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ADVANCED SEMICONDUCTOR MANUFACTURING CORPORATION LIMITED

上海先進半導體製造股份有限公司

(A foreign invested joint stock company incorporated in the People's Republic of China with limited liability)

(Stock code: 03355)

ANNOUNCEMENT

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

Introduction

Reference is made to the Prospectus. At the time of the listing of the Company's H-shares on the Stock Exchange, the Company obtained a waiver from the Stock Exchange from strict compliance with the reporting and announcement requirements under the Listing Rules in respect of the continuing connected transactions contemplated under the Corporate IT Services Agreement (the "**Waiver**").

Reference is also made to the Announcement in relation to, amongst other things, the continuing connected transactions contemplated under the 2008 dataPower Services Agreement.

The Waiver, the Corporate IT Services Agreement and the 2008 dataPower Services Agreement will expire on 31 December 2008. It is expected that the continuing connected transactions contemplated under these two agreements will continue on a recurring basis after 31 December 2008. In compliance with Rule 14A.35(1) of the Listing Rules, the Company has entered into the following agreements with NXP Semiconductors which is a connected person of the Company by virtue of its being a subsidiary of NXP B.V. which in turn is a substantial shareholder of the Company: -

Supplemental Agreement

On 31 October 2008, the Company entered into the Supplemental Agreement to amend certain terms of the Corporate IT Services Agreement due to the change of service scope offered to the Company with effect from 1 January 2009. The Corporate IT Services Agreement will be automatically renewed for a term of one year commencing from 1 January 2009 to 31 December 2009 upon expiration of its current term on 31 December 2008.

2009 dataPower Services Agreement

On 10 December 2008, the Company entered into the 2009 dataPower Services Agreement for a term of one year commencing from 1 January 2009 to 31 December 2009 whereby NXP Semiconductors shall provide the Company with maintenance services for the dataPower software used by the Company.

Listing Rules Implications

Each of the transactions contemplated under the Corporate IT Services Agreement and the 2009 dataPower Services Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. 14A.56(2)

Pursuant to Rule 14A.25 of the Listing Rules, the transactions under the Corporate IT Services Agreement and the 2009 dataPower Services Agreement should be aggregated with the transactions under the NXP Software Licensing Agreement dated 6 July 1998 and the 2009 Service Level Agreement dated 10 November 2008, details of the latter two agreements have been disclosed in the Announcement, for determining the relevant percentage ratios under Rule 14.07 for these transactions. As each of the relevant percentage ratios for these transactions, on an aggregated basis, is over 0.1% but less than 2.5%, the Corporate IT Services Agreement, the 2009 dataPower Services Agreement, the NXP Software Licensing Agreement and the 2009 Service Level Agreement are only subject to the reporting and announcement requirements under Rules 14A.45 and 14A.47 of the Listing Rules and are exempt from the independent shareholders' approval requirements under the Listing Rules.

INTRODUCTION

Reference is made to the Prospectus. At the time of the listing of the Company's H-shares on the Stock Exchange, the Company obtained a waiver from the Stock Exchange from strict compliance with the reporting and announcement requirements under the Listing Rules in respect of the continuing connected transactions contemplated under the Corporate IT Services Agreement (the "**Waiver**").

Reference is also made to the Announcement in relation to, amongst other things, the continuing connected transactions under the 2008 dataPower Services Agreement.

The Waiver, the Corporate IT Services Agreement and the 2008 dataPower Services Agreement will expire on 31 December 2008. It is expected that the continuing connected transactions contemplated under these two agreements will continue on a recurring basis after 31 December 2008. In compliance with Rule 14A.35(1) of the Listing Rules, the Company has entered into the Supplemental Agreement to amend certain terms of the Corporate IT Services Agreement with effect from 1 January 2009 and the 2009 dataPower Services Agreement with NXP Semiconductors which is a connected person of the Company by virtue of its being a subsidiary of NXP B.V. which in turn is a substantial shareholder of the Company.

