



上海實業控股有限公司

SHANGHAI INDUSTRIAL HOLDINGS LIMITED

上海實業集團成員 A Member of SIIC

The following is issued on behalf of SMIC.

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PRESS RELEASE

SMIC and ChipPAC ANNOUNCE ALLIANCE IN CHINA

(February 6, 2002---Shanghai) Semiconductor Manufacturing International Corporation (SMIC) and ChipPAC, Inc. (Nasdaq: CHPC) announced a non-exclusive alliance designed to support customers with end-to-end solutions from wafer fab to packaging and test and final distribution in China and global market. The scope of the relationship covers wafer probe, packaging, assembly and test of semiconductor devices. ChipPAC is one of the world's largest and most diversified providers of semiconductor assembly and test services. Located in Shanghai, China, SMIC is China's first advanced open-IC wafer foundry.

In 2001, SMIC completed its first round of equity financing totaling to more than US\$1 billion and secured commitments from four Chinese banks for an additional US\$480 million loan. The company recently entered into pilot production producing 8-inch wafers at 0.25-micron (and below) technology, and it is expected to reach full capacity producing 85,000 8-inch wafers per month by the end of 2004. SMIC devices in the initial production phase are expected to include SRAM, ASIC RAM, LOGIC, and other kinds of chips with applications in digital TV, VCD/DVD players, mobile phone, smart IC cards, and other applications.

Dennis McKenna, Chairman and CEO of ChipPAC, Inc. said, "We made a commitment to the Chinese market seven years ago based on the growth prospects for this market. We have not been disappointed. SMIC's substantial commitment in wafer foundry capacity is further indication of the future growth potential. In forming partnerships with companies like SMIC, ChipPAC provides customers with end-to-end solutions for their semiconductor products. Our commitment to support the 18% CAGR for semiconductors in China is represented by our current investment to date of over US\$150 million and our plans to double this over the next three years. ChipPAC's present manufacturing capacity represents over three times the scale of our nearest competitor."

Richard Chang, President & CEO of SMIC, said, "Our goal is to become the premier foundry provider serving China and global market. As we move to volume production, customers are looking to develop an efficient and reliable manufacturing supply chain. It is critical to have partners like ChipPAC which has the scale, experience and portfolio in place to support the demands of our expected growth. ChipPAC's credentials and the company's success in China over the past 5 years are well recognized, we fully expect to build a long-term relationship with ChipPAC."

In 2001, ChipPAC initiated production in China with chip scale packages and EconoCSPs. To support the needs of its cell phone manufacturers, ChipPAC has developed a full product pipeline and is in the process of qualifying a variety of chip scale packages ranging from 1.2 mm thick same die stacked to those incorporating three and four chips in the same CSP. The company also has expanded its products in China to address consumer products, such as DVD with packages like QFP, TQFP, and the analog market with SSOP, TSSOP and other SOIC packages. All of these products are supported with test services to support the computer industry which is growing at 23% CAGR in China compared to a projected worldwide growth of less than 10%. Other investments are being made in the area of advanced packages and innovative applications, such as moving BGA technology into China to package and test graphic and chip sets.

About SMIC

Established in April 2000, SMIC is a Cayman Islands Company with headquarters in Shanghai, China. SMIC offers leading technology, fast turnaround production and customizable outsourced semiconductor manufacturing services for major integrated device manufacturers, fabless design houses and system OEMs. SMIC's key services include IC design, mask shop, manufacturing, packaging, and testing, providing customers with a one-stop full service solution. Pilot production has already begun in Fab 1 and volume output is expected in the beginning of 2002. Fab 2 is planned to begin equipment installation by August 2002 and commence pilot production by the end of 2002. For more information, please visit SMIC's website at www.smics.com.

About ChipPAC, Inc.

ChipPAC is a full-portfolio provider of semiconductor packaging design, assembly, test and distribution services. The company combines a history of innovation and service with more than a decade of experience satisfying some of the largest and most demanding customers in the industry. With advanced process technology capabilities and a global manufacturing presence spanning Korea, China, Malaysia and the United States, ChipPAC has a reputation for providing dependable, high quality packaging solutions. For more information, visit the company's website at www.chippac.com.

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Forward-Looking Statements:

This press release includes forward-looking statements, as that term is defined in the Private Securities Reform Act of 1995, which are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. These forward-looking statements include statements regarding the Company's alliance with Semiconductor Manufacturing International Corporation (SMIC), and its ability to increase market share in the Chinese market. Some of these risks and uncertainties are detailed in documents filed with the Securities and Exchange Commission, and include, but may not necessarily be limited to, timing and success of new product and service introductions, competitive conditions in the semiconductor foundry industry, general market conditions, general economic and political conditions, customer demand, the ongoing quality of the Company's services, and the ability of the Company's principal suppliers to provide materials and equipment on a timely and cost competitive basis. Additional risks and uncertainties are discussed in Exhibit 99.1 (Risk Factors) to our annual report on Form 10-K for the period ended December 31, 2000. The Company undertakes no obligation to update the information in this press release.