THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares in Advanced Semiconductor Manufacturing Corporation Limited (the "**Company**"), you should at once hand this circular and the accompanying proxy form to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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)

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent Financial Adviser to the
Independent Board Committee and the Independent Shareholders

招商證券(香港)有限公司
CHINA MERCHANTS SECURITIES (HK) CO., LTD.

A notice convening an extraordinary general meeting of the Company to be held at 11:00 a.m. on 20 September 2011 at Meeting Room, 1st Floor, A Building, Ramada Shanghai Caohejing Hotel, No. 509, Caobao Road, Shanghai, the People's Republic of China (the "**EGM**") is set out on pages 34 to 37 of this circular.

If you intend to appoint a proxy to attend the EGM, you are required to complete and return the accompanying proxy form in accordance with the instructions printed thereon. For holders of H-Shares, the proxy form should be returned to Computershare Hong Kong Investor Services Limited and for holders of non-H-Shares, the proxy form should be returned to the Company's Board Secretariat in person or by post as soon as possible and in any event not less than 24 hours before the time appointed for holding the EGM or any adjourned meeting thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or at any adjourned meeting should you so wish.

If you intend to attend the EGM in person or by proxy, you are required to complete and return the reply slip to Computershare Hong Kong Investor Services Limited for holders of H-Shares or to the Company's Board Secretariat for holders of non-H-Shares on or before 31 August 2011.

5 August 2011

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In this circular, unless the context otherwise requires, the following expressions have the following meanings:-

"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
"connected persons"	has the meaning ascribed to it under the Listing Rules
"Director(s) or "Board"	the director(s) of the Company
"Domestic Share(s)"	the Share(s) which are subscribed for and/or credited as paid up in RMB by PRC nationals and/or PRC corporate entities
"EGM"	the extraordinary general meeting of the Company to be held on 20 September 2011 for the purpose of, among other things, approving the Non-exempt Continuing Connected Transactions and the relevant annual caps contemplated thereunder by the Independent Shareholders, details of which are set out in the notice of EGM on pages 34 to 37 of this circular
"2008 EGM"	the extraordinary general meeting of the Company held on 16 December 2008 whereby the Company obtained the Independent Shareholders' approval for, among other things, (i) its entering into of the NXP Foundry Services Agreement, the NXP Cooperation Agreement, the Technology Transfer and Cooperation Agreement and the NXP Identification Licensing Agreement; as well as (ii) the Non-exempt Continuing Connected Transactions and the relevant annual caps contemplated thereunder for each of the three years ending 31 December 2011
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"H-Share(s)"	the Share(s) which have been admitted for listing on the Stock Exchange
"Identification Products"	products manufactured using the non-volatile memory process technology, including identification cards
"Independent Board Committee"	the independent board committee of the Company comprising all the independent non-executive directors of the Company formed for the purposes of considering and advising the Independent Shareholders on the Non-exempt Continuing Connected Transactions and the relevant annual caps contemplated thereunder

"Independent Financial Adviser" or "China Merchants Securities"	China Merchants Securities (HK) Co., Limited, a corporation licensed under the SFO to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities as defined under the SFO, the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Non-exempt Continuing Connected Transactions and the relevant annual caps contemplated thereunder
"Independent Shareholders"	Shareholders other than NXP B.V. and its associates
"Independent Third Parties"	third parties which are independent of the Company and connected persons of the Company
"Latest Practicable Date"	4 August 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained therein
"Licensed Products"	in respect of (i) wafers, integrated circuits and other products manufactured by the Company for sale to NXP Group, produced under the NXP Foundry Services Agreement and which comply with stated specifications; and (ii) wafers, integrated circuits and other products manufactured by the Company for sale to the Company's other customers, the products manufactured using certain relevant technology, information and know-how furnished to the Company by NXP Group
"Listing Rules"	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Non-exempt Continuing Connected Transactions"	the Product Sale Transactions and the Technology Transfer Transactions
"non-H-Share(s)"	the Share(s) other than the H-Share(s)
"NXP Cooperation Agreement"	the agreement dated 29 May 2002 entered into between the Company and the predecessor of NXP Semiconductors, formerly named as Philips Cooperation Agreement
"NXP Foundry Services Agreement"	the agreement dated 1 January 2002 entered into between the Company and the predecessor of NXP Semiconductors, formerly named as Philips Foundry Services Agreement

"NXP Group"	NXP B.V. and all the subsidiaries and associates of NXP B.V. in accordance with the definitions of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
"NXP Identification Licensing Agreement"	the agreement dated 29 May 2002 entered into between the Company and Koninklijke Philips Electronics N.V. (whose rights and obligations under the agreement were later assigned to NXP Semiconductors), formerly named as Philips Identification Licensing Agreement
"NXP Semiconductors"	NXP Semiconductors Netherlands B.V., a member of NXP Group
"Philips Group"	Koninklijke Philips Electronics N.V. and all its subsidiaries and associates in accordance with the definitions of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
"PRC"	The People's Republic of China
"Product Sale Transactions"	the transactions contemplated under the NXP Foundry Services Agreement and the NXP Cooperation Agreement
"RMB"	Renminbi, the lawful currency of the PRC (except Hong Kong, the Macau Special Administrative Region and Taiwan)
"SFO"	The Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
"Share(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
"Shareholder(s)"	holder(s) of the Shares in the registers of members of the Company as from time to time
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Technology Transfer and Cooperation Agreement"	the technology transfer and cooperation agreement dated 12 January 2005 entered into between the Company and the predecessor of NXP B.V.
"Technology Transfer Transactions"	the transactions contemplated under the Technology Transfer and Cooperation Agreement and the NXP Identification Licensing Agreement
"US dollars"	United States dollars, the lawful currency of the United States of America

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(A foreign invested joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 03355)

Executive Director:
Dr. Joseph XIE

Non-executive Directors:
Dr. CHEN Jianming *(Chairman)*
Mr. ZHU Jian
Mr. Wilhelmus Jacobus Maria Joseph JOSQUIN
Mr. Winfried Lodewijk PEETERS
Ms. SHEN Qing
Mr. LI Zhi

Independent Non-executive Directors:
Mr. Thaddeus Thomas BECZAK
Mr. James Arthur WATKINS
Dr. SHEN Weijia

Registered Office:
385 Hong Cao Road
Shanghai 200233, PRC

Principal Place of Business:
8th Floor, Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

5 August 2011

To the Shareholders

Dear Sir or Madam,

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

Reference is made to the announcement dated 18 July 2011 issued by the Company in relation to, among the others, the Non-exempt Continuing Connected Transactions. As stated in the announcement, the Company shall issue a circular to the Shareholders containing further information of the Non-exempt Continuing Connected Transactions and will convene an extraordinary general meeting for obtaining the Independent Shareholders' approval for the conduct of the Non-exempt Continuing Connected Transactions and the related annual caps.

The purposes of this circular are (i) to provide you with further information in relation to the Non-exempt Continuing Connected Transactions and the related agreements; (ii) to set out the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the

Independent Shareholders as well as the recommendation of the Independent Board Committee; and (iii) to seek Independent Shareholders' approval of the ordinary resolutions in relation to the Non-exempt Continuing Connected Transactions together with the related annual caps as set out in the notice of the EGM.

BACKGROUND

Reference is made to the announcement dated 18 September 2008 and the circular dated 9 October 2008 issued by the Company in relation to, among other things, the Non-exempt Continuing Connected Transactions entered into with certain connected persons of the Company including NXP B.V. and NXP Semiconductors in its ordinary and usual course of business. NXP B.V. is a connected person of the Company by virtue of it being a substantial shareholder of the Company. Since NXP Semiconductors is a subsidiary of NXP B.V., it is an associate of NXP B.V. and a connected person of the Company.

The Non-exempt Continuing Connected Transactions comprise the Product Sale Transactions and the Technology Transfer Transactions. Each of the Non-exempt Continuing Connected Transactions is subject to the reporting, announcement and independent shareholders' approval requirements under Rules 14A.45 to 14A.54 of the Listing Rules. At the 2008 EGM, the Company obtained the Independent Shareholders' approval for, among other things, (i) its entering into of the NXP Foundry Services Agreement, the NXP Cooperation Agreement, the Technology Transfer and Cooperation Agreement and the NXP Identification Licensing Agreement; as well as (ii) the Non-exempt Continuing Connected Transactions and the relevant annual caps contemplated thereunder for each of the three years ending 31 December 2011.

In order for the Non-exempt Continuing Connected Transactions to be continued for a further period of three years commencing from 1 January 2012 to 31 December 2014, the Company is therefore subject to re-compliance with the relevant requirements under the Listing Rules. Since it is expected that one or more of the relevant percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the annual consideration receivable or payable by the Company under each of the Product Sale Transactions and the Technology Transfer Transactions for the three years ending 31 December 2014 is above 5%, each of the Product Sale Transactions and the Technology Transfer Transactions are subject to the reporting, announcement and independent shareholders' approval requirements under Rules 14A.45 to 14A.54 and the annual review requirements under Rules 14A.37 to 14A.40 of the Listing Rules. In such circumstances, the Board proposes to seek the Independent Shareholders' approval required at the EGM.

