

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in ASMC, you should at once hand this document and the accompanying forms of proxy to the purchaser or transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser.

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asmc

GTA SEMICONDUCTOR CO., LTD.

上海積塔半導體有限公司

(A company established in the People's Republic of China with limited liability)

**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)

**(1) PROPOSED PRIVATISATION OF ASMC BY GTA
BY WAY OF MERGER BY ABSORPTION OF ASMC
UNDER ARTICLE 172 OF THE PRC COMPANY LAW
AT THE CANCELLATION PRICE OF HK\$1.50 PER ASMC H SHARE
AND PER ASMC UNLISTED FOREIGN SHARE OR
RMB1.33 PER ASMC DOMESTIC SHARE**

**(2) NOTICE OF THE EXTRAORDINARY GENERAL MEETING
AND**

(3) NOTICE OF THE INDEPENDENT ASMC H SHAREHOLDERS CLASS MEETING

Financial adviser to GTA



Independent financial adviser to the Independent Board Committee

ANGLO CHINESE 英高
CORPORATE FINANCE, LIMITED

Capitalised terms used on this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

This Composite Document is issued jointly by GTA and ASMC to the ASMC H Shareholders. A letter from the ASMC Board is set out on pages 18 to 33 of this Composite Document. A summary of the Proposal (as defined herein) is set out on pages 7 to 8 and pages 19 to 20 of this Composite Document. A letter from the Independent Board Committee containing its advice to the Independent ASMC H Shareholders in relation to the Proposal is set out on pages 34 to 35 of this Composite Document. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee in relation to the Proposal is set out on pages 36 to 59 of this Composite Document.

The actions to be taken by the ASMC Shareholders are set out on pages 60 to 66 of this Composite Document.

The summary of the terms and important information of the Merger Agreement are set out on pages 71 to 79 of this Composite Document.

Notices convening the Extraordinary General Meeting and the Independent ASMC H Shareholders Class Meeting as required by (i) the relevant PRC laws and (ii) the Takeovers Code and the Listing Rules for approving the Proposal and the Merger Agreement to be held at 9:00 a.m. on Friday, 11 January 2019 and 10:00 a.m. on Friday, 11 January 2019 respectively are set out in Appendices V and VI to this Composite Document.

Whether or not you are able to attend such meetings or any adjournment thereof in person, you are requested to complete and return the enclosed proxy forms in accordance with the instructions printed thereon as soon as possible and to lodge them at the Registrar (in respect of holders of ASMC H Shares) at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong or at the ASMC Board Secretariat (in respect of holders of ASMC Unlisted Foreign Shares and ASMC Domestic Shares) at 385 Hong Cao Road, Shanghai 200233, the PRC and in any event not less than 24 hours before the time appointed for holding such meetings.

The completion and return of a form of proxy will not preclude you from attending and voting in person at the relevant ASMC Meetings or any adjournment thereof, should you so wish. In the event that you attend and vote at any of the ASMC Meetings or any adjournment thereof after having deposited the relevant form of proxy, that form of proxy will be deemed to have been revoked.

27 November 2018

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EXPECTED TIMETABLE

The expected timetable set out below is indicative only and may be subject to changes. Any changes to the timetable will be jointly announced by ASMC and GTA by way of announcement(s) as soon as possible. Unless otherwise expressly stated, all references to dates and times contained in this Composite Document refer to Hong Kong dates and times.

Latest time for lodging transfers of the ASMC H Shares
in order to be entitled to attend and vote at
the Extraordinary General Meeting and
the Independent ASMC H Shareholders Class Meeting 4:30 p.m. on Tuesday,
11 December 2018

Closure of the Registers for the determination of entitlements of
the ASMC Shareholders to attend and vote
at the Extraordinary General Meeting and
of the Independent ASMC H Shareholders to attend
and vote at the Independent ASMC H Shareholders
Class Meeting Wednesday, 12 December 2018 to
Friday, 11 January 2019

Latest time for receiving reply slips for the Extraordinary
General Meeting and the Independent
ASMC H Shareholders Class Meeting Saturday, 22 December 2018

Latest time for lodging forms of proxy in respect of
the Extraordinary General Meeting 9:00 a.m. on Thursday,
10 January 2019

Latest time for lodging forms of proxy in respect of
the Independent ASMC H Shareholders Class Meeting 10:00 a.m. on Thursday,
10 January 2019

Record date for ASMC Shareholders for the Extraordinary
General Meeting and the Independent
ASMC H Shareholders Class Meeting Friday, 11 January 2019

Trading halt of ASMC H Shares 9:00 a.m. on Friday, 11 January 2019

Extraordinary General Meeting 9:00 a.m. on Friday, 11 January 2019

Independent ASMC H Shareholders Class Meeting 10:00 a.m. on Friday, 11 January 2019

Announcement of the results of the Extraordinary General Meeting
and the Independent ASMC H Shareholders Class Meeting by 7:00 p.m. Friday,
11 January 2019

Expected date for all Conditions to effect the Merger Agreement
to be satisfied (or waived, if applicable) Friday, 11 January 2019

EXPECTED TIMETABLE

Announcement that all the Conditions to effect the Merger Agreement are satisfied, including the expected date of withdrawal of the ASMC Listing, and details regarding the Record Time and closure of the Registers	Friday, 11 January 2019
Re-opening of Registers	Monday, 14 January 2019
Resumption of trading in ASMC H Shares	9:00 a.m. on Monday, 14 January 2019
Each of ASMC and GTA notifies its creditors and makes a public announcement of the Proposal pursuant to the PRC Company Law	Monday, 14 January 2019
Last day for dealings in ASMC H Shares	Thursday, 17 January 2019
Latest time for lodging transfers of ASMC H Shares in order to qualify for the Cancellation Price/Record Time	4:30 p.m. on Tuesday, 22 January 2019
Closure of the Registers (until ASMC's de-registration occurs)	from Wednesday, 23 January 2019 onwards
Expected date and time of withdrawal of ASMC Listing	9:00 a.m. Friday, 25 January 2019
Announcement that all the Conditions to the implementation of the Merger are satisfied (or waived, as applicable)	Friday, 25 January 2019
Cheques for payment of the Cancellation Price to be despatched on or before	within seven Business Days after fulfillment (or waiver, if applicable) of all the Conditions
End of the period during which creditors may request ASMC and GTA to pay off their respective indebtedness or provide guarantees	Thursday, 28 February 2019

ASMC Shareholders should note that this expected timetable is subject to change. In addition, all the Conditions to effect the Merger Agreement have to be fulfilled on or before 29 July 2019 or such later date as mutually agreed between ASMC and GTA, and Conditions to the implementation of the Merger have to be fulfilled (or otherwise waived, as applicable) on or before 31 December 2019 or such later date as mutually agreed between ASMC and GTA. Otherwise, the Merger will lapse. Further announcements will be made in the event that there are any changes.