Each of the transactions contemplated under the Corporate IT Services Agreement and the 2009 dataPower Services Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.25 of the Listing Rules, the transactions under the Corporate IT Services Agreement and the 2009 dataPower Services Agreement should be aggregated with the

transactions under the NXP Software Licensing Agreement dated 6 July 1998 and the 2009 Service Level Agreement dated 10 November 2008, details of the latter two agreements have been disclosed in the Announcement, for determining the relevant percentage ratios under Rule 14.07 for these transactions. As each of the relevant percentage ratios for these transactions, on an aggregated basis, is over 0.1% but less than 2.5%, the Corporate IT Services Agreement, the 2009 dataPower Services Agreement, the NXP Software Licensing Agreement and the 2009 Service Level Agreement are only subject to the reporting and announcement requirements under Rules 14A.45 and 14A.47 of the Listing Rules and are exempt from the independent shareholders' approval requirements under the Listing Rules.

In compliance with the announcement requirements, details of the Corporate IT Services Agreement and the 2009 dataPower Services Agreement are disclosed in this announcement. The same will also be reported in the published annual report and accounts of the Company for the year ending 31 December 2009 in order to comply with the reporting requirements.

CORPORATE IT SERVICES AGREEMENT AND SUPPLEMENTAL AGREEMENT

Background

On 13 March 2006, the Company and Philips International B. V. (the predecessor of a NXP Group member) entered into the Corporate IT Services Agreement whereby Philips International B. V. provided certain IT services to the Company.

Particulars of the Agreements

Upon the expiration of the current term of the Corporate IT Services Agreement on 31 December 2008, the IT services provided to the Company under the agreement will be cut down since certain services regarding global workplace services and global communication services will no longer be required by the Company. As a result of the change, the service fee payable to the supplier will be reduced and the term of the agreement will be changed from three years to one year. Accordingly, on 31 October 2008, the Company and NXP Semiconductors entered into the Supplemental Agreement to amend certain terms of the Corporate IT Services Agreement to give effect to the changes in the service scope, fee and term with effect from 1 January 2009.

Both the Corporate IT Services Agreement and the Supplemental Agreement were reached after arm's length negotiations. The Board (including all the independent non-executive directors) considers that (i) the transactions under the Corporate IT Services Agreement and the Supplemental Agreement are on normal commercial terms; (ii) the terms of both agreements (including the related proposed annual cap) are fair and reasonable and (iii) it is in the best interest of the Shareholders and the Company as a whole to enter into the Supplemental Agreement and renew the Corporate IT Services Agreement. Particulars of the Corporate IT Services Agreement (as amended by the Supplemental Agreement) are set out as follows: -

Parties: The Company (the buyer)
 NXP Semiconductors (the supplier)

Date: Dated 13 March 2006 and effective on 1 January 2006

Services supplied: NXP Semiconductors provided certain IT services to the Company including email services and application hosting, software upgrades and maintenance services, software distribution infrastructure and web hosting services, and intranet and internet services.

Pricing basis: The Company will pay a monthly fixed fee in the sum of Euro 856.64 (approximately equivalent to RMB 7,500) for the regular support services it received from the supplier. The fee payable by the Company represents the market price of similar services and is no more favourable than those offered / to be offered by the Company to the Independent Third Parties.

Payment terms: The Company shall pay the fee monthly upon receipt of the invoice from the supplier.

Term: 1 year (from 1 January 2009 to 31 December 2009)

Reasons for continuing the transactions

The services provided under the Corporate IT Services Agreement has facilitated and enhanced the technology cooperation between the NXP Group and the Company. Such cooperation is crucial to the smooth running of the Company's production processes, particularly since the Company has not developed any technology on its own. Therefore, the Corporate IT Services Agreement will be renewed for a term of one year commencing from 1 January 2009 to 31 December 2009.

Historical amounts and annual caps

For each of the two years ended 31 December 2006 and 2007 and the 11 months ended 30 November 2008, the fees paid by the Company to the supplier under the Corporate IT Services Agreement amounted to RMB 0.6 million, RMB 0.2 million and RMB 0.35 million respectively. When the said amounts are aggregated with the historical fees paid under the NXP Software Licensing Agreement, the dataPower Services Agreements, and the Service Level Agreements for the same periods, the aggregated amounts were within the relevant annual caps granted pursuant to the Waiver (of RMB 4.6 million, RMB 4.7 million and RMB 4.9 million).