PRODUCT SALE TRANSACTIONS

Background

On 1 January 2002, the Company (as the seller) and Philips Semiconductors B.V. (as the buyer), the predecessor of NXP Semiconductors, entered into the Philips Foundry Services Agreement, the former title of the NXP Foundry Services Agreement, whereby the Company manufactured and sold the Licensed Products and the Identification Products to Philips Group by using the manufacturing process and other design rules and proprietary information provided by the buyer.

On 29 May 2002, the Company (as the seller) and Philips Semiconductors B.V. (as the buyer), the predecessor of NXP Semiconductors, entered into the Philips Cooperation Agreement, the former title of the NXP Cooperation Agreement, whereby the Company manufactured and sold the Identification Products to Philips Group by using the technology and know-how transferred to the Company by the buyer.

Renewed agreements

The NXP Foundry Services Agreement and the NXP Cooperation Agreement, each of which was reached after arm's length negotiations and is on normal commercial terms, will expire on 31 December 2011 and thereafter will be automatically renewed for a term of three years (conditional upon the Independent Shareholders' approval). The Board considers that the terms of the agreements are fair and reasonable and it is in the interests of the Shareholders and the Company as a whole to renew the agreements. Particulars of the renewed agreements are set out as follows:

NXP Foundry Services Agreement

Parties:	The Company (as the seller) NXP Semiconductors (as the buyer)
Date:	Dated and effective on 1 January 2002
Products supplied:	The Company manufactures and sells the Licensed Products and the Identification Products to NXP Group by using the manufacturing process and other design rules and proprietary information provided by NXP Semiconductors.
Pricing basis:	Prices for finished semiconductor wafers are initially stated in the agreement and shall be reviewed quarterly and adjusted by mutual agreement between the parties with reference to the prevailing materials, supply and process costs and market prices of the products. Prices for good dies (packaged and unpackaged) are agreed separately between the parties. The selling prices for both the finished semiconductor wafers and good dies represent the market prices of similar products and are no less favourable than those offered/ to be offered by the Company to the Independent Third Parties. Prices for products include all materials, supply and process costs but exclude the mask costs as agreed separately.
Payment terms:	Unless otherwise agreed upon by the parties, the Company's invoices are due and payable within 45 days of the date of the relevant invoice. Payments made pursuant to the agreement shall be in US dollars.
Term:	3 years (from 1 January 2012 to 31 December 2014)

NXP Cooperation Agreement

Parties:	The Company (as the seller) NXP Semiconductors (as the buyer)

Date:	Dated 29 May 2002 and effective on 1 January 2002
Products supplied:	The Company manufactures and sells the Identification Products by using the manufacturing process and other design rules and proprietary information provided by NXP Semiconductors or by customers of the Company subject to the terms of NXP Identification Licensing Agreement.
Pricing basis and payment terms:	Prices for the Identification Products to be sold by the Company to NXP Group under the NXP Cooperation Agreement and the payment terms are determined in accordance with the provisions of the NXP Foundry Services Agreement.
Term:	3 years (from 1 January 2012 to 31 December 2014)

Reasons for continuing the transactions

NXP Group was one of the Company's five largest customers for each of the years ended 31 December 2009 and 2010. The Board considers that future sales of the Licensed Products and the Identification Products to NXP Group form an important part of the Company's strategy.

Moreover, the technology and know-how transfer relationship between NXP Group and the Company has allowed the Company to manufacture, sell and develop analog semiconductors with international standards of quality which are competitive in price. In order for the Company to continue benefiting from NXP Group's technology and know-how, it is necessary for the Company to continue manufacturing and selling the Licensed Products and the Identification Products to NXP Group.

Historical amounts and annual caps

For each of the years ended 31 December 2009 and 2010 and the three months ended 31 March 2011, revenues derived from the sale of the Licensed Products and the Identification Products to NXP Group amounted, in aggregate, to RMB81.2 million, RMB149.1 million and RMB37.9 million respectively, all of which were within the relevant annual caps approved by the Independent Shareholders (of RMB373.8 million, RMB363.0 million and RMB366.0 million respectively).

Proposed annual caps

It is expected that the revenues generated from the sale of the Licensed Products and the Identification Products to NXP Group during each of the three years ending 31 December 2014 will not exceed, in aggregate, RMB281.7 million, RMB295.8 million and RMB310.6 million respectively. The Company prepared these annual caps independently of NXP Group.

In arriving at the above proposed annual caps, the Board has taken the average rate of actual sales over the two years ended 31 December 2010 (the "**historical sales amount**") and the forecasted sales for the year ending 31 December 2011 and has based this on the estimated volume of the Licensed Products and the Identification Products to be sold by the Company in each of the three years ending 31 December 2014, taking into account, in particular, the expected substantial increase in revenue from the new products that the Company will manufacture for NXP Group.

When drawing reference to the historical sales amounts, the Board was aware that the historical sales amounts are substantially lower than the relevant annual caps approved at the 2008 EGM. The Board considers that the lower-than-expected revenue recorded for the year of 2009 is extraordinary to the Company and can be largely attributed to the unprecedented severe blow to the Company caused by the financial tsunami in 2008 and the cyclical downturn of the semiconductor industry in 2009. With the gradual recovery of the global economy and the semiconductor industry, there was a gradual pick-up in the revenue from the Product Sale Transactions for the year ended 31 December 2010. The pick-up continued in the first half of the year ending 31 December 2011. Coupled with the historical stronger demand in the Company's products in the second half of a year, the estimated revenue from the Product Sale Transactions for the whole year of 2011 amounts to approximately RMB197.7 million, representing a further increase in the revenue from RMB149.1 million recorded for the previous year. As the effect on the Company brought by the 2008 financial tsunami will further diminish, the Board takes the view that there will be further improvement in the revenue from the Product Sale Transactions in the three years ending 31 December 2014. The increase will become more remarkable when compared with the unusual low revenue level for the three years ending 31 December 2011.

When determining the proposed annual caps, the Board has also taken into account the expected substantial increase in revenue from the new products to be manufactured for NXP Group. It is the Company's important strategy to develop and increase the sales of automotive-related products to NXP Group in the three years ending 31 December 2014. The additional revenue from the sales of new products to NXP Group constitutes part of the proposed annual caps for the three years ending 31 December 2014 of the Product Sale Transactions.

TECHNOLOGY TRANSFER TRANSACTIONS

Background

On 28 June 1988, the Company (as the buyer) and Philips Semiconductors International B.V. (as the supplier), the predecessor of NXP B.V., entered into the Technology Transfer and Cooperation Agreement, whereby the supplier agreed (i) to transfer to the Company the relevant knowledge and experience relating to foundry manufacturing services; (ii) to grant to the Company a license to manufacture at its production facility in the PRC and to sell the Licensed Products; and (iii) to provide technical trainings to the Company's engineers.

On 29 May 2002, the Company (as the buyer) and Koninklijke Philips Electronics N.V. (as the supplier) entered into the Philips Identification Licensing Agreement, the former title of the NXP Identification Licensing Agreement, whereby Koninklijke Philips Electronics N.V. agreed to grant the Company a non-exclusive and non-transferable license over certain intellectual property rights relating to non-volatile memory and the Electrically Erasable Programmable Read-Only Memory ("**EEPROM**") process technology for use in manufacturing the Identification Products. On 28 September 2006, Koninklijke Philips Electronics N.V. assigned all the rights and obligations under the agreement to NXP Semiconductors.

Subsisting and renewed agreement

Technology Transfer and Cooperation Agreement

The Technology Transfer and Cooperation Agreement, which was reached after arm's length negotiation and is on normal commercial terms, was amended on 12 January 2005 to a term of ten years from 2 March 2004 to 1 March 2014. Thereafter, the agreement shall be automatically renewed for further periods of ten years (subject to continuing compliance with the Listing Rules) unless and until it is terminated by either party giving written notice of at least two years, or by either party being in breach of its terms.

If the Company can no longer obtain the technical knowledge, the licence to use the technology for production, as well as the assistance and training (collectively referred as the "**know-how**") provided under the Technology Transfer and Cooperation Agreement, the Company will take about two years to carry out the necessary actions in order to minimize the loss that may be incurred by the Company due to the termination of the Technology Transfer and Cooperation Agreement. NXP B. V. is one of the few companies supplying the know-how in the market. The Company will take at least six months to identify and conclude a deal with a substitute supplier comparable with NXP B.V. in term of the high standard know-how provided under the Technology Transfer and Cooperation Agreement. After acquiring the know-how from the new supplier, it will take about 6 to 12 months for the Company to complete the R&D process and the testing of products manufactured by using the technology provided by the new supplier in order to ensure product quality. A period of two years is an appropriate length of time for the Company to take all the actions required to ensure that the supply of know-how will continue and its production will remain undisturbed if NXP B.V. ceases to supply the know-how to the Company. In view of the above circumstances, the Board considers that the term requiring a two-year notice period in order to terminate the Technology Transfer and Cooperation Agreement is on normal business practice, fair and reasonable, and in the interests of the Company and the Independent Shareholders as a whole.

