Human Resources Department or the Compliance Office.

### **III. YOUR RESPONSIBILITIES TO THE COMPANY AND ITS STOCKHOLDERS**

#### **A. General Standards of Conduct**

The Company expects all employees, agents and contractors to exercise good judgment to ensure the safety and welfare of employees, agents and contractors and to maintain a cooperative, efficient, positive, harmonious and productive work environment and business organization. These standards apply while working on our premises, at offsite locations where our business is being conducted, at Company-sponsored public welfare social events, or at any other place where you are a representative of the Company. Employees, agents or contractors who engage in misconduct or whose performance is unsatisfactory may be subject to corrective action, up to and including termination.

## **B. Applicable Laws**

All Company employees, agents and contractors must comply with all laws, regulations, rules and regulatory orders of any relevant jurisdiction applicable to the Company and to them personally (including, without limitation, tax laws, regulations and rules). In particular, all Company employees, agents and contractors shall comply with their personal tax obligations, including filing applicable tax returns with appropriate tax authorities and paying any taxes due promptly. As a company located in the People's Republic of China, we must comply with laws, regulations, rules and regulatory orders of the local authorities. In sum, we must comply with all applicable laws where the Company and its affiliated companies operate and ensure the implementation of the internal rules, procedures and control policies of the Company. Although the relevant laws and regulations may differ among different countries and regions, each employee, agent and contractor must acquire appropriate knowledge of the requirements relating to his or her duties sufficient to enable him or her to recognize potential dangers and to know when to seek advice from the Legal Department and/or the Compliance Office on specific Company policies and procedures, if you have any questions on this. Violations of laws, regulations, rules and orders may subject the employee, agent or contractor to individual criminal or civil liability, as well as to discipline by the Company. Such individual violations may also subject the Company to civil or criminal liability or the loss of business. Each employee, agent or contractor, by signing and returning the Acknowledgment of Receipt of Code of Business Conduct and Ethics in Section IV.L below, (i) represents that any document and information he or she provides to the Company or applicable tax authorities is accurate and complete and (ii) covenants to indemnify the Company for any claims, losses, liabilities, damages, taxes, diminution in value, costs, interest, awards, judgments, penalties and expenses, including reasonable attorneys' and consultants' fees and expenses and including any such reasonable out-of-pocket expenses incurred in connection with investigating, defending against or settling any of the foregoing incurred or sustained by the Company arising out of or relating to any violations of laws, regulations, rules and orders by such employee, agent or contractor.

## **C. Antifraud**

The Company has a policy against fraud of any kind, whether in relation to Company assets or the assets of any third parties. Fraud is a broad concept that refers generally to any intentional act committed to secure an unfair or unlawful gain, which includes, among other things, (a) allegations of fraud, misconduct or errors related to SMIC's accounting or financial reporting systems, controls or disclosures; and (b) allegations of securities law violations (e.g., insider trading, false trading, price rigging, bid rigging, disclosure of false or misleading information inducing transactions, or stock market manipulation) and commodities and futures law violations. Financial fraud typically

falls into five broad categories: (i) fraudulent financial reporting, (ii) misappropriation of assets, (iii) expenditures and liabilities for improper purposes, (iv) fraudulently obtained revenue and assets, and fraudulently avoided costs and expenses; and (v) abusing authority by directors, supervisors and managers or other senior management; and conspiracy with relevant entity or personnel.

Clearly, any individual engaging in such activities exhibits characteristics inconsistent with the Company's core values. Each employee is daily placed in a position of trust, charged with the ethical and appropriate use of Company assets, whether physical or intellectual, as well as similar assets of third parties. Further, the action of each employee reflects on the Company as a whole. Accordingly, fraud by any employee will not be tolerated. Any employee becoming aware of such activities by another employee must promptly report the matter to the Compliance Office.

#### **D. Conflicts of Interest**

Each of us has a responsibility to the Company, our stockholders and each other. Although this duty does not prevent us from engaging in personal transactions and investments, it does demand that we avoid situations where a conflict of interest might occur or appear to occur. The Company is subject to scrutiny from many different individuals and organizations. We should always strive to avoid even the appearance of impropriety.

What constitutes a conflict of interest? A conflict of interest exists where the interests or benefits of one person or entity conflict with the interests or benefits of the Company.

You must disclose to the Company any interest that you have that may conflict with the business of the Company. Examples include but not limited to:

**(i) Employment/Outside Employment.** In consideration of your employment with the Company, you are expected to devote your full attention to the business interests of the Company. Subject to the terms of your employment contract with the Company and except where applicable laws, rules or regulations otherwise provide, you are prohibited from engaging in any activity that interferes with your performance or responsibilities to the Company or is otherwise in conflict with or prejudicial to the Company. Our policies prohibit any employee from accepting simultaneous employment with a Company supplier, customer, developer or competitor, or from taking part in any activity that enhances or supports a competitor's position.