DEFINITIONS

In this Composite Document, the following expressions have the meanings set out below, unless the context requires otherwise.

“acting in concert”	has the meaning given to it under the Takeovers Code
“Anglo Chinese” or “Independent Financial Adviser”	Anglo Chinese Corporate Finance, Limited, a corporation licensed to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, the independent financial adviser appointed by ASMC with the approval of the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code for the purpose of advising the Independent Board Committee in connection with the Proposal
“Announcement”	the joint announcement dated 30 October 2018 issued jointly by ASMC and GTA relating to the Proposal
“ASMC”	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 PRC with limited liability, the H shares of which are listed on the Stock Exchange
“ASMC Articles”	the articles of association of ASMC
“ASMC Board”	the board of ASMC Directors
“ASMC Director(s)”	director(s) of ASMC
“ASMC Domestic Share(s)”	domestic shares of RMB1 each in the issued share capital of ASMC
“ASMC H Share(s)”	H share(s) of RMB1 each in the issued share capital of ASMC which are listed on the Stock Exchange
“ASMC H Shareholder(s)”	registered holder(s) of ASMC H Shares
“ASMC Listing”	the listing of ASMC H Shares on the Stock Exchange
“ASMC Meetings”	the Extraordinary General Meeting and the Independent ASMC H Shareholders Class Meeting
“ASMC Share(s)”	ASMC Domestic Share(s), ASMC H Share(s) and ASMC Unlisted Foreign Share(s)
“ASMC Shareholder(s)”	the holder(s) of the ASMC Shares

DEFINITIONS

“ASMC Unlisted Foreign Share(s)”	unlisted foreign share(s) of RMB1 each in the issued share capital of ASMC
“associate(s)”	has the meaning given to it under the Takeovers Code
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“Cancellation Price”	the cancellation price of HK\$1.50 per ASMC H Share and per ASMC Unlisted Foreign Shares or RMB1.33 per ASMC Domestic Share (equivalent of the Cancellation Price of each ASMC H Share and each ASMC Unlisted Foreign Share based on the Exchange Rate) payable in cash by GTA to the ASMC Shareholders whose names appear on the Registers at the Record Time (other than the Dissenting ASMC Shareholders). GTA will not increase the amount of the Cancellation Price as set out above. Following the making of this statement, GTA does not reserve the right to increase the amount of the Cancellation Price
“CEC”	China Electronics Corporation, a state-owned enterprise established in 1989 under the PRC laws with approval from the PRC State Council
“Cheque Issue Date”	the date when the cheques for payment of the Cancellation Price being issued to the ASMC Shareholders (that is, within seven Business Days after the fulfilment (or waiver, if applicable) of all Conditions)
“CICC”	China International Capital Corporation Hong Kong Securities Limited, the financial adviser of GTA in connection with the Proposal, which is a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities
“Composite Document”	this composite document jointly issued by GTA and ASMC in connection with the Proposal in accordance with the Takeovers Code and approved by the Executive
“concert parties”	in respect of a person, persons acting in concert with such a person

DEFINITIONS

“Conditions”	the conditions (being the Conditions to effect the Merger Agreement and the Conditions to the implementation of the Merger) to which the Proposal is subject to and “Condition” means any of them
“controlling shareholder”	has the meaning given to it under the Listing Rules
“Delisting Date”	the date on which the ASMC Listing on the Stock Exchange has been withdrawn, in any case no later than 31 December 2019
“Disclosure Period”	the period beginning six months prior to the date of the Announcement and ending with the Latest Practicable Date, both dates inclusive
“Dissenting ASMC Shareholder”	ASMC Shareholder who has cast effective dissenting votes in respect of each of the resolutions regarding the Merger at the ASMC Meetings
“Exchange Rate”	the exchange rate of HK\$1 to RMB0.88705, which is the central parity rate of RMB to Hong Kong dollar as at 30 October 2018 announced by the People’s Bank of China
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“Extraordinary General Meeting”	the extraordinary general meeting of ASMC proposed to be convened and held in respect of the approval of the Proposal
“GTA”	GTA Semiconductor Co., Ltd. (上海積塔半導體有限公司), a company established in the PRC with limited liability on 15 November 2017
“GTA Director”	Mr. Dong Haoran, executive director of GTA, being the sole executive director of GTA
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huada”	Huada Semiconductor Co., Ltd.* (華大半導體有限公司), a company established in the PRC with limited liability on 8 May 2014

DEFINITIONS

“Independent ASMC H Shareholders”	in respect of the Proposal, ASMC H Shareholders, other than (i) parties who have interests in the Merger and their respective concert parties (including Huada and Shanghai Belling); and (ii) GTA and its concert parties (including Huada and Shanghai Belling)
“Independent ASMC H Shareholders Class Meeting”	the class meeting of the Independent ASMC H Shareholders proposed to be convened and held in respect of the approval of the Proposal
“Independent Board Committee”	an independent board committee of the ASMC Board established to advise Independent ASMC H Shareholders in relation to the Proposal
“Latest Practicable Date”	23 November 2018, being the latest practicable date prior to the issue of this Composite Document for the purpose of ascertaining certain information contained in this Composite Document
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
“Merger”	the proposed merger by absorption of ASMC by GTA
“Merger Agreement”	the merger agreement entered into between GTA and ASMC on 30 October 2018 in relation to the Merger
“NAV”	the unaudited net asset value of ASMC
“NDRC”	National Development and Reform Commission of the PRC
“Overseas ASMC Shareholders”	ASMC Shareholders who are not residents in Hong Kong
“PRC”	the People’s Republic of China, excluding for the purposes of this Composite Document, Hong Kong, Macau and Taiwan
“PRC Company Law”	the Company Law of the PRC, as amended, supplemented or otherwise modified from time to time
“PRC Laws”	any and all laws, regulations, statutes, rules, decrees, notices, and supreme court’s judicial interpretations as may be in force and publicly available in the PRC from time to time