The Technology Transfer and Cooperation Agreement will still be in existence after 31 December 2011 (the expiry date of the Independent Shareholders' approval granted at the 2008 EGM for the Non-exempt Continuing Connected Transactions) resulting in the requirement to obtain the Independent Shareholders' approval in order to permit the Company to continue with the terms and transactions contemplated under the agreement and allow the automatic renewal of the agreement for a term of 10 years from 2 March 2014 to 1 March 2024. The Board considers that the terms of the agreement are fair and reasonable and it is in the interests of the Shareholders and the Company as a whole to continue the transactions contemplated under the agreement and to renew the agreement. Particulars of the agreement are set out below:

Parties:	The Company (as the buyer) NXP B.V. (as the supplier)
Date:	Dated 12 January 2005 and effective on 2 March 2004
Know-how supplied:	NXP B.V. agreed to (i) transfer to the Company the relevant knowledge and experience relating to foundry manufacturing service; (ii) grant to the Company a license to manufacture at its production facility in the PRC and sell the Licensed Products; (iii) provide the Company with technical assistance for the manufacture, testing and assembly of the Licensed Products; and (iv) provide technical training to the Company's engineers.
Royalty fee:	The Company agreed to pay NXP B.V. a consideration equivalent to 3% of the net selling price of each product the Company sells to both NXP Group and to customers other than NXP Group who use NXP B.V. processes. The consideration paid by the Company represents the market price of similar products.

Payment terms:	The Company shall pay the royalty fee on a half-yearly basis within 30 days of 30 June and 31 December of each year during the term of the agreement. Payments made pursuant to the agreement shall be in US dollars.
Term:	The current term of the agreement is for a period of 10 years from 2 March 2004 to 1 March 2014, and thereafter will be automatically renewed for a further period of 10 years from 2 March 2014 to 1 March 2024 (conditional upon the Independent Shareholders' approval).

Reasons as to why the agreement has a duration of 10 years

The Board considers that a prolonged cooperation agreement will strengthen the Company's commercial and technological partnership with NXP Group, which has allowed the Company to build and maintain its own technology platform and to achieve its position as one of the world's leading dedicated analog foundries. Secondly, unlike the arrangements with the Company's other customers, the information and technology furnished and the license granted to the Company under the agreement can be used to manufacture products for sale to the Company's other customers. Finally, it is normal business practice in the industry in which the Company operates for such a framework technology transfer and cooperation agreement to have a duration of 10 years or more.

As the Technology Transfer and Cooperation Agreement is for a duration of 10 years (exceeding the requirement under Rule 14A.35(1) of the Listing Rules that the agreement must not be longer than three years), the Company has appointed the Independent Financial Adviser to provide its view on, among other things, why a longer period is required for the Technology Transfer and Cooperation Agreement and confirm it is normal business practice for contracts of this type to be of such duration. Please refer to pages 17 to 28 of the circular for the letter issued by the Independent Financial Adviser.

Renewed agreement

NXP Identification Licensing Agreement

The NXP Identification Licensing Agreement, which was reached after arm's length negotiations and is on normal commercial terms, will expire on 31 December 2011 and thereafter will be automatically renewed for a term of three years (conditional upon the Independent Shareholders' approval). The Board considers that the terms of the agreement are fair and reasonable and it is in the interests of the Shareholders and the Company as a whole to renew the agreement. Particulars of the NXP Identification Licensing Agreement are set out as follows:

Parties:	The Company (as the buyer) NXP Semiconductors (as the supplier)
Date:	Dated 29 May 2002 and effective on 1 January 2002

Know-how supplied:	NXP Semiconductors granted the Company a non-exclusive and non-transferable license over certain intellectual property rights relating to non-volatile memory and the EEPROM process technology (including design rules, parametric information, drawings, specifications, recipes, procedures and other technical information) for use in manufacturing the Identification Products.
Royalty fee:	The Company agreed to pay a fee of 10% of the net selling price of each product the Company produces by using the technology under the agreement and sells to the Company's customers including NXP Group. The consideration paid by the Company represents the market price of similar products.
Payment terms:	The Company shall pay the royalty fee on a half-yearly basis within 30 days of 30 June and 31 December of each year during the term of the agreement. Payments made pursuant to the agreement shall be in US dollars.
Term:	3 years (from 1 January 2012 to 31 December 2014)

Reasons for continuing the transactions

The Board considers that future sales of the Identification Products including identification cards to the Company's customers including NXP Group by using non-volatile memory and the EEPROM process technology transferred and licensed by NXP Semiconductors form an important part of the Company's strategy. Accordingly, it is necessary for the Company to renew the NXP Identification Licensing Agreement.

Historical amounts and annual caps

For each of the years ended 31 December 2009 and 2010 and the three months ended 31 March 2011, the royalty fee paid to NXP Group under the Technology Transfer and Cooperation Agreement and the NXP Identification Licensing Agreement amounted, in aggregate, to RMB4.1 million, RMB7.1 million and RMB1.3 million respectively, all of which were within the relevant annual caps pursuant to the Independent Shareholders' approval (of RMB20.2 million, RMB19.6 million and RMB19.8 million respectively).

Proposed annual caps

It is expected that the royalty fee payable to NXP Group under the Technology Transfer and Cooperation Agreement and the NXP Identification Licensing Agreement during each of the three years ending 31 December 2014 will not exceed, in aggregate, RMB19.5 million, RMB20.5 million and RMB21.5 million respectively. The Company prepared these annual caps independently of NXP Group.

In arriving at the above proposed annual caps, the Board has taken the average rate of the fees the Company actually paid over the two years ended 31 December 2010 (the "**historical royalty fees**") and the fees the Company forecasted for the year ending 31 December 2011 and has based this on the Company's estimated revenue generated from the sale of the Licensed Products and the Identification Products that are subject to the royalty fees in each of the three years ending 31 December 2014.

When drawing reference to the historical royalty fees, the Board was aware that the historical royalty fees are substantially lower than the relevant annual caps approved at the 2008 EGM. The Board considers that the lower-than-expected revenue generated from the sales of products subject to the royalty fees recorded for the year of 2009 is extraordinary to the Company and can be largely attributed to the unprecedented severe blow to the Company caused by the financial tsunami in 2008 and the cyclical downturn of the semiconductor industry in 2009. With the gradual recovery of the global economy and the semiconductor industry, there was a gradual pick-up in the Company's revenue and the royalty fees paid by the Company under the Technology Transfer Transactions for the year ended 31 December 2010. The pick-up continued in the first half of the year ending 31 December 2011. Coupled with the historical stronger demand in the Company's products in the second half of a year, the estimated royalty fees payable by the Company under the Technology Transfer Transactions for the whole year of 2011 amounts to approximately RMB7.8 million, representing a further increase in the royalty fees from RMB7.1 million recorded for the previous year. As the effect on the Company brought by the 2008 financial tsunami will further diminish, the Board takes the view that there will be further improvement in the revenue generated from the sales of products subject to the royalty fees in the three years ending 31 December 2014 which will, in turn, increase the royalty fees payable by the Company during the same three-year period. The expected increase in the royalty fees will become more remarkable when compared with the unusual low fees level for the three years ending 31 December 2011.

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 B.V. and NXP Semiconductors are members of NXP Group. NXP Group provides high performance mixed signal and standard product solutions that leverage its leading RF, Analog, Power Management, Interface, Security and Digital Processing expertise. Its innovations are used in a wide range of automotive, identification, wireless infrastructure, lighting, industrial, mobile, consumer and computing applications.

DIRECTORS' INTEREST

Mr. Wilhelmus Jacobus Maria Joseph JOSQUIN and Mr. Winfried Lodewijk PEETERS have interests in the Non-Exempt Continuing Connected Transactions by virtue of their holding senior management posts in NXP Group. Therefore, they have abstained from voting on the relevant board resolutions approving the Non-Exempt Continuing Connected Transactions and the related annual caps.

RECOMMENDATION

A letter from the Independent Board Committee, advising the Independent Shareholders, in the opinion of the Independent Board Committee formed after taking into account the recommendations of the Independent Financial Adviser, (i) that the Non-exempt Continuing Connected Transactions are in the ordinary and usual course of business of the Company and on normal commercial terms; (ii) that the terms of the Non-exempt Continuing Connected Transactions and the related annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole; (iii) that the relevant annual caps are fairly and reasonably determined; and (iv) to vote in favour of the resolutions to approve the Non-exempt Continuing Connected Transactions and the related annual caps at the EGM, is set out on pages 15 to 16 of this circular. Shareholders' attention is drawn to that letter.