**(ii) Outside Directorships.** It is a conflict of interest to serve as a director of any company that competes with the Company. Although you may serve as a director of a Company supplier, customer, developer, or other business partner, our policy requires that you first disclose to the company and obtain prior approval from the Company's Chief Executive Officer or an officer authorized by the CEO before accepting a directorship. Any compensation you receive should be commensurate to your responsibilities. Such approval may be conditioned upon the completion of specified actions.

**(iii) Business Interests.** If you are considering investing in a Company customer, supplier, developer or competitor, you must first take great care to ensure that these investments do not compromise your responsibilities to the Company. Many factors

should be considered in determining whether a conflict exists, including the size and nature of the investment; your ability to influence the Company's or the other company's decisions; your access to confidential information of the Company or of the other company; and the nature of the relationship between the Company and the other company.

**(iv) Related Parties.** As a general rule, you should avoid conducting Company business with related parties, that is, with a relative or significant other, or with a business in which a relative or significant other is associated in any significant role. Relatives include spouse, sister, brother, daughter, son, mother, father, grandparents, aunts, uncles, nieces, nephews, cousins, step relationships, and in-laws. Significant others include persons living in a spousal (including same sex) or familial fashion with an employee. Related parties also include organizations and entities with which the Company's executive officers or directors have a material relationship or affiliation ("Affiliates"). You and related parties shall not make use of related party transactions to carry out profit tunneling or profit adjustment, and shall not conceal related party relationship in any manner. Because the possibility that a conflict of interest may exist is greatest when executive officers or directors or their Affiliates are involved in a business transaction with the Company, the Company generally discourages the conduct of the Company's business with such parties.

If such a related party transaction is unavoidable and determined to be material to the Company, you must fully disclose the nature of the related party transaction to the Corporate Secretary. The Company must report all such related party transactions in accordance with applicable accounting rules, securities laws, and securities market rules. Any dealings with a related party must be conducted in such a way that no preferential treatment is given to such dealings.

The Company also discourages the employment of relatives and significant others in positions or assignments within the same department and prohibits the employment of such individuals in positions that have a financial dependence or influence (e.g., an auditing or control relationship, or a supervisor/subordinate relationship). The purpose of this policy is to prevent the organizational impairment and conflicts that are a likely outcome of the employment of relatives or significant others, especially in a supervisor/subordinate relationship. If a question arises about whether a relationship is covered by this policy, the Human Resources Department is responsible for determining whether an applicant's or transferee's acknowledged relationship is covered by this policy. The Human Resources Department shall advise all affected applicants and transferees of this policy. Willful withholding of information regarding a prohibited relationship/reporting arrangement may be subject to corrective action, up to and including termination. If a prohibited relationship exists or develops between two employees, the employee in the senior position must bring this to the attention of his/her supervisor. The Company retains the prerogative to separate the individuals at the earliest possible time, either by reassignment or by termination, if necessary.

**(v) Other Situations.** Because other conflicts of interest may arise, it would be impractical to attempt to list all possible situations. If a proposed transaction or situation raises any questions or doubts in your mind, you should consult the Human Resources Department or the Compliance Office.

## **E. Corporate Opportunities**

Officers, directors and employees owe a duty to the Company to advance the Company's legitimate interests to the best of their abilities. Employees, officers and directors may not exploit for their own personal gain opportunities that are discovered through the use of corporate property, information or position or which arise as a result of his or her position within the Company.

## **F. Protecting the Company's Confidential Information**

The Company's confidential information is a valuable asset. The Company's confidential information includes product architectures; source codes; product plans and road maps; names and lists of customers, vendors, and employees, quotations, financial information, and other protected non-public information in accordance with statutory or contractual requirements. This information is the property of the Company and may be protected by patent, trademark, copyright and trade secret laws. All confidential information must be used for Company business purposes and for the benefit of the Company only. Every employee, agent and contractor must safeguard it. **THIS RESPONSIBILITY INCLUDES NOT DISCLOSING THE COMPANY'S CONFIDENTIAL INFORMATION SUCH AS INFORMATION REGARDING THE COMPANY'S SERVICES, PRODUCTS OR BUSINESS OVER THE INTERNET.** You are also responsible for properly labeling material documentation shared with or correspondence sent to the Company's Legal Department or outside counsel as "Attorney-Client Privileged". This obligation extends to confidential information of third parties, which the Company has rightfully received under Non-Disclosure Agreements.

**(i) Proprietary Information and Invention Agreement.** When you joined the Company, you signed an agreement to protect and hold confidential the Company's proprietary information. This agreement remains in effect for as long as you work for the Company and after you leave the Company. Under this agreement, you may not disclose the Company's confidential information to anyone or use it to benefit anyone other than the Company without the prior written consent of an authorized Company officer.