DEFINITIONS

“Proposal”	the proposal for the privatisation of ASMC by GTA by way of merger by absorption pursuant to Article 172 of the PRC Company Law
“Record Time”	the record time for determination of the entitlement of the ASMC H Shareholders to receive the Cancellation Price, which time is expected to be 4:30 p.m. on Tuesday, 22 January 2019 as set out in the section headed “Expected Timetable”
“Registers”	the registers of members of ASMC
“Registrar”	Computershare Hong Kong Investor Services Limited, the H Share registrar of ASMC
“RMB”	Renminbi, the lawful currency of the PRC
“SAMR”	State Administration for Market Regulation of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as revised, supplemented or otherwise modified from time to time)
“Shanghai Belling”	Shanghai Belling Co., Limited* (上海貝嶺股份有限公司), a joint stock company incorporated in the PRC with limited liability, which is approximately 25.47% owned by Huada as at the date of this Composite Document
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs published by the SFC (as revised, supplemented or otherwise modified from time to time)
“%”	per cent.

* For identification purpose only

LETTER FROM THE GTA DIRECTOR

GTA SEMICONDUCTOR CO., LTD.

上海積塔半導體有限公司

(A company established in the People's Republic of China with limited liability)

Sole executive director:

Mr. Dong Haoran

Registered office

Building C, No. 888 West No. 2 Huanhu Road,
Nanhui New City of Pudong New Area
Shanghai, the PRC

27 November 2018

To the ASMC Shareholders

Dear Sir or Madam,

**PROPOSED PRIVATISATION OF ASMC BY GTA
BY WAY OF MERGER BY ABSORPTION OF ASMC
UNDER ARTICLE 172 OF THE PRC COMPANY LAW
AT THE CANCELLATION PRICE OF HK\$1.50 PER ASMC H SHARE AND
PER ASMC UNLISTED FOREIGN SHARE OR
RMB1.33 PER ASMC DOMESTIC SHARE**

INTRODUCTION

On 30 October 2018, GTA and ASMC entered into the Merger Agreement and ASMC Directors agreed to put forward to the ASMC Shareholders the Proposal, which involves the cancellation of all ASMC Shares. Pursuant to the Merger Agreement, subject to the terms and conditions of the Merger Agreement, (i) GTA will pay the Cancellation Price (in the amount of HK\$1.50 per ASMC H Share and per ASMC Unlisted Foreign Share or RMB1.33 per ASMC Domestic Share (equivalent of the Cancellation Price of each ASMC H Share and each ASMC Unlisted Foreign Share based on the Exchange Rate)) for each ASMC H Share, ASMC Domestic Share and ASMC Unlisted Foreign Share to the holders of the ASMC H Shares, ASMC Domestic Shares and ASMC Unlisted Foreign Shares, respectively; and (ii) ASMC will be merged and absorbed by GTA in accordance with the PRC Company Law, the other applicable PRC laws and the ASMC Articles. **GTA will not increase the amount of the Cancellation Price as set out above. Following the making of this statement, GTA does not reserve the right to increase the amount of the Cancellation Price.**

The Proposal will be implemented by way of “merger by absorption” in accordance with Article 172 of the PRC Company Law. All the Conditions to effect the Merger Agreement have to be fulfilled on or before 29 July 2019 or such later date as mutually agreed between ASMC and GTA, and all the Conditions to effect the implementation of the Merger have to be fulfilled (or otherwise waived, as applicable) on or before 31 December 2019 or such later date as mutually agreed between ASMC and GTA. On the Delisting Date, the ASMC Listing will be withdrawn. Upon de-registration of ASMC, ASMC will merge into GTA and will cease to exist as a separate legal entity. As a result of the Merger, the assets and liabilities (together with the rights and obligations attached to such assets), the business and the employees of ASMC will be assumed by GTA as the surviving corporation. GTA and all of its rights, privileges, exemptions and permits will not be affected by the Merger.

LETTER FROM THE GTA DIRECTOR

GTA and its parties acting in concert with it (in respect of their holdings of ASMC H Shares) will not be eligible to vote in their capacity as ASMC H Shareholders at the Independent ASMC H Shareholders Class Meeting, as required under Rule 2.10 of the Takeovers Code.

This letter forms part of the Composite Document and sets out certain background information on GTA, explains the reasons for us to make the Proposal and our intention regarding ASMC. Further information regarding the Proposal and the Merger are included in this Composite Document. Your attention is also drawn to the letter from the Independent Board Committee, the letter from Anglo Chinese, and the sections on “Additional Information regarding the Merger” and “The Summary of the Terms and Important Information of the Merger Agreement”, all of which form part of this Composite Document.

Terms defined in the Composite Document have the same meaning when used in this letter.

SUMMARY OF THE PROPOSAL

Subject to the Conditions described in the section headed “The Summary of the Terms and Important Information of the Merger Agreement — Certain Provisions of the Merger Agreement — 4. Conditions of the Merger Agreement” on pages 73 to 74 of this Composite Document being fulfilled (or waived, as applicable), the Proposal will be implemented by way of merger by absorption in accordance with Article 172 of the PRC Company Law.

Pursuant to the Merger Agreement, subject to the terms and conditions of the Merger Agreement, GTA will pay the Cancellation Price (in the amount of HK\$1.50 per ASMC H Share and per ASMC Unlisted Foreign Share or RMB1.33 per ASMC Domestic Share (equivalent of the Cancellation Price of each ASMC H Share and each ASMC Unlisted Foreign Share based on the Exchange Rate)) for each ASMC H Share, ASMC Domestic Share and ASMC Unlisted Foreign Share to the holders of the ASMC H shares, ASMC Domestic Shares and ASMC Unlisted Foreign Shares, respectively. **GTA will not increase the amount of the Cancellation Price. Following the making of this statement, GTA does not reserve the right to increase the amount of the Cancellation Price.**

The Cancellation Price represents a premium of approximately 66.67% over the closing price of HK\$0.90 per ASMC H Share as quoted on the Stock Exchange on 25 October 2018 (being the last trading date prior to the suspension of trading of ASMC H Shares pending the issue of the Announcement). On the basis of (i) the Cancellation Price of HK\$1.50 per ASMC H Share and per ASMC Unlisted Foreign Share or RMB1.33 per ASMC Domestic Share (equivalent of the Cancellation Price of each ASMC H Share and each ASMC Unlisted Foreign Share based on the Exchange Rate); and (ii) 1,131,333,472 ASMC H Shares, 390,250,016 ASMC Domestic Shares and 12,643,512 ASMC Unlisted Foreign Shares are in issue as at the date of the Announcement, the amount of consideration required to be paid by GTA under the Proposal is an aggregate of approximately HK\$1,715.97 million for the ASMC H Shares and the ASMC Unlisted Foreign Shares and RMB519.03 million for the ASMC Domestic Shares, respectively.