Proposed annual cap

It is expected that the fee payable to the supplier under the Corporate IT Services Agreement for the year ending 31 December 2009 will not exceed RMB 0.2 million. When aggregated with the annual caps for NXP Software Licensing Agreement, the 2009 dataPower Services Agreement and the 2009 Service Level Agreement, the aggregated cap is RMB 2.9 million.

In arriving the above proposed cap, the Board has taken into consideration the Company's forecasted usage of IT services under the Corporate IT Services Agreement for the year ending 31 December 2009.

2009 DATAPOWER SERVICES AGREEMENT

Background

The Company has received, since 2003, the maintenance and support services in relation to the dataPower software used by the Company for analysing its manufacturing yields and the stability of its process technologies from a wholly-owned subsidiary of Philip Semiconductors (the predecessor of NXP Semiconductors).

Particulars of the Agreement

The 2009 dataPower Services Agreement has been reached after arm's length negotiations. The Board (including all the independent non-executive directors) considers that (i) the transactions under the 2009 dataPower Services Agreement are on normal commercial terms; (ii) the terms of the agreement (including the related proposed annual cap) are fair and reasonable; and (iii) it is in the best interest of the Shareholders and the Company as a whole to enter into the agreement. Particulars of the agreement are set out as follows: -

Parties:	The Company (the buyer) NXP Semiconductors (the supplier)
Date:	Dated 10 December 2008 and effective on 1 January 2009
Services supplied:	NXP Semiconductors provided maintenance services for the dataPower software used by the Company.
Pricing basis:	The Company shall pay an annual maintenance fee in the sum of Euro 70,000 (approximately equivalent to RMB 606,900) to the supplier. The fee payable by the Company represents the market price of similar services and is no more favourable than those offered/ to be offered by the Company to the Independent Third Parties.
Payment terms:	The Company shall pay the fee biannually upon receipt of the invoice from the supplier.
Term:	1 year (from 1 January 2009 to 31 December 2009)

Reasons for continuing the transactions

As the Company will continue to use the dataPower software in 2009, it will require the software to be maintained and serviced so as to ensure that the software can continue to analyze the Company's manufacturing yields and the stability of its process technologies. Accordingly, the Company entered into the 2009 dataPower Services Agreement to engage continuous maintenance and support services for the software.

Historical amounts and annual caps

For each of the two years ended 31 December 2006 and 2007 and the 11 months ended 30 November 2008, the fees paid to the supplier under the dataPower Services Agreements amounted to RMB 0.7 million, RMB 0.7 million and RMB 0.65 million, respectively. When the said amounts are aggregated with the historical fees paid under the NXP Software Licensing Agreement, the Corporate IT Services Agreement, and the Service Level

Agreements for the same periods, the aggregated amounts were within the relevant annual caps granted pursuant to the Waiver (of RMB 4.6 million, RMB 4.7 million and RMB 4.9 million).

Proposed annual cap

It is expected that the fee payable to the supplier under the 2009 dataPower Services Agreement for the year ending 31 December 2009 will not exceed RMB 0.7 million. When aggregated with the annual caps for NXP Software Licensing Agreement, the Corporate IT Services Agreement and the 2009 Service Level Agreement, the aggregated cap is RMB 2.9 million.

In arriving the above proposed cap, the Board has taken into consideration the Company's forecasted usage of IT services under the 2009 dataPower Services Agreement for the year ending 31 December 2009.

INFORMATION ABOUT THE PARTIES

The Company's primary activities are the manufacture and sale of 5-inch, 6-inch and 8-inch semiconductor wafers. NXP Semiconductors is a member of NXP Group. NXP Group is a top 10 semiconductors company which creates semiconductors, system solutions and software that deliver better sensory experiences in mobile phones, personal media players, TVs, set-top boxes, identification applications, cars and a wide range of other electronic devices.