A letter from the Independent Financial Adviser, China Merchants Securities, (i) containing its advice to the Independent Board Committee and the Independent Shareholders that, having considered the matters set out in detail in that letter, the terms of Non-exempt Continuing Connected Transactions and the related annual caps are fair and reasonable and are in the interests of the Company and the Shareholders as a whole; (ii) advising the Independent Shareholders to vote in favour of the resolutions to approve the Non-exempt Continuing Connected Transactions and the related annual caps at the EGM; and (iii) in relation to the Technology Transfer and Cooperation Agreement, advising that it is a normal business practice for such a contract to be of a duration of more than three years, is set out on pages 17 to 28 of this circular. Shareholders' attention is also drawn to that letter.

The Board is of the view that (i) the terms of the Non-exempt Continuing Connected Transactions and the related annual caps are fair and reasonable and are in the interests of the Company and the Shareholders as a whole; (ii) the terms of the Non-exempt Continuing Connected Transactions are on normal commercial terms; and (iii) the related transactions are in the ordinary and usual course of business of the Company. Accordingly, the Board recommends that the Independent Shareholders vote in favour of the relevant resolutions to be proposed in relation to the Non-exempt Continuing Connected Transactions and the related annual caps at the EGM.

THE EGM

A notice of the EGM is set out on pages 34 to 37 of this circular. At the EGM, ordinary resolutions will be proposed to approve the Non-exempt Continuing Connected Transactions and the related annual caps.

If you intend to appoint a proxy to attend the EGM, you are required to complete and return the accompanying proxy form in accordance with the instructions printed thereon. For holders of H-Shares, the proxy form should be returned to Computershare Hong Kong Investor Services Limited and for holders of non-H-Shares, the proxy form should be returned to the Company's Board Secretariat in person or by post not less than 24 hours before the time appointed for holding the EGM or any adjourned meeting thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or at any adjourned meeting should you so wish.

If you intend to attend the EGM in person or by proxy, you are required to complete and return the reply slip to Computershare Hong Kong Investor Services Limited for holders of H-Shares or to the Company's Board Secretariat for holders of non-H-Shares on or before 31 August 2011.

In accordance with the Listing Rules, NXP B.V., being a connected person and a substantial shareholder of the Company, and its associates (if any, as defined under the Listing Rules) having material interest in the Non-exempt Continuing Connected Transactions will abstain from voting on the resolutions to be proposed at the EGM.

VOTING BY POLL

Pursuant to Rule 13.39 of the Listing Rules, all votes of the Shareholders at the general meetings must be taken by poll. The Chairman of the EGM will therefore demand a poll for every resolution put to the vote of the EGM pursuant to Article 73 of the Articles of Association of the Company.

Yours faithfully,
By order of the Board
Advanced Semiconductor Manufacturing Corporation Limited
Chen Jianming
Chairman

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)

5 August 2011

To the Independent Shareholders

Dear Sir/Madam,

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We refer to the circular of the Company dated 5 August 2011 (the "**Circular**") of which this letter forms part issued by the Company to the Shareholders. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

We, being the independent non-executive Directors, have been appointed by the Board to form the Independent Board Committee to consider the terms of the Non-exempt Continuing Connected Transactions and the related annual caps and to advise the Independent Shareholders in connection therewith. China Merchants Securities has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this respect.

Taking into account the terms of the Non-exempt Continuing Connected Transactions, the related annual caps and the recommendations of China Merchants Securities, the Independent Board Committee considers that the Non-exempt Continuing Connected Transactions are in the ordinary course of business of the Company and the terms of the Non-exempt Continuing Connected Transactions are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Independent Board Committee also considers that the related annual caps are fair and reasonable and it is necessary and a normal business practice for the Technology Transfer and Cooperation Agreement to be of a period exceeding three years. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolutions as set out in the notice of the EGM to approve the Non-exempt Continuing Connected Transactions and the related annual caps.

The Independent Board Committee wishes to draw your attention to (i) the letter from the Board set out on pages 4 to 14 of the Circular which contains, among other things, information about the Non-exempt Continuing Connected Transactions and the related annual caps; and (ii) the letter of advice from China Merchants Securities set out on pages 17 to 28 of the Circular.

Yours faithfully,
The Independent Board Committee

Mr. Thaddeus Thomas BECZAK	**Mr. James Arthur WATKINS**	**Dr. SHEN Weijia**

Independent non-executive Directors

The following is the text of a letter of advice from China Merchants Securities to the Independent Board Committee and the Independent Shareholders in respect of the Non-exempt Continuing Connected Transactions, which has been prepared for the purpose of inclusion in this circular.

招商證券(香港)有限公司
CHINA MERCHANTS SECURITIES (HK) CO., LTD.

48th Floor
One Exchange Square
Central
Hong Kong

5 August 2011

To: *The Independent Board Committee and the Independent Shareholders of Advanced Semiconductor Manufacturing Corporation Limited*

Dear Sirs,

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in respect of the Non-exempt Continuing Connected Transactions and the relevant annual caps contemplated thereunder, particulars of which are set out in the letter from the Board (the "**Letter from the Board**") contained in this circular dated 5 August 2011 (the "**Circular**") issued by the Company, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless otherwise defined.

As set out in the Letter from the Board, reference is made to the announcements dated 18 July 2011 and 18 September 2008 and the circular dated 9 October 2008 issued by the Company in relation to, among other things, the Non-exempt Continuing Connected Transactions entered into with certain connected persons of the Company including NXP B.V. and NXP Semiconductors in its ordinary and usual course of business. NXP B.V. is a connected person of the Company by virtue of it being a substantial shareholder of the Company. Since NXP Semiconductors is a subsidiary of NXP B.V., it is an associate of NXP B.V. and a connected person of the Company.

The Non-exempt Continuing Connected Transactions comprise the Product Sale Transactions and the Technology Transfer Transactions. Each of the Non-exempt Continuing Connected Transactions is subject to the reporting, announcement and independent shareholders' approval requirements under Rules 14A.45 to 14A.54 of the Listing Rules. At the 2008 EGM, the Company obtained the Independent Shareholders' approval for, among other things, (i) its entering into of the NXP Foundry Services Agreement, the NXP Cooperation Agreement, the Technology Transfer and Cooperation Agreement and the NXP Identification Licensing Agreement, as well as (ii) the Non-exempt Continuing Connected Transactions and the relevant annual caps contemplated thereunder for each of the three years ending 31 December 2009, 2010 and 2011.

In order for the Non-exempt Continuing Connected Transactions to be continued for a further period of three years commencing from 1 January 2012 to 31 December 2014, the Company is therefore subject to re-compliance with the relevant requirements under the Listing Rules. Since it is expected that one or more of the relevant percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the annual consideration receivable or payable by the Company under each of the Product Sale Transactions and the Technology Transfer Transactions for the three years ending 31 December 2012, 2013 and 2014 is above 5%, each of the Product Sale Transactions and the Technology Transfer Transactions are subject to the reporting, announcement and independent shareholders' approval requirements under Rules 14A.45 to 14A.54 and the annual review requirements under Rules 14A.37 to 14A.40 under the Listing Rules. NXP B.V. and its associates will abstain from voting on the resolutions approving the Non-exempt Continuing Connected Transactions and the relevant annual caps contemplated thereunder at the EGM.

The Independent Board Committee, comprising all the three independent non-executive Directors of the Company, namely Mr. Thaddeus Thomas Beczak, Mr. James Arthur Watkins and Dr. Shen Weijia, has been established to advise the Independent Shareholders in relation to the Non-exempt Continuing Connected Transactions and the relevant annual caps contemplated thereunder. We, China Merchants Securities, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

BASIS OF OUR OPINION

In formulating our advice and opinion, we have relied on the accuracy of the information and representations contained in the Circular, which have been considered to be complete and relevant, and the information obtained from the public domain. We have assumed that all statements, information and representations made or referred to in the Circular, for which the Directors are solely responsible for, were true, accurate and complete in all material respects at the time when they were made and will continue to be so as at the date of the Circular. We have also assumed that all statements of belief, opinion and intention made by the Directors in the Circular were reasonably made after due and careful enquiry and were based on honestly held opinions. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the management of the Company and we have been advised by the Directors and the management of the Company that no material fact has been omitted from the information and representations provided, and referred to, in the Circular. We have no reason to suspect that any material information has been withheld by the Directors or the management of the Company. We have not, however, carried out any independent verification of the information provided to us by the Directors and the management of the Company and the information obtained from the public domain, nor have we conducted any independent investigation into the affairs, the business and financial position and the future prospects of the Company, NXP B.V., NXP Semiconductors and their respective shareholders, associates and business partners. Our opinion is based on the information and representations available to us as of the date of this letter. We have no obligation to update our advice and opinion to take into account circumstances and events occurring after the date of this letter. As a result, circumstances and events could occur prior to the approval of the Non-exempt Continuing Connected Transactions and the relevant annual caps contemplated thereunder that, if known to us at the time when we had rendered our advice and opinion, would have altered our advice and opinion.

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 B.V. and NXP Semiconductors are members of NXP Group. NXP Group provides high performance mixed signal and standard product solutions that leverage its leading RF, Analog, Power management, Interface, Security and Digital Processing expertise. Its innovations are used in a wide range of automotive, identification, wireless infrastructure, lighting, industrial, mobile, consumer and computing applications.