Pursuant to an agreement on consideration arrangement dated 26 October 2018 entered into between Huada and GTA, Huada irrevocably and unconditionally agreed to waive GTA's obligation to pay the aggregate Cancellation Price entitled by Huada by cash. Huada and GTA confirmed that the payment of the aggregate Cancellation Price entitled by Huada will be

LETTER FROM THE GTA DIRECTOR

effected by way of accounting treatment instead of physical payment from GTA to Huada upon the implementation of the Merger. On the basis of (i) the Cancellation Price of RMB1.33 per ASMC Domestic Share (equivalent to the Cancellation Price of HK\$1.50 per ASMC H Share and per ASMC Unlisted Foreign Share based on the Exchange Rate) and (ii) 301,523,616 ASMC Domestic Shares owned by Huada, the aggregate Cancellation Price which Huada is entitled under the Merger Agreement amounted to RMB401.03 million.

The Merger is subject to the Conditions being fulfilled (or waived, as applicable). Details of the Conditions of the Merger Agreement are set out in the section headed “The Summary of the Terms and Important Information of the Merger Agreement — Certain Provisions of the Merger Agreement — 4. Conditions of the Merger Agreement” in this Composite Document.

Subject to the Conditions being fulfilled (or waived, as applicable), upon de-registration of ASMC, ASMC will be merged and absorbed by GTA in accordance with the PRC Company Law, the other applicable PRC laws and the ASMC Articles and cease to exist as a separate legal entity.

Right of any Dissenting ASMC Shareholders

According to the ASMC Articles, any ASMC Shareholder who has objected the Proposal shall have the right to demand ASMC or the ASMC Shareholders who have approved the Proposal to acquire its ASMC Shares at a “fair price” by serving a written notice by physical delivery or by mail to ASMC (for the attention of ASMC Board Secretariat at 385 Hong Cao Road, Shanghai, 200233, the PRC) or the ASMC Shareholders who have approved the Proposal within two months after the date of the ASMC Meetings which approved the Merger Agreement and the Merger. Pursuant to the Merger Agreement, if any Dissenting ASMC Shareholder elects to request ASMC or other ASMC Shareholders who have voted for the Proposal to purchase its ASMC Shares at a “fair price”, GTA shall, at the request of ASMC or such ASMC Shareholder, assume any liability which ASMC or such ASMC Shareholder who has received such a request may have towards the Dissenting ASMC Shareholder.

ASMC or the ASMC Shareholders who have voted for the Merger and have received the relevant demand from Dissenting ASMC Shareholders within two months after the date of the ASMC Meetings which approved the Merger Agreement and the Merger may at any time after receiving such demand send a notice to GTA by mail to the secretary of GTA at Room 305, Building Y1, No. 112 Liangxiu Road, Pudong New Area, Shanghai, the PRC or by facsimile to +8621 51357799. This will ensure that GTA can assume all liabilities which ASMC or such ASMC Shareholders who have received such a request may have towards the Dissenting ASMC Shareholders in a timely manner.

The provisions regarding the right of Dissenting ASMC Shareholder to demand ASMC or the ASMC Shareholders who have approved the Proposal to acquire its ASMC Shares at a “fair price” are contained only in the Articles of Association of Companies Seeking a Listing Outside the PRC Prerequisite Clauses and are not otherwise stipulated in any PRC Laws or regulations. There is no administrative guidance on the substantive as well as procedural rules as to how the “fair price” will be determined under the PRC Laws. Thus, no assurance can be given as to (i) the time required for the process to take; (ii) any favourable results to be granted to the Dissenting ASMC Shareholders; and (iii) the cost may be incurred by the Dissenting ASMC Shareholders in such process for determining the “fair price”.

LETTER FROM THE GTA DIRECTOR

The PRC legal advisor to GTA advised that pursuant to Article 188 of ASMC Articles, disputes or claims (including the determination of the “fair price”) arising from the rights and obligations set forth in the ASMC Articles, PRC Company Law and other PRC Laws among ASMC Shareholders, ASMC Directors, supervisors, general manager, or senior officers of ASMC should be resolved through arbitration at either China International Economic and Trade Arbitration Commission or the Hong Kong International Arbitration Centre. Except otherwise required by applicable laws or regulations, the applicable laws to such disputes or claims should be the laws of the PRC.

Any Dissenting ASMC Shareholder who has opposed the Proposal and has requested ASMC or other ASMC Shareholders who have approved the Proposal to acquire its ASMC Shares at a “fair price” will, after the de-registration of ASMC, continue to have such right against ASMC and/or such ASMC Shareholder, or GTA (if requested by ASMC and/or such ASMC Shareholder to assume their respective liabilities after receiving the request from the Dissenting ASMC Shareholder).

A Dissenting ASMC Shareholder is required to satisfy the following criteria when exercising its right to demand ASMC or the ASMC Shareholders who have approved the Proposal to acquire its ASMC Shares at a “fair price”:

- (1) having validly voted against the resolutions in respect of the Merger at each of the Extraordinary General Meeting and the Independent ASMC H Shareholders Class Meeting (as the case may be);
- (2) having been validly registered as a shareholder on the Registers since the record date for the Extraordinary General Meeting and the Independent ASMC H Shareholders Class Meeting in respect of which it intends to exercise its right until the date of exercising its right to demand ASMC or the ASMC Shareholders who have approved the Proposal to acquire its ASMC Shares at a “fair price”; and
- (3) in any circumstances, a Dissenting ASMC Shareholder shall exercise its right to demand ASMC or the ASMC Shareholders who have approved the Proposal to acquire its ASMC Shares at a “fair price” no later than two months after the date of the Extraordinary General Meeting and the Independent ASMC H Shareholders Class Meeting which approved the Merger Agreement and the Merger.

