



上海實業控股有限公司

SHANGHAI INDUSTRIAL HOLDINGS LIMITED

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## SMIC CELEBRATES INAUGURAL WAFER PRODUCTION

(September 25, 2001 – Hong Kong) Semiconductor Manufacturing International Corporation ("SMIC"), a recent investment project of Shanghai Industrial Holdings Limited ("SIHL"), today celebrated the production of its first eight-inch inaugural wafers at 0.25 micron and below technology. Shanghai Vice Mayor Zhou Yupeng, Director of Pudong New Area Hu Wei and other senior government officials attended the ceremony. Also present at the ceremony were SIHL Chairman Cai Lai Xing, SIHL CEO Zhuo Fu Min and other shareholder representatives, and SMIC President and CEO Dr Richard Chang.

Since ground-breaking in August 2000, the SMIC construction has met or exceeded all expectations and achieved world-class construction progress, indicating that the entire development project is on schedule, according to Dr Chang.

As China's first advanced open IC (integrated circuit) foundry, SMIC is specialized in wafer production, including DRAM, SRAM, FLASH memories, mixed signal circuits, high voltage circuits and logic circuits. SMIC will also provide services ranging from circuit design to IC manufacturing to assembly and testing, including photomask design and custom-made fabrication.

China has already surpassed the United States as the world's largest mobile phone market this year. The popularity of telecommunication products and equipment, personal computers and consumer electronics such as DVD and VCD players in China leads to huge demand for multiple semiconductor IC chips. China's own domestic semiconductor supply can only provide less than 15% of China's market demand. The majority of these domestic semiconductor IC chip production are represented by fab plants with low-end technologies (6-inch wafers and smaller, 0.5 micron and above technology). In its phase I fab plants, SMIC will already have 8-inch wafer processing capabilities utilizing 0.25 micron and below technology. SMIC is expected to spearhead the development of China's advanced semiconductor sector and related mid- and down-stream

industries with a vision to reduce China's current dependence on imported semiconductor IC chips. SMIC has plans to enter into co-operation with both Chinese and overseas IC design houses, IDM companies and systems companies.

SMIC has gathered top engineers and management personnel from both within China and around the world in a joint effort to serve China's semiconductor industry. Current number of SMIC employees exceeded 1000.

SMIC is building one of the world's largest wafer fab facilities. Covering over 62 hectares of land, this massive project will encompass at least 6 wafer fab foundries and an office/support facility (total 36 hectares), and a residential community with schools and restaurants for employees and their families. In phase I, 3 fabs are being built with a full capacity of 120,000 wafers per month or 1.4 million wafers per year. Construction of another three fabs in phase II will start in 2004, with focus on 8-inch and 12-inch wafers utilizing below 0.25 micron technology. Upon saturation of phase II fab plants, three more fab plants will be constructed for phase III.

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