PRINCIPAL FACTORS CONSIDERED

In formulating and giving our independent advice to the Independent Board Committee and the Independent Shareholders, we have taken into consideration the background of the transactions and the following principal factors:

A. Product Sale Transactions

Background and terms of NXP Foundry Services Agreement and NXP Cooperation Agreement

On 1 January 2002, the Company (as the seller) and Philips Semiconductors B. V. (as the buyer), the predecessor of NXP Semiconductors, entered into the Philips Foundry Services Agreement, the former title of the NXP Foundry Services Agreement, whereby the Company manufactured and sold the Licensed Products and the Identification Products to Philips Group by using the manufacturing process and other design rules and proprietary information provided by the buyer.

On 29 May 2002, the Company (as the seller) and Philips Semiconductors B. V. (as the buyer), the predecessor of NXP Semiconductors, entered into the Philips Cooperation Agreement, the former title of the NXP Cooperation Agreement, whereby the Company manufactured and sold the Identification Products to Philips Group by using the technology and know-how transferred to the Company by the buyer.

The NXP Foundry Services Agreement and the NXP Cooperation Agreement, each of which was reached after arm's length negotiations and is on normal commercial terms, will expire on 31 December 2011 and thereafter will be automatically renewed for a term of three years (conditional upon the Independent Shareholders' approval).

Please refer to the paragraphs headed "Renewed agreements" under the section headed "Product Sale Transactions" contained in the Letter from the Board for the details and terms of the NXP Foundry Services Agreement and NXP Cooperation Agreement.

Reasons for continuing the Product Sale Transactions

As advised by the Directors, NXP Group was one of the Company's five largest customers for each of the years ended 31 December 2009 and 2010. According to the annual reports of the Company for the two years ended 31 December 2009 and 2010, the total revenue derived from sales of the Licensed Products and the Identification Products to NXP Group for the two years ended 31 December 2009 and 2010 accounted for approximately 12.6% and 15.2% of the total revenue of the Company respectively. Hence, the Board considers that future sales of the Licensed Products and the Identification Products to NXP Group form an important part of the Company's strategy.

Moreover, as set out in the Letter from the Board, the technology and know-how transfer relationship between NXP Group and the Company has allowed the Company to manufacture, sell and develop analog semiconductors with international standards of quality which are competitive in price. In order for the Company to continue benefiting from NXP Group's technology and know-how, it is necessary for the Company to continue manufacturing and selling the Licensed Products and the Identification Products to NXP Group.

Given that (i) the Product Sale Transactions are one of the major sources of future revenue to the Company; and (ii) the benefits derived from NXP Group's technology and know-how to the Company, we concur with the Directors' view that it is necessary to continue the Product Sale Transactions with NXP Group.

Pricing basis and payment terms

Pursuant to the NXP Foundry Services Agreement, prices for finished semiconductor wafers are initially stated in the agreement and shall be reviewed quarterly and adjusted by mutual agreement between the parties with reference to the prevailing market prices of the materials, supply and process costs and market prices of the products. Prices for good dies (packaged and unpackaged) are agreed separately between the parties. The selling prices for both the finished semiconductor wafers and good dies represent the market prices of similar products and are no less favourable than those offered/to be offered by the Company to the Independent Third Parties. Prices for products include all materials, supply and process costs but exclude the mask costs as agreed separately. In addition, unless otherwise agreed between the parties, the Company's invoices are due and payable within 45 days of the date of the relevant invoice.

According to the NXP Cooperation Agreement, prices and payment terms for the Identification Products to be sold by the Company to NXP Group under the NXP Cooperation Agreement are determined in accordance with the provisions of the NXP Foundry Services Agreement.

As confirmed by the management of the Company, the prices of the Licensed Products and the Identification Products have been reviewed and adjusted quarterly with reference to the then prevailing market price of comparable products and material costs for each of the year ended 31 December 2009 and 2010 in accordance to the terms of the NXP Foundry Services Agreement and the NXP Cooperation Agreement.

In addition, we have reviewed (i) the average selling prices of the Licensed Products and the Identification Products for the two years ended 31 December 2009 and 2010; (ii) the average selling prices of products sold to other independent customers, of which annual sale quantities are more than 200 units, for the two years ended 31 December 2009 and 2010; and (iii) information on payment terms offered by the Company to other independent customers, and note that both the average selling prices of the Licensed Products and the Identification Products and payment terms offered by the Company to other independent customers are no less favorable than those offered to NXP Group.

As such, we concur with the Directors' view that the terms of the NXP Foundry Services Agreement and the NXP Cooperation Agreement are negotiated on an arm's length basis and on normal commercial terms and entered in the ordinary and usual course of the business of the Company.

Historical amounts and proposed annual caps

Set out below are (i) the historical amounts for each of the two years ended 31 December 2009 and 2010 and for the three months ended 31 March 2011; (ii) historical annual caps for each of the three years ending 31 December 2009 , 2010 and 2011; and (iii) proposed annual caps for each of the three years ending 31 December 2012, 2013 and 2014 of the Product Sale Transactions:

	For the year ended/ending 31 December					
	2009	**2010**	**2011**	**2012**	**2013**	**2014**
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Annual caps/proposed annual caps	373.8	363.0	366.0	281.7	295.8	310.6
Historical amount of the Product Sale Transactions	81.2	149.1	37.9 *Note*	n/a	n/a	n/a
Utilization rate	21.7%	41.1%	n/a	n/a	n/a	n/a
Total revenue of the Company	645.6	978.5	n/a	n/a	n/a	n/a
Product Sale Transactions as a percentage of total revenue of the Company	12.6%	15.2%	n/a	n/a	n/a	n/a

Source: Letter from the Board

Note: Historical amount of the Product Sale Transactions for the three months ended 31 March 2011

As stated in the Letter from the Board and based on the information provided by the Company, we note that the Board has taken into consideration of (i) the average historical amount of the Product Sales Transactions for the two years ended 31 December 2009 and 2010; (ii) the estimated sales for the year ending 31 December 2011; and (iii) in particular, the expected substantial increase in revenue from the new products that the Company will manufacture for NXP Group to determine the estimated volume of the Licensed Products and the Identification Products to be sold by the Company and the proposed cap amounts in each of the three years ending 31 December 2012, 2013 and 2014.

As illustrated in the table above, historical amounts of the Product Sale Transactions for each of the two years ended 31 December 2009 and 2010 were approximately RMB 81.2 million and RMB 149.1 million respectively, representing utilization rates on the respective historical annual caps of approximately 21.7% and 41.1% respectively. As advised by the management of the Company, the semiconductor industry was seriously affected by the financial tsunami and reached a cyclical bottom in 2009. The Company recorded a drop in its total revenue for the year ended 31 December 2009, including revenue generated from the Product Sale Transactions, and a low utilization rate. With the gradual recovery of the global economy and the semiconductor industry, both the revenue generated from the Product Sale Transactions together with respective utilization rate on the historical annual cap has been improved for the year ended 31 December 2010.

In order to assess the fairness and reasonableness of the proposed annual caps for the Product Sale Transactions, we have (i) reviewed the historical total revenue generated from the Product Sale Transactions to the Company; (ii) discussed with the management of the Company the direction to develop new products to be offered in various business segments; (iii) reviewed and discussed with the management of the Company the historical utilization rates on the respective historical annual caps, historical average selling prices and expected average selling prices for the three years ending 31 December 2012, 2013 and 2014; and (iv) reviewed certain market information on estimated future growth of the semiconductor manufacturing industry prepared by two market research companies (the "Market Research Companies"), both are reputable independent industry information providers, which forecasted positive growth trend in semiconductor manufacturing industry in the coming years. As the Market Research Companies are independent global research and advisory houses specified in electronics technology, we are of the view that the forecast prepared by the Market Research Companies could be relied on by us as a reference. We concur with the Directors' view that the proposed annual caps for the Product Sale Transactions have been fairly and reasonably determined.

Shareholders should note that the proposed annual caps for the Product Sale Transactions should not be construed as an assurance or forecast by the Company of its future revenue.

B. **Technology Transfer Transactions**

Background

On 28 June 1988, the Company (as the buyer) and Philips Semiconductors International B.V. (as the supplier), the predecessor of NXP B.V., entered into the Technology Transfer and Cooperation Agreement, whereby the supplier agreed (i) to transfer to the Company the relevant knowledge and experience relating to foundry manufacturing services; (ii) to grant to the Company a license to manufacture at its production facility in the PRC and to sell the Licensed Products; and (iii) to provide technical trainings to the Company's engineers.

On 29 May 2002, the Company (as the buyer) and Koninklijke Philips Electronics N. V. (as the supplier) entered into the Philips Identification Licensing Agreement, the former title of the NXP Identification Licensing Agreement, whereby Koninklijke Philips Electronics N. V. agreed to grant the Company a non-exclusive and non-transferable license over certain intellectual property rights relating to non-volatile memory and the Electrically Erasable Programmable Read-Only Memory process technology for use in manufacturing the Identification Products. On 28 September 2006, Koninklijke Philips Electronics N. V. assigned all the rights and obligations under the agreement to NXP Semiconductors.