**(ii) Disclosure of Company Confidential Information.** To further the Company's business, from time to time our confidential information may be disclosed to potential business partners. However, such disclosure should never be done without carefully considering its potential benefits and risks. If you determine in consultation with your manager and other appropriate Company management that disclosure of confidential information is necessary, you must then contact the Legal Department to ensure that an appropriate written nondisclosure agreement is signed prior to the disclosure. The Company has standard nondisclosure agreements suitable for most disclosures. You must not sign a third party's nondisclosure agreement or accept changes to the Company's standard nondisclosure agreements without review and approval by the Company's Legal Department. In addition, all Company materials that contain Company confidential information, including presentations, must be reviewed and approved by the Disclosure Committee prior to publication or use.

**(iii) Requests by Regulatory Authorities.** The Company and its employees, agents and contractors must cooperate with appropriate government inquiries and

investigations. In this context, however, it is important to protect the legal rights of the Company with respect to its confidential information. All government requests for information, documents or investigative interviews must be referred to and approved by the Company's Chief Executive Officer or an officer authorized by the CEO. No financial information may be disclosed without the prior approval of the Company's Chief Executive Officer or Chief Financial Officer. If the allegation is criminal related, foreign countries must obtain consent from PRC competent authorities for provision of international criminal judicial assistance. The Company and its affiliated companies, entities, or individuals shall not provide evidences to foreign country for provision of international criminal judicial assistance without prior approval from PRC competent authorities.

**(iv) Company Spokespeople.** Specific policies have been established regarding who may communicate information to the press and the financial analyst community. All inquiries or calls from the press and financial analysts should be referred to the Office of the CEO, the Investor Relations Department, or the Public Relations Department. The Company has designated its CEO, Chief Financial Officer, Chief Operating Officer, Company Secretary, Investor Relations Department and any other person authorized by CEO as official Company spokespeople for financial matters. The Company has designated its Public Relations Department to release information for marketing, technical and other such information. These designees or anyone appointed by the CEO are the only people who may communicate with the press on behalf of the Company.

#### **G. Obligations Under Securities Laws - "Insider" Trading and Other Market Misconduct**

Obligations under relevant mainland China and Hong Kong legislation on insider trading apply to everyone. In the normal course of business, officers, directors, employees, agents, contractors and consultants of the Company may come into possession of inside information, which is not generally known to public but would be likely to materially affect the price of the listed securities if such information is generally known to public. This information is the property of the Company—you have been entrusted with it. You may not profit from it by buying or selling securities yourself, or passing on the information to others to enable them to profit or for them to profit on your behalf. These restrictions also apply to securities of other companies if an employee learns of material inside information relating to that company during course of his or her duties to the Company. The purpose of this policy is both to inform you of your legal responsibilities and to make clear to you that the misuse of sensitive information is contrary to Company policy, PRC securities laws and regulations and relevant Hong Kong legislation. The violation of these laws and regulations could result in severe consequences that could lead to civil and criminal liabilities for individuals.

Under relevant mainland China and Hong Kong laws, the directors and officers of the Company as well as any other person involved in the management of the Company are under a statutory duty to take all reasonable measures to ensure that safeguards exist to prevent the Company from acting in such a way which would result in the Company perpetrating any conduct which constitutes market misconduct.

Under relevant mainland China and Hong Kong laws, insider dealing and other types of market misconduct are also prohibited and, in certain circumstances, may result in civil or criminal liability. Insider dealing and market misconduct can occur in various forms, including but not limited to:

- Insider dealing and leakage of inside information. Insider dealing and leakage of inside information occur where a person connected with a corporation (including any director or employee) who is in possession of specific unpublished inside information deals in any listed securities of that corporation, or divulges the said information or explicitly or implicitly advises others to engage in the aforesaid trading activities. For more details regarding insider trading, please refer to the Company's Insider Trading Policy.
- False trading. False trading occurs where a person intentionally or recklessly creates a false or misleading appearance of active trading in or with respect to the market for, or the price for dealing in, trade securities.
- Price Rigging. Price rigging occurs when a person carrying out any sale or purchase of securities that does not involve a change of beneficial ownership of those securities and which affects the price of securities or carrying out any other fictitious transaction with the intention of affecting, or being reckless as to whether it affects, the price of traded securities/futures contracts.
- Disclosing information about prohibited transactions. Disclosing information about prohibited transactions occurs when a person discloses information to the effect that the price of traded securities/futures contracts, will, or is likely to, be affected because of a prohibited transaction.
- Disclosing false or misleading information disrupting the securities market/inducing transactions. Disclosing false or misleading information disrupting the securities market/inducing transactions occurs when a person intentionally, recklessly or negligently discloses false or misleading information that is likely to disrupt the securities market, or induce the sale, purchase, and subscription of securities/futures contracts or to affect the price of securities/futures contracts.
- Stock market manipulation. Stock market manipulation occurs in any of the following circumstances, (i) centralizing his or her predominance in capital, shareholding and position holding or taking advantage of information predominance to jointly or continuously buy and sell securities and futures, manipulating the trading prices or the trading volume of securities/futures, either on his or her own or by conspiring with other people; (ii) affecting trading prices or volumes of securities/futures by colluding with other persons, conducting securities or futures transactions with each other at a predetermined time and price and in a predetermined way; (iii) affecting trading prices or volumes of securities and futures by conducting securities transactions among the accounts under the actual control of the same person or regarding oneself as the party to the transaction, buying and selling futures contracts from and to himself; or (iv) carrying out two or more transactions directly or indirectly in Hong Kong or elsewhere, in securities of a corporation that affect the price of any traded securities with the intention of