Any Dissenting ASMC Shareholder who holds the following ASMC Shares is not entitled to exercise its right in respect of the ASMC Shares held by them:

- (1) any ASMC Shares the holder of which has undertaken to ASMC to waive its right to demand ASMC or the ASMC Shareholders who have approved the Proposal to acquire its ASMC Shares at a “fair price”;
- (2) any ASMC Shares for which its right is not exercisable in accordance with applicable laws; or

LETTER FROM THE GTA DIRECTOR

- (3) any ASMC Shares which is subject to pledge, other third party rights or judicial moratorium and no written consent or approval been legally obtained from the pledgee, third party or judicial authority, and its right is therefore not exercisable.

For the avoidance of doubt, if the Merger does not proceed as a result of the terms in respect of the Merger under the Merger Agreement failing to become effective or the conditions for the implementation of the Merger Agreement are not fulfilled (or waived (if applicable)) in full or properly waived or the Merger Agreement is terminated, the Dissenting ASMC Shareholders (if any) shall not be entitled to exercise their right as described above.

If a Dissenting ASMC Shareholder decides to exercise his right to demand ASMC or the ASMC Shareholders who have approved the Proposal to acquire its ASMC Shares at a “fair price”, ASMC/GTA will explain to such Dissenting ASMC Shareholder the basis for determining the Cancellation Price. If such difference cannot be resolved, such dispute or claim arising from the determination of the “fair price” will be brought to relevant arbitration body, that is, China International Economic and Trade Arbitration Commission or the Hong Kong International Arbitration Centre, according to Article 188 of ASMC Articles. The “fair price” will then be determined and the related dispute and procedures will be conducted according to the award of the arbitration to be granted by China International Economic and Trade Arbitration Commission or the Hong Kong International Arbitration Centre upon the settlement of disputes or claims arising from the determination of the “fair price”.

Notification of Creditors

Under the Merger Agreement, GTA and ASMC agreed that once they have obtained internal approvals, they will notify their respective creditors by way of notifications and announcements pursuant to the PRC legal requirements. If any creditor requests repayment of the indebtedness or requests for any guarantee in relation to such indebtedness, such request will have to be made within a statutory period. Each of GTA and ASMC shall, upon request of its creditors, pay off its indebtedness or provide a satisfactory guarantee to its creditors for such indebtedness. If a creditor fails to request GTA or ASMC to repay their indebtedness within the statutory period, such indebtedness shall be borne by GTA with effect from the implementation of the Merger.

Payment of Cancellation Price

Payment of the Cancellation Price will be effected by way of cheque and implemented in full in accordance with the terms of the Proposal without regard to any lien, right of set-off, counterclaim or other analogous right which ASMC may have or claim to have against any ASMC Shareholder.

Upon fulfilment (or waiver, if applicable) of all the Conditions (being the Conditions to effect the Merger Agreement and the Conditions to the implementation of the Merger), the Merger will become unconditional. Payment of the Cancellation Price will be made to ASMC Shareholders as soon as possible and in any event no later than seven Business Days after the fulfillment (or waiver, if applicable) of all the Conditions. After payment is made to the ASMC Shareholders, the relevant rights attaching to such ASMC Shares shall be deemed as cancelled.

LETTER FROM THE GTA DIRECTOR

Share certificates for the ASMC H Shares will thereafter cease to have effect as documents or evidence of title. ASMC will apply to the applicable PRC governmental authorities for de-registration. The register of ASMC Shareholders will remain closed until ASMC is de-registered. Upon de-registration of ASMC, ASMC will be dissolved and will cease to exist as a separate legal entity.

Funding for the Proposal

On the basis of (i) the Cancellation Price of HK\$1.50 per ASMC H Share and per ASMC Unlisted Foreign Share or RMB1.33 per ASMC Domestic Share (equivalent of the Cancellation Price of each ASMC H Share and each ASMC Unlisted Foreign Share based on the Exchange Rate); and (ii) 1,131,333,472 ASMC H Shares, 390,250,016 ASMC Domestic Shares and 12,643,512 ASMC Unlisted Foreign Shares are in issue as at the date of this Composite Document, the amount of cash consideration required to be paid by GTA under the Proposal is an aggregate of approximately HK\$1,715.97 million for the ASMC H Shares and the ASMC Unlisted Foreign Shares and RMB519.03 million for the ASMC Domestic Shares, respectively. Pursuant to an agreement on consideration arrangement dated 26 October 2018 entered into between Huada and GTA, Huada irrevocably and unconditionally agreed to waive GTA's obligation to pay the aggregate Cancellation Price entitled by Huada by cash. Huada and GTA agreed to effect the payment of the aggregate Cancellation Price entitled by Huada by way of accounting treatment instead of physical payment from GTA to Huada upon the implementation of the Merger. On the basis of (i) the Cancellation Price of RMB1.33 per ASMC Domestic Share (equivalent to the Cancellation Price of HK\$1.50 per ASMC H Share and per ASMC Unlisted Foreign Share based on the Exchange Rate); and (ii) 301,523,616 ASMC Domestic Shares owned by Huada, the aggregate Cancellation Price which Huada is entitled under the Merger Agreement amounted to RMB401.03 million. GTA intends to finance the total consideration required for the Proposal (excluding the Cancellation Price in respect of the ASMC Domestic Shares owned by Huada) from a loan facility granted by Huada to GTA (or other loan facilities to be obtained by GTA) and/or by using its internal financial resources.

CICC, as the financial adviser to GTA, is satisfied that sufficient financial resources are available to GTA to cover the cash required to satisfy GTA's obligations in respect of the full implementation of the Proposal (excluding the Cancellation Price in respect of the ASMC Domestic Shares owned by Huada).

Regulatory Approval

The Merger is subject to approvals and filing procedures from the relevant PRC governmental and/or regulatory bodies such as NDRC, Shanghai Municipal Commission of Commerce and SAMR (relating to anti-trust laws in the PRC). In addition, GTA and ASMC will seek such consents, approvals, orders and other governmental authorisations necessary or advisable to implement the Merger. **Whilst GTA and ASMC believe that they will obtain the requisite regulatory approvals, there can be no assurance that these will be obtained.**

LETTER FROM THE GTA DIRECTOR

Conditions

The Merger Agreement shall become effective upon the fulfilment of the Conditions. A summary of the Conditions to effect the Merger Agreement is set out in the section headed “The Summary of the Terms and Important Information of the Merger Agreement — Certain Provisions of the Merger Agreement — 4. Conditions of the Merger Agreement — Conditions to effect the Merger Agreement” on pages 73 to 74 of this Composite Document. None of the Conditions to effect the Merger Agreement can be waived.