The Technology Transfer and Cooperation Agreement, which was reached after arm's length negotiation and is on normal commercial terms, was amended on 12 January 2005 to a term of ten years from 2 March 2004 to 1 March 2014. Thereafter, the agreement shall be automatically renewed for further periods of ten years (subject to continuing compliance with the Listing Rules) unless and until it is terminated by either party giving written notice of at least two years, or by either party being in breach of its terms. Accordingly, the Technology Transfer and Cooperation Agreement will still be in existence after 31 December 2011 (the expiry date of the Independent Shareholders' approval granted at the 2008 EGM for the Non-exempt Continuing Connected Transactions) resulting in the requirement to obtain the Independent Shareholders' approval in order to permit the Company to continue with the terms and transactions contemplated under the agreement and allow the automatic renewal of the agreement for a term of 10 years from 2 March 2014 to 1 March 2024.

In addition, the NXP Identification Licensing Agreement was entered into between the Company and NXP Semiconductors, which was reached after arm's length negotiations and is on normal commercial terms, will expire on 31 December 2011 and thereafter will be automatically renewed for a term of three years (conditional upon the Independent Shareholders' approval).

Please refer to the paragraphs headed "Subsisting and renewed agreement" and "Renewed agreement" under the section headed "Technology Transfer Transactions" contained in the Letter from the Board for the particulars of the Technology Transfer and Cooperation Agreement and the NXP Identification Licensing Agreement respectively.

Reasons for continuing the Technology Transfer Transactions

As advised by the management of the Company, the revenue generated from Technology Transfer Transactions is one of the major and stable sources of the revenue of the Company. According to the information provided by the Company, the revenue derived from sales of the Licensed Products and the Identification Products, which subject to royalty fee chargeable under the Technology Transfer Transactions, for the two years ended 31 December 2009 and 2010 accounted for approximately 13.1% and 19.8% of the total revenue of the Company respectively.

In addition, as stated in the Letter from the Board, the Board considers that future sales of the Identification Products including identification cards to the Company's customers including NXP Group by using non-volatile memory and the EEPROM process technology transferred and licensed by NXP Semiconductors form an important part of the Company's strategy.

Therefore, we agree with the Directors' view that in order to maintain a stable source of revenue and sustain for the Company's competitive edge in developing and selling the Licensed Products and the Identification Products, it is necessary for the Company to renew the Technology Transfer and Cooperation Agreement and the NXP Identification Licensing Agreement.

Reasons for the term of the Technology Transfer and Cooperation Agreement exceeds the three-year threshold as permitted under Rule 14A.35(1) of the Listing Rules

Pursuant to the terms of the Technology Transfer and Cooperation Agreement, it will be renewed for a term of 10 years from 2 March 2014 to 1 March 2024, which exceeds the three-year threshold as permitted under Rule 14A.35(1) of the Listing Rules.

We are given to understand from the Directors that a prolonged cooperation agreement will strengthen the Company's commercial and technological partnership with NXP Group and allow the Company to build and maintain its own technology platform to achieve its position as one of the world's leading dedicated analog foundries. We are further advised and obtained information from the Company that the relevant information and technology furnished and the license granted to the Company under the agreement can be used to manufacture products for sale to the Company's other customers. Hence, we consider it is commercially desirable for the Company to enter into such agreement in a long duration which exceeds the three-year threshold as permitted under Rule 14A.35(1) of the Listing Rules.

We conducted a research on technology licensing agreement of semiconductor companies and note that MOSAID Technologies Incorporated (a company listed on the Toronto Stock Exchange) had entered into a 8-year patent license agreement in 2011, Micron Technology, Inc. (a company listed on NASDAQ) had entered into a 10-year patent licensing agreement in 2009 and Semiconductor Manufacturing International Corporation (a company listed on the Stock Exchange and the New York Stock Exchange) had entered into a perpetual technology licensing agreement in 2007.

Therefore, we concur with the Directors' view that it is normal business practice for the duration of the agreements similar to the nature of the Technology Transfer and Cooperation Agreement to exceed three years. We also agree with the Directors' view that in order to sustain for the Company's competitive edge, it is advisable for the Company to renew and prolong the duration of the Technology Transfer and Cooperation Agreement.

At least two-year notice period to terminate the Technology Transfer and Cooperation Agreement

Pursuant to the Technology Transfer and Cooperation Agreement, the agreement could be terminated by either NXP B.V. or the Company giving written notice of at least two years.

As stated in the Letter from Board, if the Company can no longer obtain the technical knowledge, the licence to use the technology for production, as well as the assistance and training (collectively referred as the "know-how") provided under the Technology Transfer and Cooperation Agreement, the Company will take about two years to carry out the necessary actions in order to minimize the loss that may be incurred by the Company due to the termination of the agreement.

We understand from the management of the Company that NXP B.V. is one of the few companies supplying the know-how in the market. Hence, the Company will take at least six months to identify and conclude a deal with a substitute supplier comparable with NXP B.V. in term of the high standard know-how provided under the Technology Transfer and Cooperation Agreement. After acquiring the know-how from the new supplier, it will take about 6 to 12 months for the Company to complete the research and development process and the testing of products manufactured by using the technology provided by the new supplier in order to ensure product quality. A period of two years is an appropriate length of time for the Company to take all the actions required to ensure that the supply of know-how will continue and its production will remain undisturbed if NXP B.V. ceases to supply the know-how to the Company.

In view of the above circumstances, we concur with the Directors that the term requiring a two-year notice period in order to terminate the Technology Transfer and Cooperation Agreement is on normal business practice, fair and reasonable, and in the interests of the Company and the Independent Shareholders as a whole.

Basis in determining the royalty fees and payment terms

According to the Technology Transfer and Cooperation Agreement, the Company agreed to pay NXP B.V. a consideration equivalent to 3% of the net selling price of each product the Company sells to both NXP Group and to customers other than NXP Group who use NXP B.V. processes.

Pursuant to the NXP Identification Licensing Agreement, the Company agreed to pay a fee of 10% of the net selling price of each product the Company produces by using the technology under the NXP Identification Licensing Agreement and sells to the Company's customers including NXP Group.

As stated in the Letter from the Board, the considerations paid by the Company under the aforesaid agreements are determined after taking into account of the market price of similar products. The Company has provided us with information on various technology licensing agreements entered by other semiconductor companies, of which the expiry dates range from the end of 2011 to 2014. Based on such information, we note that the percentages of royalty fees charged by these semiconductor companies range from 5% to 10%. As such, the percentages of royalty fees charged under the Technology Transfer Transaction are not less favorable than the range of percentages royalty fees charged by other semiconductor companies.

Based on our discussion with the management of the Company, we understand that the underlying technologies and intellectual property rights of the Technology Transfer Transactions are unique know-how owned by NXP B.V. and NXP Semiconductors. The respective royalty fees chargeable under the Technology Transfer and Cooperation Agreement and the NXP Identification Licensing Agreement are determined on a case-by-case basis with reference to respective specific technologies and intellectual property rights involved in the manufacture of different products. Therefore, it might not be appropriate to compare the royalty fees under the Technology Transfer and Cooperation Agreement and the NXP Identification Licensing Agreement with those of other companies.

The Directors have also confirmed that the Technology Transfer Agreement and the NXP Identification Licensing Agreement governing the Technology Transfer Transactions are reached after arm's length negotiations and are on normal commercial terms. Based on the information provided by the Company, we note that the royalty fees payable to NXP Group were determined after taking into account the past dealings between the Company and NXP B.V. and NXP Semiconductors and is identical to the royalty fee arrangement as agreed in the previous corresponding three-year period.

As advised by the Directors, the royalty fees will directly affect the net selling prices and hence the gross profit margins ("**Gross Profit Margins**"), after deducting the royalty fees, of products (the "**Technology Transfer Transactions Products**") under the Technology Transfer Transactions. In addition, apart from the Technology Transfer Transactions Products, the remaining products of the Company are not subject to any royalty fee. In order to assess the fairness and reasonableness of the royalty fees, we have reviewed (i) average Gross Profit Margins of all the Technology Transfer Transactions Products; and (ii) average gross profit margins of other remaining products with annual sale quantities more than 200 units of the Company for each of the two years ended 31 December 2009 and 2010. Based on the information provided by the Company, we note that the average Gross Profit Margins of the Technology Transfer Transactions Products are in line with average gross profit margins of other remaining products of the Company.

In addition, according to the aforesaid agreements, the Company shall pay the royalty fees on a half-yearly basis within 30 days of 30 June and 31 December of each year during the term of the agreements. As advised by the management of the Company, such payment terms are reached after arm's length negotiations between the Company and NXP Group and have been approved by the relevant regulatory bodies in the PRC.