inducing another person to buy or sell (or refrain from buying or selling) securities of the corporation or of its related corporation.

Offences in relation to market misconduct may result in criminal liability, and may be punishable by a maximum penalty of a fine of HK\$10,000,000 and imprisonment for 10 years in Hong Kong; or up to ten times the amount of illegal income, and/or imprisonment for 10 years in mainland China.

The Company has imposed a trading blackout period on members of the Board of Directors, executive officers and certain designated employees who, as a consequence of their position with the Company, are more likely to be exposed to material nonpublic information about the Company. These directors, executive officers and employees generally may not trade in the Company's securities during the blackout period. Each such employee will be notified if he/she is subject to these restrictions.

The Company has adopted the Insider Trading Policy, any violations may result in the potential criminal and civil liability and/or disciplinary action for insider trading violations

#### **H. Prohibition Against Short Selling of Company Stock**

No Company director, officer or other employee, agent or contractor may, directly or indirectly, sell any equity security, including derivatives, of the Company if he or she (1) does not own the security sold, or (2) if he or she owns the security, does not deliver it against such sale (a "short sale against the box") within twenty days thereafter, or does not within five days after such sale deposit it in the mails or other usual channels of transportation. No Company director, officer or other employee, agent or contractor may engage in short sales. A short sale, as defined in this policy, means any transaction whereby one may benefit from a decline in the Company's stock price. While employees who are not executive officers or directors are not prohibited by law from engaging in short sales of the Company's securities, the Company has adopted a policy that employees may not do so.

#### **I. Use of Company's Assets**

(i) **General.** Protecting the Company's assets is a key fiduciary responsibility of every employee, agent and contractor. Care should be taken to ensure that assets are not misappropriated, loaned to others, or sold or donated, without appropriate authorization. All Company employees, agents and contractors are responsible for the proper use of Company assets, and must safeguard such assets against loss, damage, misuse or theft. Employees, agents or contractors who violate any aspect of this policy or who demonstrate poor judgment in the manner in which they use any Company asset may be subject to disciplinary action, up to and including termination of employment or business relationship at the Company's sole discretion. Company equipment and assets are to be used for Company business purposes only. Employees, agents and contractors may not use Company assets for personal use, nor may they allow any other person to use Company assets.

(ii) **Physical Access Control.** The Company has and will continue to develop procedures covering physical access control to ensure privacy of communications, maintenance of the security of the Company communication equipment, and safeguard

Company assets from theft, misuse and destruction. You are personally responsible for complying with the level of access control that has been implemented in the facility where you work on a permanent or temporary basis. You must not defeat or cause to be defeated the purpose for which the access control was implemented.

**(iii) Company Funds.** Company agents and contractors should not be allowed to exercise control over Company funds. Company funds must be used only for Company business purposes. Every Company employee, agent and contractor must take reasonable steps to ensure that the Company receives good value for Company funds spent, and must maintain accurate and timely records of each and every expenditure. Expense reports must be accurate and submitted in a timely manner. Company employees, agents and contractors must not use Company funds for any personal purpose.

**(iv) Computers and Other Equipment.** The Company strives to furnish employees with the equipment necessary to efficiently and effectively do their jobs. You must care for that equipment and use it responsibly only for Company business purposes. If you use Company equipment at your home or off site, take precautions to protect it from theft or damage, just as if it were your own. If the Company no longer employs you, you must immediately return all Company equipment. While Company computers and other electronic devices are made accessible to employees to assist them to perform their jobs and to promote Company's interests, all such computers and electronic devices, whether used entirely or partially on the Company's premises or with the aid of the Company's equipment or resources, must remain fully accessible to the Company and, to the maximum extent permitted by law, will remain the sole and exclusive property of the Company.