As at the date of this Composite Document, (i) Condition (1) of Conditions to effect the Merger Agreement, that is, the approval of the Merger Agreement and the Merger by the sole shareholder of GTA (that is, Huada); and (ii) approvals from NDRC and Shanghai Municipal Commission of Commerce as set out in Condition (4) of Conditions to effect the Merger Agreement have been obtained.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, GTA may only invoke any or all of the Conditions set out in the paragraph headed “The Summary of the Terms and Important Information of the Merger Agreement — Certain Provisions of the Merger Agreement — 4. Conditions of the Merger Agreement” or terminate the Merger Agreement in accordance with the paragraph headed “The Summary of the Terms and Important Information of the Merger Agreement — Certain Provisions of the Merger Agreement — 6. Termination of the Merger Agreement” as a basis for not proceeding with the Merger only if the circumstances which give rise to the right to invoke any such condition or termination right are of material significance to GTA in the context of the Merger.

After the Merger Agreement becomes effective, the implementation of the Merger shall be subject to the fulfilment of the Conditions to the implementation of the Merger (unless waived, as applicable). A summary of the Conditions to the implementation of the Merger is set out in the section headed “The Summary of the Terms and Important Information of the Merger Agreement — Certain Provisions of the Merger Agreement — 4. Conditions of the Merger Agreement — Conditions to the implementation of the Merger” on page 74 of this Composite Document.

ASMC Shareholders and potential investors should be aware that the Merger is subject to all the Conditions (being the Conditions to effect the Merger Agreement and the Conditions to the implementation of the Merger) being fulfilled (or waived, as applicable), and therefore the Merger may or may not be implemented. ASMC Shareholders and potential investors should exercise caution when dealing in the securities of ASMC. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

LETTER FROM THE GTA DIRECTOR

FINANCIAL EFFECTS OF THE PROPOSAL

Share Price

The Cancellation Price per ASMC H Share represents:

- (1) a premium of approximately 66.67% over the closing price of HK\$0.90 per ASMC H Share, as quoted on the Stock Exchange on 25 October 2018 (being the last trading day prior to the suspension of trading in the ASMC H Shares pending the issue of the Announcement);
- (2) a premium of approximately 85.64% over the average closing price of approximately HK\$0.81 per ASMC H Share, based on the daily closing prices as quoted on the Stock Exchange over the five consecutive trading days up to and including 25 October 2018;
- (3) a premium of approximately 97.37% over the average closing price of approximately HK\$0.76 per ASMC H Share, based on the daily closing prices as quoted on the Stock Exchange over the 10 consecutive trading days up to and including 25 October 2018;
- (4) a premium of approximately 99.29% over the average closing price of approximately HK\$0.75 per ASMC H Share, based on the daily closing prices as quoted on the Stock Exchange over the 30 consecutive trading days up to and including 25 October 2018;
- (5) a premium of approximately 93.38% over the average closing price of approximately HK\$0.78 per ASMC H Share, based on the daily closing prices as quoted on the Stock Exchange over the 60 consecutive trading days up to and including 25 October 2018;
- (6) a premium of approximately 90.19% over the average closing price of approximately HK\$0.79 per ASMC H Share, based on the daily closing prices as quoted on the Stock Exchange over the 90 consecutive trading days up to and including 25 October 2018;
- (7) a premium of approximately 90.63% over the NAV of approximately RMB0.70 (equivalent to approximately HK\$0.79) per ASMC Share as of 30 June 2018 as set out in the published interim accounts of ASMC for the six months ended 30 June 2018;
- (8) a premium of approximately 83.42% over the NAV of approximately RMB0.73 (equivalent to approximately HK\$0.82) per ASMC Share as of 30 September 2018 as set out in the published unaudited results of ASMC for the nine months ended 30 September 2018; and
- (9) a premium of approximately 7.91% over the closing price of HK\$1.39 per ASMC H Share, as quoted on the Stock Exchange as at the Latest Practicable Date.

For the purpose of this Composite Document, amounts denominated in RMB have been translated into HK\$ at an exchange rate of HK\$1: RMB0.88705 which is the central parity rate of RMB to Hong Kong dollar as at 30 October 2018 announced by the People's Bank of China.

LETTER FROM THE GTA DIRECTOR

SHAREHOLDING STRUCTURE OF ASMC

As at the Latest Practicable Date, the issued share capital of ASMC comprised 1,131,333,472 ASMC H Shares, 390,250,016 ASMC Domestic Shares and 12,643,512 ASMC Unlisted Foreign Shares and there were no outstanding options, warrants or convertible securities issued by ASMC.

As at the Latest Practicable Date, GTA did not own any ASMC Shares. Huada, which directly and beneficially owned the entire equity interest of GTA, owned 301,523,616 ASMC Domestic Shares, representing approximately 19.65% of the total issued share capital of ASMC. In addition, as at the date of this Composite Document, Huada has approximately 25.47% equity interest in Shanghai Belling and is the controlling shareholder (as defined under the Rules Governing the Listing of Stocks on Shanghai Stock Exchange) of Shanghai Belling, therefore, Huada is deemed to be interested in the 88,726,400 ASMC Domestic Shares (representing approximately 5.78% of the total issued share capital of ASMC) and 37,540,000 ASMC H Shares (representing approximately 2.45% of the total issued share capital of ASMC) which are beneficially held by Shanghai Belling. Since Huada owns 20% or more of the voting rights of Shanghai Belling, Huada and Shanghai Belling are regarded as associated companies under the Takeovers Code.