Having considered (i) the uniqueness and importance of the technologies and intellectual property rights involved in the Technology Transfer Transactions; (ii) the Gross Profit Margins of the Technology Transfer Transactions Products are in line with gross profit margins of other remaining products of the Company; (iii) the determination of the royalty fees and payment terms are identical to the royalty fee arrangement as agreed in the previous corresponding three-year period; and (iv) the payment terms for the royalty fees are reached after arm's length negotiations between the Company and NXP Group and have been approved by the relevant regulatory bodies in the PRC, we concur with the Directors' view that the Technology Transfer Transactions are on normal commercial terms and entered in the ordinary and usual course of business of the Company.

Historical amounts and proposed annual caps

Set out below are (i) the historical amounts for each of the two years ended 31 December 2009 and 2010 and for the three months ended 31 March 2011; (ii) the historical annual caps for each of the three years ending 31 December 2009, 2010 and 2011; and (iii) the proposed annual caps for each of the three years ending 31 December 2012, 2013 and 2014 of the Technology Transfer Transactions:

	For the year ended/ending 31 December					
	2009	**2010**	**2011**	**2012**	**2013**	**2014**
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Annual caps/proposed annual caps	20.2	19.6	19.8	19.5	20.5	21.5
Historical amount of Technology Transfer Transactions	4.1	7.1	1.3 [Note]	n/a	n/a	n/a
Utilization rate	20.3%	36.2%	n/a	n/a	n/a	n/a
Total revenue of the Company	645.6	978.5	n/a	n/a	n/a	n/a
Technology Transfer Transactions as a percentage of total revenue of the Company	0.6%	0.7%	n/a	n/a	n/a	n/a

Source: Letter from the Board

Note: Historical amount of the Technology Transfer Transactions for the three months ended 31 March 2011

As stated in the Letter from the Board, the Board considers that the proposed annual caps for each of the three years ending 31 December 2012, 2013 and 2014 are determined with reference to (i) the average rate of the royalty fees the Company actually paid over the two years ended 31 December 2009 and 2010; (ii) the estimated royalty fees for the year ending 31 December 2011; and (iii) the estimated revenue generated from the sale of products that are subjected to royalty fees in each of the three year ending 31 December 2012, 2013 and 2014.

As illustrated in the table above, historical amounts of the Technology Transfer Transactions for each of the two years ended 31 December 2009 and 2010 were approximately RMB 4.1 million and RMB 7.1 million respectively, representing utilization rates on the respective historical annual caps of approximately 20.3% and 36.2% respectively. As advised by the management of the Company, the semiconductor industry was seriously affected by the financial tsunami and reached a cyclical bottom in 2009. The Company recorded a drop in its total revenue for the year ended 31 December 2009, including revenue which is subject to royalty fees chargeable under the Technology Transfer Transactions and hence recorded a low utilization rate. With the gradual recovery of the global economy and the semiconductor industry, both the revenue which is subject to royalty fees chargeable under the Technology Transfer Transactions and the utilization rate on the respective historical annual cap have been improved for the year ended 31 December 2010.

In order to assess the fairness and reasonableness of the proposed annual caps for Technology Transfer Transactions, we have (i) reviewed the Company's historical royalty fees, sales subject to royalty fees and total revenue; (ii) reviewed and discussed with the management of the Company the historical utilization rates on the respective historical annual caps, the direction to develop new products to be offered in various business segments for the three years ending 31 December 2012, 2013 and 2014; and (iii) reviewed certain market information on estimated future growth of the semiconductor manufacturing industry prepared by the Market Research Companies, which forecasted positive growth trend in semiconductor manufacturing industry in the coming years. We concur with the Directors' view that the proposed annual caps for the Technology Transfer Transactions have been fairly and reasonably determined.

Shareholders should note that the proposed annual caps for the Technology Transfer Transactions should not be construed as an assurance or forecast by the Company of its future revenue.

RECOMMENDATION

Taking into consideration of the above factors, we consider that (i) the Non-exempt Continuing Connected Transactions are in the interests of the Company and its Independent Shareholders as a whole, in the ordinary and usual course of business of the Company, on normal commercial terms and fair and reasonable so far as the Company and Independent Shareholders as a whole are concerned; and (ii) the proposed annual caps for the Non-exempt Continuing Connected Transactions have been fairly and reasonably determined. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders and we recommend the Independent Shareholders to vote in favor of the resolutions regarding the Non-exempt Continuing Connected Transactions and the relevant annual caps contemplated thereunder to be proposed at the EGM.

Yours faithfully,
For and on behalf of
China Merchants Securities (HK) Co., Limited

Christine Au
Executive Director
Investment Banking Department

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respect and not misleading or deceptive, there are no other facts the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

2.1 Directors, supervisors and chief executive

As at the Latest Practicable Date, none of the Directors, supervisors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short position which he or she is taken or deemed to have under such provision of the SFO); or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.

Note: The Company has no subsidiary or associate as at the Latest Practicable Date.

2.2 Substantial Shareholders

As at the Latest Practicable Date, so far as it was known to, or can be ascertained after reasonable enquiry by the Directors, supervisors or chief executive of the Company, the following persons (other than the Directors, supervisors or chief executive of the Company) had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or directly or indirectly, had interests in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meetings of the Company:

Name of shareholders	Class of shares	Number of shares	Capacity	Percentage in the relevant class of issued share capital	Percentage in the total issued share capital
NXP B.V. *(Note 1)*	H-shares	408,806,888 (Long position)	Beneficial owner	36.13%	26.65%
	Unlisted foreign shares	12,643,512 (Long position)	Beneficial owner	100%	0.82%
SCIP (HK) Limited ("SCIP (HK)") *(Note 2)*	H-shares	222,574,584 (Long position)	Beneficial owner	19.67%	14.51%
Shanghai Chemical Industrial Park Investment Enterprise Company Limited ("SCIPI") *(Note 2)*	Domestic shares	122,220,616 (Long position)	Beneficial owner	31.32%	7.97%
China Orient Asset Management Corporation	Domestic shares	179,303,000 (Long position)	Beneficial owner	45.95%	11.69%
Shanghai Belling Co., Limited ("Shanghai Belling")	Domestic shares	88,726,400 (Long position)	Beneficial owner	22.74%	5.78%

Notes:

1. NXP B.V. is a wholly-owned subsidiary of NXP Semiconductors N.V. (formerly known as Kaslion Acqusition B.V.) which is held as to 69% by a private equity consortium consists of funds advised by Kravis Roberts & Co. L.P., Bain Capital Partners, LLC, Silver Lake Management Company, L.L.C., Apax Partners LLP and AlpInvest Partners N.V. as well as smaller investors (the "**Private Equity Consortium**"). Accordingly, NXP Semiconductors N.V. and the Private Equity Consortium are taken as having interests in the 408,806,888 H-shares and the 12,643,512 unlisted foreign shares of the Company which are beneficially held by NXP B.V..

2. SCIP (HK) is a wholly-owned subsidiary of SCIPI which in turn is 100% controlled by Shanghai Chemical Industrial Park Development Co., Ltd. ("**SCIPD**"). Accordingly, SCIPI and SCIPD are taken as interested in the 222,574,584 H-shares of the Company which are beneficially held by SCIP (HK), and SCIPD is taken as interested in the 122,220,616 domestic shares of the Company which are beneficially held by SCIPI.

Note: The Company has no subsidiary or associate as at the Latest Practicable Date.

3. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors and supervisors of the Company had entered into, or proposed to enter into, any service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Note: The Company has no subsidiary or associate as at the Latest Practicable Date.

4. INTEREST IN CONTRACTS

No contract, commitment or agreement of significance in relation to the business of the Company, to which the Company was a party and in which any of the Directors had a material interest, either directly or indirectly, subsisted at the date of this circular.

Note: The Company has no subsidiary or associate as at the Latest Practicable Date.

5. INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, the following Directors are considered to have interest in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Company (the "**competing businesses**"):

(a) Mr. Wilhelmus Jacobus Maria Joseph JOSQUIN ("**Mr. JOSQUIN**") and Mr. Winfried Lodewijk PEETERS ("**Mr. PEETERS**"), the non-executive Directors, held senior management posts in NXP Group which is engaged in manufacturing of semiconductor wafers; and

(b) Mr. LI Zhi ("Mr. LI"), the non-executive Director, was a director and the general manager of Shanghai Belling, which is engaged in the design and manufacture (processing) of silicon wafers and the sale of integrated circuits.

Since Mr. JOSQUIN, Mr. PEETERS and Mr. LI were not directly involved in managing the Company during the period for which they were the directors of the Company, the Board is of the view that the Company is capable of carrying on its businesses independent of, and at arm's length from, the competing businesses. When making decisions on the matters related to the Company, Mr. JOSQUIN, Mr. PEETERS and Mr. LI have acted and, where applicable, will continue to act in the best interest of the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and their respective associates had any interest in any company or business which competes or may compete with the business of the Company.

6. INTEREST IN ASSETS

As at the Latest Practicable Date, none of the Directors and the Independent Financial Adviser had any interest, direct or indirect, in any asset which since 31 December 2010, the date to which the latest published audited financial statements of the Company were made up, have been acquired or disposed of by or leased to the Company or are proposed to be acquired or disposed of by or leased to the Company.

Note: The Company has no subsidiary or associate as at the Latest Practicable Date.