Employees, agents and contractors acknowledge and undertake that information transmitted over, received by, or stored in any electronic communications device owned, leased, or operated in whole or in part by or on behalf of the Company does not contain privacy, personal information or personal sensitive information. To the extent permitted by applicable law, employees, agents and contractors' acknowledgement of this Code of Business Conduct and Ethics shall be deemed as that the employees, agents and contractors consent that the Company retains the right to gain access to the information related to the Company's business received by, transmitted by, or stored in the Company's electronic communications device, by and through its employees, agents, contractors, or representatives, at any time via legitimate channels.

**(v) Software.** All software used by employees to conduct Company business must be appropriately licensed. Never make or use illegal or unauthorized copies of any software, whether in the office, at home, or at any off-site location, to conduct Company business, since doing so may constitute copyright infringement and may expose you and the Company to potential civil and criminal liability. In addition, use of illegal or unauthorized copies of software to conduct Company business may subject the employee to disciplinary action, up to and including termination. The Company's IT Department will inspect Company computers periodically to verify that only approved and licensed software has been installed. Any non-licensed/supported software will be removed.

**(vi) Electronic Usage.** The purpose of this policy is to make certain that employees utilize electronic communication devices in a legal, ethical, and appropriate manner.

This policy addresses the Company's responsibilities and concerns regarding the fair and proper use of all electronic communications devices within the organization, including computers, e-mail, connections to the Internet, intranet and extranet and any other public or private networks, voice mail, video conferencing, facsimiles, and telephones. Posting or discussing information concerning the Company's services or business on the Internet without the prior written consent of the Company's Legal Department is prohibited. Any other form of electronic communication used by employees currently or in the future is also intended to be encompassed under this policy. It is not possible to identify every standard and rule applicable to the use of electronic communications devices. Employees are therefore encouraged to use sound judgment whenever using any feature of our communications systems. You are expected to review, understand and follow related policies and procedures.

#### **J. Fair and Timely Disclosure in Public Reporting and Communications**

The Company is subject to certain reporting and disclosure requirements and as a result, the Company and the relevant information disclosure obligors will disclose promptly and fairly all matters which may have a relatively significant impact on securities trading price or investment decision, and ensure that the information disclosed are true, accurate and complete and does not contain any false record, misrepresentation or major omission. The Company's principal executive officer, principal financial officer, principal accounting officer or controller, and any other officer involved in the preparation of the Company's financial statements, public reports or communications, are responsible for ensuring that such financial statements, public reports or communications contain disclosure that complies with relevant laws, regulations related to companies listed in China, HKEX regulations and generally accepted accounting principles and is full, fair, accurate, timely and understandable.

The Disclosure Committee and the Internal Audit Department have been formed and the Senior Financial Officers are responsible for establishing and maintaining effective disclosure controls and procedures and internal controls and procedures. Each employee must strictly comply with all such applicable standards, controls and procedures. Inaccurate, incomplete or untimely reporting will not be tolerated and can severely damage the Company and result in legal liability. Each employee should be on guard for, and promptly report, any possibility of inaccurate or incomplete reporting.

#### **K. Maintaining and Managing Records**

The purpose of this policy is to set forth and convey the Company's business and legal requirements in managing records, including all recorded information regardless of medium or characteristics. Records include paper documents, CDs, computer hard disks, email, floppy disks, microfiche, microfilm and all other media. The Company is required by applicable laws, rules and regulations to retain certain records and to follow specific guidelines in managing its records. Civil and criminal penalties for failure to comply with such guidelines can be severe for employees, agents, contractors and the Company, and failure to comply with such guidelines may subject the employee, agent or contractor to disciplinary action, up to and including termination of employment or business relationship at the Company's sole discretion.

## **L. Records on Legal Hold**

A legal hold suspends all document destruction procedures in order to preserve appropriate records under special circumstances, such as litigation or government investigations. The Company's Legal Department determines and identifies what types of Company records or documents are required to be placed under a legal hold. Every Company employee, agent and contractor must comply with this policy. Failure to comply with this policy may subject the employee, agent or contractor to disciplinary action, up to and including termination of employment or business relationship at the Company's sole discretion.

The Company's Legal Department will notify you if a legal hold is placed on records for which you are responsible. You then must preserve and protect the necessary records in accordance with instructions from the Company's Legal Department. **RECORDS OR SUPPORTING DOCUMENTS THAT HAVE BEEN PLACED UNDER A LEGAL HOLD MUST NOT BE DESTROYED, DISPOSED, MISPLACED, ALTERED OR MODIFIED UNDER ANY CIRCUMSTANCES.** A legal hold remains effective until it is officially released in writing by the Company's Legal Department. If you are unsure whether a document has been placed under a legal hold, you should preserve and protect that document while you check with the Company's Legal Department.

If you have any questions about this policy, you should contact the Company's Legal Department.