DEFINITIONS

“Announcement”	the announcement issued by the Company on 18 September 2008
“Board”	the board of directors of the Company
“Company”	Advanced Semiconductor Manufacturing Corporation Limited, a foreign invested joint stock company incorporated in the PRC with limited liability, the H-shares of which are listed on the Stock Exchange
“Corporate IT Services Agreement”	the corporate IT services agreement dated 13 March 2006 between the Company and Philips International B. V. (the predecessor of a NXP Group member), pursuant to which Philips International B. V. offers the Company certain IT services including email services and application hosting, software upgrades and maintenance services, software distribution infrastructure and web hosting services, and intranet and internet services
“dataPower Services Agreements”	the 2006 dataPower Services Agreement, the 2007 dataPower Services Agreement, and the 2008 dataPower Services Agreement
“Euro”	Euro, the lawful currency of the European Union

“Independent Third Parties”	third parties which are independent of the Company and connected persons of the Company
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“NXP Group”	NXP B.V. and all the subsidiaries and associates of NXP B.V. in accordance with the definitions of the Companies Ordinance (Cap. 32 of the Laws of Hong Kong)
“NXP Semiconductors”	NXP Semiconductors Netherlands B.V., a member of NXP Group
“NXP Software Licensing Agreement”	the software licensing agreement entered into by the Company and Philips Semiconductors (the predecessor of NXP semiconductors) on 6 July 1998, details of which have been disclosed in the Announcement
“Philips Semiconductors”	Philips Semiconductors B.V., a former indirect wholly-owned subsidiary of Royal Philips
“Prospectus”	the prospectus issued by the Company on 27 March 2006 in relation to the listing of the H-shares of the Company on the main board of the Stock Exchange, such listing having taken place on 7 April 2006
“RMB”	Renminbi, the lawful currency of the PRC (except Hong Kong, Macau Special Administrative Region and Taiwan)
“Service Level Agreements”	the 2006 Service Level Agreement, the 2007 Service Level Agreement, and the 2008 Service Level Agreement
“Shareholder(s)”	holder(s) of the Company’s ordinary share(s) of RMB one yuan each in the share capital of the Company, including both the H-shares and the non-H-shares, as shown in the registers of members of the Company as from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	The Supplemental Agreement to the Corporate IT Services Agreement entered into by the Company and NXP Semiconductors on 31 October 2008
“2006 dataPower Services Agreement”	the dataPower Services Agreement entered into between the Company and Philips Semiconductors on 15 March 2006 pursuant to which Philips Semiconductors provided certain maintenance and support services in relation to the dataPower software to the Company
“2007 dataPower Services	the dataPower Services Agreement entered into between

Agreement”	the Company and NXP Semiconductors on 15 November 2007 with a one-year term from 1 January 2007 to 31 December 2007
“2008 dataPower Services Agreement”	the dataPower Services Agreement entered into between the Company and NXP Semiconductors on 14 May 2008, details of which have been disclosed in the Announcement
“2009 dataPower Services Agreement”	the dataPower Services Agreement entered into between the Company and NXP Semiconductors on 10 December 2008 with a one-year term from 1 January 2009 to 31 December 2009
“2006 Service Level Agreement”	the Service Level Agreement entered into between the Company and Philips Semiconductors on 27 January 2006 pursuant to which Philips Semiconductors provided certain maintenance and support services in relation to the (Open) ERIC software to the Company
“2007 Service Level Agreement”	the Service Level Agreement entered into between the Company and NXP Semiconductors on 26 October 2007 with a one-year term from 1 January 2007 to 31 December 2007
“2008 Service Level Agreement”	the Service Level Agreement entered into between the Company and NXP Semiconductors on 10 November 2008 with a one-year term from 1 January 2008 to 31 December 2008
“2009 Service Level Agreement”	the Service Level Agreement entered into between the Company and NXP Semiconductors on 10 November 2008 with an initial term of three months from 1 January 2009 to 31 March 2009

By order of the Board
Advanced Semiconductor Manufacturing Corporation Limited
Zhou Weiping
Executive Director, President & Chief Executive Officer

Shanghai, the PRC, 12 December 2008

As at the date of this announcement, the executive directors of the Company are Zhou Weiping and Cheng Jianyu; the non-executive directors of the Company are Chen Jianming, Zhu Peiyi, Zhu Jian, Sun Zhen, Yeh Yi Liang and Chris Belden; and the independent non-executive directors of the Company are Thaddeus Thomas Beczak, Shen Weijia and James Arthur Watkins.