7. MATERIAL ADVERSE CHANGES

The Directors were not aware of any material adverse change in the financial or trading position of the Company since 31 December 2010, the date to which the latest published audited financial statements of the Company were made up, up to the Latest Practicable Date.

Note: The Company has no subsidiary or associate as at the Latest Practicable Date.

8. LITIGATION

As at the Latest Practicable Date, the Company was not engaged in any litigation or arbitration of material importance and no litigations or claim of material importance is known to the Directors to be pending or threatened by or against the Company.

Note: The Company has no subsidiary or associate as at the Latest Practicable Date.

9. CONSENT AND QUALIFICATION OF EXPERT

China Merchants Securities is a corporation licensed to conduct type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities as defined under the SFO. Its letter of advice to the Independent Board Committee and the Independent Shareholders dated as of the date of this circular was given for the purpose of incorporation herein.

China Merchants Securities has given and has not withdrawn its written consent to the issue of this circular with the reference to its name and its letter in the form and context in which they respectively appear.

As at the Latest Practicable Date, China Merchants Securities did not have any shareholding, directly or indirectly, in the Company or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company.

Note: The Company has no subsidiary or associate as at the Latest Practicable Date.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents is available for inspection at the principal place of business of the Company at 8th Floor, Gloucester Tower, The Landmark, 15 Queen's Road Central, Hong Kong from 9:00 a.m. to 5:00 p.m. from the date of this circular up to and including 20 September 2011:

(a) NXP Foundry Services Agreement;

(b) NXP Cooperation Agreement;

(c) Technology Transfer and Cooperation Agreement; and

(d) NXP Identification Licensing Agreement.

11. MISCELLANEOUS

1. The qualified accountant of the Company is Mr. JING Wei ("**Mr. JING**"). Mr. JING is a member of Chinese Institute of Certified Public Accountants and a member of Association of Chartered Certified Accountants.

2. The joint company secretaries of the Company are Mr. JING and Ms. MA Sau Kuen Gloria ("**Ms. MA**"). Ms. MA is a fellow of The Hong Kong Institute of Chartered Secretaries.

3. The registered office of the Company is at No. 385 Hong Cao Road, Shanghai 200233, PRC. The principal place of business of the Company in Hong Kong is at 8th Floor, Gloucester Tower, The Landmark, 15 Queen's Road Central, Hong Kong. The Hong Kong H-share Register and Transfer Office of the Company is Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

4. In the event of any inconsistency, the English text of this circular and the form of proxy prevails over the Chinese text.

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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Advanced Semiconductor Manufacturing Corporation Limited (the "**Company**") will be held on 20 September 2011 at 11:00 a.m. (or any adjournment thereof) at Meeting Room, 1st Floor, A Building, Ramada Shanghai Caohejing Hotel, No. 509, Caobao Road, Shanghai, the People's Republic of China (the "**EGM**") for the purpose of considering and, if thought fit, passing the following resolutions. Unless otherwise indicated, capitalised terms used herein shall have the same meanings as those defined in the circular of the Company dated 5 August 2011 (the "**Circular**").

AS ORDINARY RESOLUTIONS

1. "**THAT**

(a) the Company's entering into of the NXP Foundry Services Agreement renewed in accordance with the automatic renewal mechanism set out in the Philips Foundry Services Agreement, the former title of the NXP Foundry Services Agreement, dated 1 January 2002 entered into between the Company and Philips Semiconductors B.V., the predecessor of NXP Semiconductors, a copy of the agreement marked "A" has been produced to the meeting and signed by the Chairman of the meeting for identification purpose, for a period for three years commencing from 1 January 2012 to 31 December 2014 and the transactions contemplated thereunder be and are hereby approved;

(b) the Company's entering into of the NXP Cooperation Agreement renewed in accordance with the automatic renewal mechanism set out in the Philips Cooperation Agreement, the former title of the NXP Cooperation Agreement, dated 29 May 2002 entered into between the Company and Philips Semiconductors B.V., the predecessor of NXP Semiconductors, a copy of the agreement marked "B" has been produced to the meeting and signed by the Chairman of the meeting for identification purpose, for a period for three years commencing from 1 January 2012 to 31 December 2014 and the transactions contemplated thereunder be and are hereby approved;

(c) the relevant annual caps for the three years ending 31 December 2014 contemplated under the NXP Foundry Services Agreement and the NXP Cooperation Agreement being RMB281.7 million, RMB295.8 million and RMB310.6 million respectively, be and are hereby approved; and

(d) the Directors be and are hereby authorized on behalf of the Company to sign, seal, execute, perfect, deliver and do all such documents, deeds, acts, matters and things as they may in their discretion consider necessary or desirable or expedient to implement and/or to give effect to the NXP Foundry Services Agreement and the NXP Cooperation Agreement and the annual caps and the transactions thereby contemplated."

2. "**THAT**

(a) the Company's entering into of the Technology Transfer and Cooperation Agreement renewed in accordance with the automatic renewal mechanism set out in the Technology Transfer and Cooperation Agreement dated 12 January 2005 entered into between the Company and Philips Semiconductors International B.V., the predecessor of NXP B.V., a copy of the agreement marked "C" has been produced to the meeting and signed by the Chairman of the meeting for identification purpose, and the transactions contemplated thereunder be and are hereby approved; and that the duration of the agreement in excess of three years, which has been confirmed by the Independent Financial Adviser that is of normal business practice for contracts of that type to be of such duration, be and is hereby approved;

(b) the Company's entering into of the NXP Identification Licensing Agreement renewed in accordance with the automatic renewal mechanism set out in the Philips Identification Licensing Agreement, the former title of the NXP Identified Licensing Agreement, dated 29 May 2002 entered into between the Company and Koninklijke Philips Electronics N.V. (whose rights and obligations under the agreement were later assigned to NXP Semiconductors), a copy of the agreement marked "D" has been produced to the meeting and signed by the Chairman of the meeting for identification purpose, for a period for three years commencing from 1 January 2012 to 31 December 2014 and the transactions contemplated thereunder be and are hereby approved;

(c) the relevant annual caps for the three years ending 31 December 2014 contemplated under the Technology Transfer and Cooperation Agreement and the NXP Identification Licensing Agreement being RMB19.5 million, RMB20.5 million and RMB21.5 million respectively, be and are hereby approved; and

(d) the Directors be and are hereby authorized on behalf of the Company to sign, seal, execute, perfect, deliver and do all such documents, deeds, acts, matters and things as they may in their discretion consider necessary or desirable or expedient to implement and/or to give effect to the Technology Transfer and Cooperation Agreement and the NXP Identification Licensing Agreement and the annual caps and the transactions thereby contemplated."

By order of the Board
Advanced Semiconductor Manufacturing Corporation Limited
Chen Jianming
Chairman

Shanghai, the PRC, 5 August 2011

Notes:

(1) **Closure of register of members and eligibility for attending the EGM**

To determine the list of Shareholders who have the right to attend the EGM, the register of members will be closed from 21 August 2011 to 20 September 2011 (both days inclusive) during which period, no transfer of Shares will be effected. Shareholders whose names appear on the register of members of the Company on 20 September 2011 are entitled to attend the EGM.

Holders of H-Shares who wish to attend the EGM but have not registered the transfer documents are required to deposit the transfer document together with the relevant share certificates at the H-Share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Rooms 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on 19 August 2011.

(2) **Proxy**

Any Shareholder who is entitled to attend and vote at a general meeting of the Company shall be entitled to appoint one (1) or more persons (whether such person is a Shareholder or not) as his proxy/proxies to attend and vote on his behalf.

The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a legal entity, either under seal or under the hand of a director or an authorised person or a duly authorised attorney of the legal entity. The letter of authorization shall contain the number of the Shares to be represented by the proxy. If several persons are authorised as the proxies of a Shareholder, the letter of authorization shall specify the number of Shares to be represented by each proxy.

The instrument appointing a voting proxy and, if such instrument is signed by a person under a power of attorney or other authority on behalf of the appointor, a notarially certified copy of that power of attorney or other authority shall be deposited at Computershare Hong Kong Investor Services Limited (in respect of holders of the H-Shares) or at the Company's Board Secretariat (in respect of holders of the non-H-Shares) in person or by post not less than 24 hours before the time fixed for holding the EGM or any adjournment thereof (as the case may be). The address of Computershare Hong Kong Investor Services Limited is 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong. The address of the Company's Board Secretariat is 385 Hong Cao Road, Shanghai 200233, the PRC.

(3) **Reply slip**

If you intend to attend the EGM in person or by proxy, you are required to complete and return the reply slip to Computershare Hong Kong Investor Services Limited for holder of H-Shares or to the Company's Board Secretariat for holder of non-H-Shares on or before 31 August 2011.

(4) **Other business**

The EGM is expected to last for half a day. Shareholders (in person or by proxy) attending the EGM are responsible for their own transportation and accommodation expenses. Shareholders or their proxies attending the EGM shall produce their identity documents. The Company is entitled to deny attendance by any Shareholders or their proxies who fail to produce their identity documents.