## **M. Payment Practices**

(i) **Accounting Practices.** The Company's responsibilities to its stockholders and the investing public require that all transactions be fully and accurately recorded in the Company's books and records in compliance with all applicable laws. All documentation supporting a transaction, especially the records related to payment of discounts to the counter party and commissions to the middleman, should fully and accurately describe the nature of the transaction and be processed in a timely fashion. False or misleading entries, unrecorded funds or assets, or payments without appropriate supporting documentation and approval are strictly prohibited and violate Company policy and the law. Any practice or situation that might undermine this objective should be reported to the Compliance Office. An employee with information relating to questionable accounting or auditing matters may also confidentially, and anonymously if they desire, submit the information in writing to the Compliance Office at Code@SMICS.com.

(ii) **Prohibition of Inducements.** Under no circumstances may officers, board members, employees, agents, contractors, and business partners acting on behalf of the Company offer to pay, make or authorize a payment, or promise to pay any money, gift, or anything of value to customers, vendors, consultants, or contractors that is intended, or even perceived as intended, directly or indirectly, to improperly influence any business decision, any act or failure to act, any commission of fraud, or opportunity for the commission of any fraud, except for gifts of nominal value for advertisement purposes offered during holidays.

## **N. Compliance with All Anti-Corruption Policies and Laws**

All officers, board members, employees, agents, contractors, and business partners acting on behalf of the Company, whether located in the United States, mainland China, and Hong Kong, or elsewhere are responsible (i) for compliance with the PRC Criminal Law, the PRC Anti-Unfair Competition Law (“**AUCL**”), the Interim Provisions of the State Administration for Industry and Commerce on Prohibition of Commercial Bribery, the PRC Bidding Law, and PRC Law on Donation for Public Welfare, the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong) (“**PBO**”), the Foreign Corrupt Practice Act, and the laws of any other countries in which the Company conducts business (the “Anti-Corruption Laws and Regulations”), and (ii) for acting in strict adherence to the Company’s Anti-Corruption Policy, including any implementing procedures and guidelines adopted in connection therewith, at all times.

All managers and supervisory personnel are expected to monitor their employees’ consistent compliance with the Anti-Corruption Laws and Regulations and implementing regulations and to ensure that their employees act at all times in strict adherence to the Company’s Anti-Corruption Policy, including any implementing procedures and guidelines adopted in connection therewith, and observe and abide by the highest legal, moral, ethical, and professional standards including the Company’s policy on Maintaining and Managing Records in Section III.K of this Code of Business Conduct and Ethics.

Laws in most countries outside of mainland China, Hong Kong, and the United States also prohibit or restrict government officials or employees of government agencies from receiving payments, entertainment, or gifts for the purpose of winning or keeping business. Please comply with these applicable anti-corruption laws and regulations.

## **O. Export Controls**

As an international company, the Company must comply with export control and customs regulations applicable to domestic and international trade. The Company ensures to comply with applicable customs and foreign trade regulations including supply chain safety regulations in the course of commodity trading and transportation, service provision and transfer of know-how or technology. Meanwhile, if the commodity traded or the service provided contain equipment, service or technology that are subject to export control, the Company ensures to examine and comply with all applicable export control regulations during the course of business activities.

## **P. SAFETY, HEALTH AND ENVIRONMENT**

The Company provides you and the public with information regarding the safety, health, and environmental effects of the work products and workplace chemicals. In addition, the Company provides information on how to handle and use such products and workplace chemicals safely. The Company conducts periodic reviews of such products and operations to monitor legal compliance to align with environmental, health, and safety concerns.

## **Q. ENVIRONMENTAL COMPLIANCE**

The Company is committed to conducting its business in an environmentally responsible manner. This includes complying with laws involving environmental quality. Accordingly, every employee is expected to conduct the Company’s business in

an environmentally responsible manner and not to engage in any activity that violates environmental laws or regulations.

#### **IV. RESPONSIBILITIES TO OUR CUSTOMERS AND OUR SUPPLIERS**

##### **A. Customer Relationships**

If your job puts you in contact with any Company customers or potential customers, it is critical for you to remember that you represent the Company to the people with whom you are dealing. Act in a manner that creates value for our customers and helps to build a relationship based upon trust. The Company and its employees have provided products and services for many years and have built up significant goodwill over that time. This goodwill is one of our most important assets, and the Company employees, agents and contractors must act to preserve and enhance our reputation.

##### **B. Payments or Gifts from Others**

Under no circumstances may employees, agents or contractors accept any offer, payment, promise to pay, or authorization to pay any money, gift, or anything of value from customers, vendors, consultants, etc. that is perceived as intended, directly or indirectly, to influence any business decision, any act or failure to act, any commission of fraud, or opportunity for the commission of any fraud.

Please refer to and comply with the Policy on Receiving Gifts.