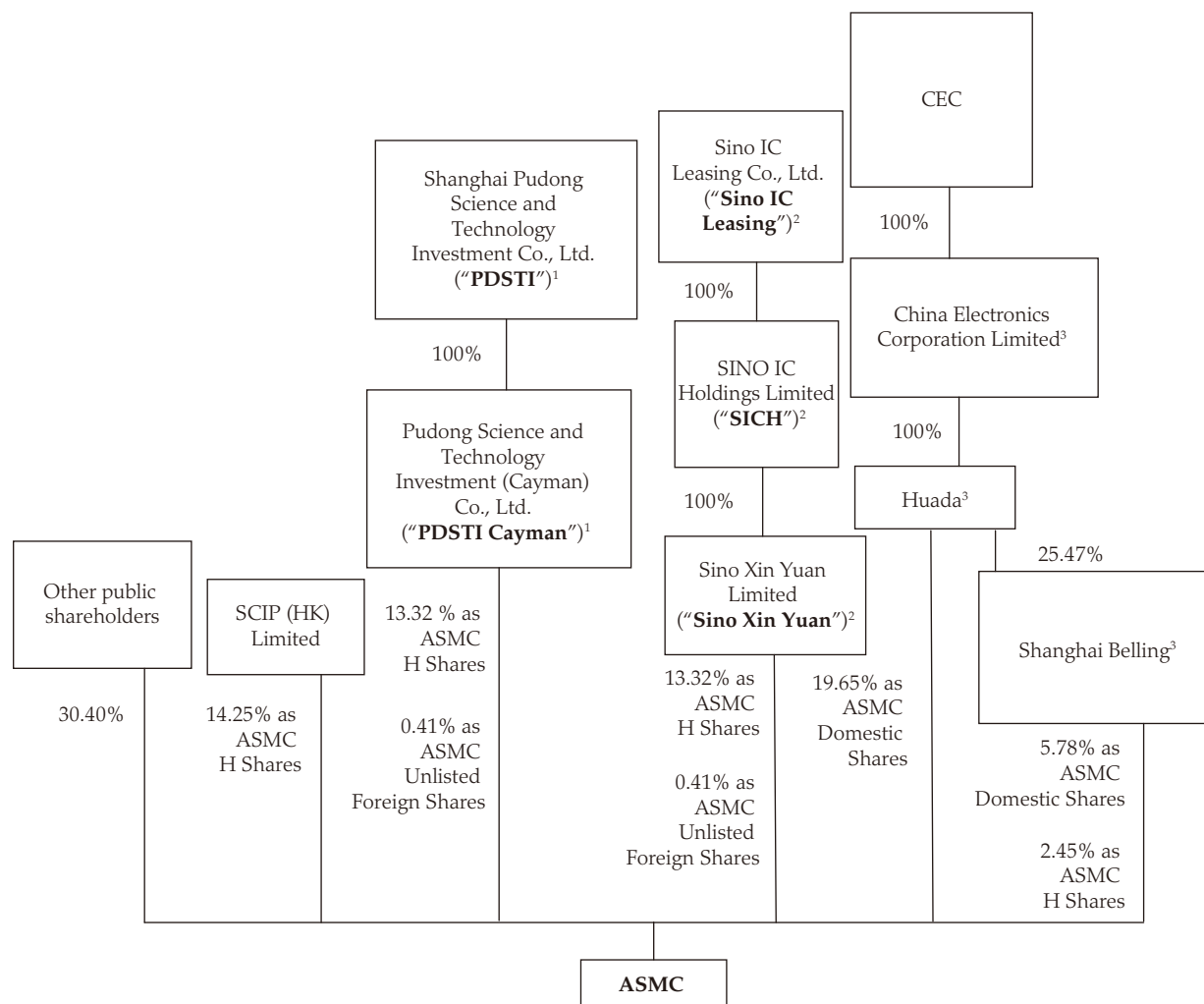
The table below sets out the shareholding structure of ASMC as at the Latest Practicable Date:

	Number of ASMC Shares	Class of ASMC Shares	Percentage of the entire issued share capital of ASMC (%)
GTA	0	—	0
Associates of GTA and parties acting in concert with them (including Huada and Shanghai Belling)	390,250,016 37,540,000	Domestic Shares H Shares	25.44 2.45
Independent ASMC H Shareholders	1,093,793,472 12,643,512	H Shares Unlisted Foreign Shares	71.29 0.82
Total number of ASMC Shares	1,534,227,000		100.00

Note: The percentage figures included in the table above have been subject to rounding adjustments.

LETTER FROM THE GTA DIRECTOR

The chart below shows the shareholding structure of ASMC as at the Latest Practicable Date:



Notes:

1. PDSTI Cayman is a wholly-owned subsidiary of PDSTI, which in turn is 51% controlled by 上海宏天元創業投資合夥企業 (limited partnership, “宏天元創業投資”). 上海宏天元投資管理有限公司 (“宏天元投資管理”) in turn holds 31.66% interests in 宏天元創業投資. 上海宏天元投資有限公司 (“宏天元投資”) in turn holds 57.14% interests in 宏天元投資管理 and 0.64% interests in 宏天元創業投資. Therefore, PDSTI, 宏天元創業投資, 宏天元投資管理 and 宏天元投資 are taken as having interests in the 204,403,444 ASMC H shares (representing approximately 13.32% of the total issued share capital) and 6,321,756 unlisted foreign shares (representing approximately 0.41% of the total issued share capital) of ASMC which are beneficially held by PDSTI Cayman.
2. Sino Xin Yuan is a wholly-owned subsidiary of SICH, and SICH is a wholly-owned subsidiary of Sino IC Leasing. National Integrated Circuit Industry Investment Fund Co., Ltd. (“**National Integrated Circuit Industry Investment Fund**”) in turn holds 32.30593% interests in Sino IC Leasing. Therefore, SICH, Sino IC Leasing and National Integrated Circuit Industry Investment Fund are taken as having interests in the 204,403,444 ASMC H shares (representing approximately 13.32% of the total issued share capital) and 6,321,756 unlisted foreign shares (representing approximately 0.41% of the total issued share capital) of ASMC which are beneficially held by Sino Xin Yuan.

LETTER FROM THE GTA DIRECTOR

3. Huada is a wholly-owned subsidiary of China Electronics Corporation Limited. Therefore, China Electronics Corporation Limited is taken as having interests in the 301,523,616 ASMC Domestic Shares which are beneficially held by Huada. In addition, as at the Latest Practicable Date, Huada has a 25.47% equity interest in Shanghai Belling, therefore, China Electronics Corporation Limited and Huada are taken as having interests in the 88,726,400 ASMC Domestic Shares (representing approximately 5.78% of the total issued share capital) and 37,540,000 ASMC H Shares (representing approximately 2.45% of the total issued share capital) of ASMC which are beneficially held by Shanghai Belling. Given Huada owns 20% or more of the voting rights of Shanghai Belling, Huada and Shanghai Belling are regarded as associated companies under the Takeovers Code.
4. The percentage figures included in the shareholding structure of ASMC above have been subject to rounding adjustments.

