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China: major contract with SMIC, in Shenzhen

press release

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Air Liquide Electronics

With **3,000 employees** and **€1,044 million in revenue** in 2008, Air Liquide Electronics has activities in ultra-pure and specialty gases, new molecules, related equipment and customized services.

The Electronics World Business Line Head Office is based in Asia, leveraging its proximity to the semiconductor, TFT-LCD and PV markets.

The electronics market in China experienced sequential improvement in the second quarter of 2009. **Shenzhen Grand Industrial Zone (SGIZ)**, a major industrial park based in Guangdong Province, stands at **the forefront of China's electronics industry**. High-tech industries have been the number one pillar industry of Shenzhen.

Air Liquide has just signed a **long-term contract** with the leading integrated circuit foundry in China, **Semiconductor Manufacturing International Corporation (SMIC)**, for its new 200mm and 300mm wafer fabs in Shenzhen. Under the terms of the contract, Air Liquide will supply SMIC with carrier gases including nitrogen, oxygen, hydrogen, argon and compressed air, as well as specialty gases, with start-up scheduled **early 2010**. To support this contract and the development of the electronics industry in South China, **Air Liquide will invest** in various facilities and production units, with the first phase of this plan amounting to **€13 million**.

Founded in April 2000, SMIC is the **world's 3rd largest semiconductor foundry**, and **mainland China's largest and most advanced foundry**, providing integrated circuit foundry and technology services. In January of 2008, SMIC decided to invest US\$1.58 billion to build two new production lines and a R&D centre in SGIZ, northeast of Shenzhen city.

Air Liquide and SMIC have a long-term partnership. **Since 2001**, Air Liquide has been supplying Electronic Specialty Gases (ESG) to SMIC's fabs in China (in Shanghai, Beijing, Tianjin and then Chengdu). In 2008, Air Liquide began supplying carrier gases to its 300mm wafer fab in Wuhan.

Samuel Tsou, SMIC Vice President of Facilities, said: "**Shenzhen is an important base for the IC industry in China. Building a new IC production project in Shenzhen, the first facility producing wafers larger than 200mm in South China, is of strategic importance to both SMIC and the city. We naturally decided to entrust our industrial gas needs to Air Liquide again. Air Liquide is our partner in our geographic expansion and we benefit from its worldwide expertise.**"

Air Liquide in China

Air Liquide's presence in China began in the early 20th century. It returned in the 1970s, supplying air separation units. In 1990, Air Liquide began to set up gas operations and invest in production facilities in China. Currently, Air Liquide employs **more than 2,500 people** and has **more than 30 entities in China**. Air Liquide operations are located in **many key industrial areas of China**: Beijing / Tianjin / Liaoning / Shandong in the north, Shanghai / Jiangsu / Zhejiang in the east, Sichuan/Hubei in the west, and expanding in Guangdong in the south.

Li Yong, Director of the SGZ investment bureau, declared: **"We are happy to have Air Liquide, partnering with SMIC, settled in SGZ, to improve the infrastructure of industrial gas in the Zone and serve electronics, TFT-LCD and PV customers in the near future."**

Francisco Martins, Vice-President World Business Line Electronics of the Air Liquide Group, declared: **"Following the successful cooperation with SMIC on numerous projects, we are very proud to expand this relationship by supplying SMIC in the strategic Shenzhen area. This new contract attests to our ability to supply electronics customers with products and services that meet the highest standards. This fits well with Air Liquide's strategy of bringing the industrial gas infrastructure required by electronics to the Shenzhen area, including the semiconductor, TFT-LCD and PV industries. High tech is a long-term growth driver for the Group."**



Air Liquide is the world leader in gases for industry, health and the environment, and is present in over 75 countries with 43,000 employees. Oxygen, nitrogen, hydrogen and rare gases have been at the core of Air Liquide's activities since its creation in 1902. Using these molecules, Air Liquide continuously reinvents its business, anticipating the needs of current and future markets. The Group innovates to enable progress, to achieve dynamic growth and a consistent performance.

Air Liquide combines many products and technologies to develop valuable applications and services not only for its customers but also for society. **Innovative technologies** that curb polluting emissions, lower industry's energy use, recover and reuse natural resources or develop the energies of tomorrow, such as hydrogen, biofuels and photovoltaic energy... Oxygen for hospitals, homecare, fighting nosocomial infections...

A partner for the long term, Air Liquide relies on employee commitment, customer trust and shareholder support to pursue its vision of sustainable, competitive growth. The **diversity** of Air Liquide's teams, businesses, markets and geographic presence provides a solid and sustainable base for its development and strengthens its ability to push back its own limits, conquer new territories and build its future.

Air Liquide explores the best that air can offer to preserve life, staying true to its sustainable development approach. In 2008, the Group's revenues amounted to **€13.1 billion**, of which almost 80% were earned outside France. Air Liquide is listed on the Paris Euronext stock exchange (compartment A) and is a member of the CAC 40 and Dow Jones Euro Stoxx 50 indexes.