##### **C. Publications of Others**

The Company subscribes to many publications that help employees do their jobs better. These include newsletters, reference works, online reference services, magazines, books, and other digital and printed works. Copyright law generally protects these works, and their unauthorized copying and distribution constitute copyright infringement. You must first obtain the consent of the publisher of a publication before copying publications or significant parts of them. When in doubt about whether you may copy a publication, consult the Legal Department.

##### **D. Handling the Confidential Information of Others**

The Company has many kinds of business relationships with many companies and individuals. Sometimes, they will volunteer confidential information about their products or business plans to induce the Company to enter into a business relationship. At other times, we may request that a third party provide confidential information to permit the Company to evaluate a potential business relationship with that party. Whatever the situation, we must take special care to handle the confidential information of others responsibly. We handle such confidential information in accordance with our agreements with such third parties.

(i) **Appropriate Nondisclosure Agreements.** Confidential information may take many forms. An oral presentation about a company's product development plans may contain protected trade secrets. A customer list or employee list may be a protected trade secret. A demo of an alpha version of a company's new software may contain information protected by trade secret and copyright laws.

(ii) You should never accept information offered by a third party that is represented as confidential, or which appears from the context or circumstances to be confidential, unless an appropriate nondisclosure agreement has been signed with the party offering the information. **THE LEGAL DEPARTMENT CAN PROVIDE NONDISCLOSURE AGREEMENTS TO FIT ANY PARTICULAR SITUATION, AND WILL COORDINATE APPROPRIATE EXECUTION OF SUCH AGREEMENTS ON BEHALF OF THE COMPANY.** Even after a nondisclosure agreement is in place, you should accept only the information necessary to accomplish the purpose of receiving it, such as a decision on whether to proceed to negotiate a deal. If more detailed or extensive confidential information is offered and it is not necessary for your immediate purposes, it should be refused.

(iii) **Need-to-Know.** Once a third party's confidential information has been disclosed to the Company, we have an obligation to abide by the terms of the relevant nondisclosure agreement and limit its use to the specific purpose for which it was disclosed and to disseminate it only to other Company employees with a need to know the information. Every employee, agent and contractor involved in a potential business relationship with a third party must understand and strictly observe the restrictions on the use and handling of confidential information. When in doubt, consult the Legal Department.

(iv) **Notes and Reports.** When reviewing the confidential information of a third party under a nondisclosure agreement, it is natural to take notes or prepare reports summarizing the results of the review and, based partly on those notes or reports, to draw conclusions about the suitability of a business relationship. Notes or reports, however, can include confidential information disclosed by the other party and so should be retained only long enough to complete the evaluation of the potential business relationship. Subsequently, they should be either destroyed or turned over to the Legal Department for safekeeping. They should be treated just as any other disclosure of confidential information is treated: marked as confidential and distributed only to those Company employees with a need to know.

(v) **Competitive Information.** You should never attempt to obtain a competitor's confidential information by unlawful means, and you should especially never contact a competitor regarding their confidential information. While the Company may, and does, employ former employees of competitors, we recognize and respect the obligations of those employees not to keep, use or disclose the confidential information of their former employers.

## **E. Selecting Suppliers**

The Company's suppliers make significant contributions to our success. To create an environment where our suppliers have an incentive to work with the Company, they must be confident that they will be treated lawfully and in an ethical manner. The Company's policy is to purchase supplies based on need, quality, service, price and terms and conditions. The Company's policy is to select significant suppliers or enter into significant supplier agreements fairly and transparently through a competitive bid process where possible. Under no circumstances should any Company employee, agent or contractor attempt to coerce suppliers in any way. The confidential information of a supplier is entitled to the same protection as that of any other third party and must not be received before an appropriate nondisclosure agreement has been signed. A

supplier's performance should never be discussed with anyone outside the Company. A supplier to the Company is generally free to sell its products or services to any other party, including competitors of the Company. In some cases where the products or services have been designed, fabricated, or developed to our specifications the agreement between the parties may contain restrictions on sales.

#### **F. Government Relations**

It is the Company's policy to comply fully with all applicable laws and regulations governing contact and dealings with government employees and public officials, and to adhere to high ethical, moral and legal standards of business conduct. This policy includes strict compliance with all applicable laws, rules and regulations. If you have any questions concerning government relations, you should refer to the Anti-Corruption Policy and the Company's relevant internal policies.

#### **G. Government Contracts**

It is the Company's policy to comply fully with all applicable laws and regulations that apply to government contracting. It is also necessary to strictly adhere to all terms and conditions of any contract with applicable governments.

#### **H. Free and Fair Competition**

Most countries have well-developed bodies of law designed to encourage and protect free and fair competition. The Company is committed to obeying both the letter and spirit of these laws. The consequences of not doing so can be severe for all of us.

These laws often regulate the Company's relationships with its distributors, resellers, dealers, and customers. Competition laws generally address the following areas: pricing practices (including price discrimination), discounting, terms of sale, credit terms, promotional allowances, secret rebates, exclusive dealerships or distributorships, product bundling, restrictions on carrying competing products, termination, and many other practices.

Competition laws also govern, usually quite strictly, relationships between the Company and its competitors. As a general rule, contacts with competitors should be limited and should always avoid subjects such as prices or other terms and conditions of sale, customers, and suppliers. Employees, agents or contractors of the Company may not knowingly make false or misleading statements regarding its competitors or the products of its competitors, customers or suppliers. Participating with competitors in a trade association or in a standards creation body is acceptable when the association has been properly established, has a legitimate purpose, and has limited its activities to that purpose.

No employee, agent or contractor shall at any time or under any circumstances enter into an agreement or understanding of memorandum, written or oral, express or implied, with any competitor concerning prices, discounts, other terms or conditions of sale, profits or profit margins, costs, allocation of product or geographic markets, allocation of customers, limitations on production, boycotts of customers or suppliers, or bids or the intent to bid or even discuss or exchange information on these subjects. In some cases, legitimate joint ventures with competitors may permit exceptions to these rules



such as bona fide purchases from or sales to competitors on non-competitive products, but the Company's Legal Department must review all such proposed ventures in advance. These prohibitions are absolute and strict observance is required. Collusion among competitors is illegal, and the consequences of a violation are severe.

In the meantime, the Company prohibits concluding horizontal or vertical monopoly agreements with customers, business partners or suppliers.

In most countries outside of mainland China, Hong Kong and US, competition law contains the spirit of these laws, known as "antitrust," "competition," or "consumer protection" or unfair competition laws, is straightforward, their application to particular situations can be quite complex. To ensure that the Company complies fully with these laws, each of us should have a basic knowledge of them and should involve our Legal Department early on when questionable situations arise.

## **I. Industrial Espionage**

It is the Company's policy to lawfully compete in the marketplace. This commitment to fairness includes respecting the rights of our competitors and abiding by all applicable laws in the course of competing. The purpose of this policy is to maintain the Company's reputation as a lawful competitor and to help ensure the integrity of the competitive marketplace. The Company expects its competitors to respect our rights to compete lawfully in the marketplace, and we must respect their rights equally. Company employees, agents and contractors may not steal or unlawfully use the information, material, products, intellectual property, or proprietary or confidential information of anyone including suppliers, customers, business partners or competitors.

## **J. WAIVERS**

Any waiver of any provision of this Code of Business Conduct and Ethics for a member of the Company's Board of Directors or an executive officer must be approved in writing by the Company's Board of Directors and promptly disclosed publicly to stockholders, as required by law. Any waiver of any provision of this Code of Business Conduct and Ethics with respect to any other employee, agent or contractor must be approved in writing by the Company's Chief Executive Officer or an officer authorized by the CEO.

## **K. DISCIPLINARY ACTIONS**

The matters covered in this Code of Business Conduct and Ethics are of the utmost importance to the Company, its stockholders and its business partners, and are essential to the Company's ability to conduct its business in accordance with its stated values. We expect all of our employees, agents, contractors and consultants to adhere to these rules in carrying out their duties for the Company.

The Company will take appropriate action against any employee, agent, contractor or consultant whose actions are found to violate these policies or any other policies of the Company. Disciplinary actions may include immediate termination of employment or business relationship at the Company's sole discretion. Where the Company has suffered a loss, it may pursue its remedies against the individuals or entities responsible. Where laws have been violated, the Company will cooperate fully with the appropriate

authorities. You should review the Company's policies and procedures, which may be obtained from the Company's Human Resources Department, for more detailed information.

**L. ACKNOWLEDGMENT OF RECEIPT OF CODE OF BUSINESS CONDUCT AND ETHICS**

I have received and read the Company’s Code of Business Conduct and Ethics. I understand the standards and policies contained in the Company’s Code of Business Conduct and Ethics and understand that there may be additional policies or laws specific to my job. I agree to comply with the Company’s Code of Business Conduct and Ethics, and consent the Company to adopt the Company’s Code of Business Conduct and Ethics, including any future amended versions that may be posted to the Company’s website and/or sent to me via email. I also understand that, by signing and returning this acknowledgment, I am bound by the Company’s Code of Business Conduct and Ethics.

If I have questions concerning the meaning or application of the Company’s Code of Business Conduct and Ethics, any Company policies, or the legal and regulatory requirements applicable to my job, I know I should consult my manager, the Human Resources Department or the Compliance Office, knowing that my questions or reports to these sources will be maintained in confidence.

---

Employee Name

---

Employee Number

---

Signature

---

Date

Please sign and return this form to the Human Resources Department