REASONS FOR AND BENEFITS OF THE MERGER

Your attention is drawn to the sections headed “Additional Information Regarding the Merger — 1. Reasons for and benefits of the Merger” on page 60 of this Composite Document.

INFORMATION ON GTA, HUADA AND CEC

Your attention is also drawn to the section headed “Additional Information Regarding the Merger — 3. Information on GTA, Huada and CEC” on page 61 of this Composite Document.

FUTURE INTENTIONS OF GTA

Your attention is drawn to the section headed “Additional Information Regarding the Merger — 4. Future Intentions of GTA” on pages 61 to 62 of this Composite Document.

The ASMC Board has noted the intentions of GTA in respect of ASMC and the employees of ASMC, as disclosed in the section headed “Additional Information Regarding the Merger — Future Intentions of GTA” on pages 61 to 62 of this Composite Document.

WITHDRAWAL OF LISTING OF ASMC H SHARES

Your attention is also drawn to the section headed “Additional Information Regarding the Merger — 5. Share Certificates, Dealings and Listing” on page 62 of this Composite Document.

LETTER FROM THE GTA DIRECTOR

FURTHER INFORMATION

Your attention is drawn to the section headed “Additional Information Regarding the Merger” on pages 60 to 66 of this Composite Document, and the section headed “The Summary of the Terms and Important Information of the Merger Agreement” on pages 71 to 79 of this Composite Document, as well as the other information set out in the rest of this Composite Document.

Yours faithfully,
For and on behalf of
GTA SEMICONDUCTOR CO., LTD.
上海積塔半導體有限公司
Dong Haoran
Sole Executive Director

LETTER FROM THE ASMC BOARD



asmc

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)

Executive ASMC Director

Dr. Hong Feng

Non-executive ASMC Directors

Mr. Dong Haoran

Mr. David Damian French

Mr. Kang Hui

Mr. Xu Ding

Mr. Yuan Yipei

Mr. Lu Ning

Independent non-executive ASMC Directors

Dr. Chen Enhua

Mr. Jiang Shoulei

Dr. Jiang Qingtang

Mr. Pu Hanhu

Registered office

385 Hong Cao Road

Shanghai 200233

the PRC

Principal place of business in

Hong Kong

31/F, Tower Two

Times Square

1 Matheson Street

Causeway Bay

Hong Kong

27 November 2018

To the ASMC Shareholders

Dear Sir or Madam,

**PROPOSED PRIVATISATION OF ASMC BY GTA
BY WAY OF MERGER BY ABSORPTION OF ASMC
UNDER ARTICLE 172 OF THE PRC COMPANY LAW
AT THE CANCELLATION PRICE OF HK\$1.50 PER ASMC H SHARE
AND PER ASMC UNLISTED FOREIGN SHARE OR
RMB1.33 PER ASMC DOMESTIC SHARE**

INTRODUCTION

On 30 October 2018, GTA and ASMC entered into the Merger Agreement and ASMC Directors agreed to put forward to the ASMC Shareholders the Proposal, which involves the cancellation of all ASMC Shares. Pursuant to the Merger Agreement, subject to the terms and conditions of the Merger Agreement, (i) GTA will pay the Cancellation Price (in the amount of HK\$1.50 per ASMC H Share and per ASMC Unlisted Foreign Share or RMB1.33 per ASMC Domestic Share (equivalent of the Cancellation Price of each ASMC H Share and each ASMC

LETTER FROM THE ASMC BOARD

Unlisted Foreign Share based on the Exchange Rate)) for each ASMC H Share, ASMC Domestic Share and ASMC Unlisted Foreign Share to the holders of the ASMC H shares, ASMC Domestic Shares and ASMC Unlisted Foreign Shares, respectively; and (ii) ASMC will be merged and absorbed by GTA in accordance with the PRC Company Law, the other applicable PRC laws and the ASMC Articles. **GTA will not increase the amount of the Cancellation Price as set out above. Following the making of the statement, GTA does not reserve the right to increase the amount of the Cancellation Price.**

The Proposal will be implemented by way of “merger by absorption” in accordance with Article 172 of the PRC Company Law. All the Conditions to effect the Merger Agreement have to be fulfilled on or before 29 July 2019 or such later date as mutually agreed between ASMC and GTA, and all the Conditions to effect the implementation of the Merger have to be fulfilled (or otherwise waived, as applicable) on or before 31 December 2019 or such later date as mutually agreed between ASMC and GTA. On the Delisting Date, the ASMC Listing will be withdrawn. Upon de-registration of ASMC, ASMC will merge into GTA and will cease to exist as a separate legal entity. As a result of the Merger, the assets and liabilities (together with the rights and obligations attached to such assets), the business and the employees of ASMC will be assumed by GTA as the surviving corporation. GTA and all of its rights, privileges, exemptions and permits will not be affected by the Merger.

The shareholdings of ASMC as at the Latest Practicable Date are set out below in the section of this letter headed “Shareholding Structure of ASMC”.

GTA and its parties acting in concert with it (in respect of their holdings of ASMC H Shares) will not be eligible to vote in their capacity as ASMC Shareholders at the Independent ASMC H Shareholders Class Meeting, as required under Rule 2.10 of the Takeovers Code.

GTA has appointed CICC as its financial adviser in connection with the Proposal.

The purpose of this Composite Document is to provide you with further information regarding the Proposal and the Merger and to give you notices of the ASMC Meetings (together with the forms of proxy in relation thereto). Your attention is also drawn to the letter from the Independent Board Committee, the letter from Anglo Chinese, and the sections on “Additional Information regarding the Merger” and “The Summary of the Terms and Important Information of the Merger Agreement”, all of which form part of this Composite Document.

SUMMARY OF THE PROPOSAL

Subject to the Conditions described in the section headed “The Summary of the Terms and Important Information of the Merger Agreement — Certain Provisions of the Merger Agreement — 4. Conditions of the Merger Agreement” on pages 73 to 74 of this Composite Document being fulfilled (or waived, as applicable), the Proposal will be implemented by way of merger by absorption in accordance with Article 172 of the PRC Company Law.

LETTER FROM THE ASMC BOARD

Pursuant to the Merger Agreement, subject to the terms and conditions of the Merger Agreement, GTA will pay the Cancellation Price (in the amount of HK\$1.50 per ASMC H Share and per ASMC Unlisted Foreign Share or RMB1.33 per ASMC Domestic Share (equivalent of the Cancellation Price of each ASMC H Share and each ASMC Unlisted Foreign Share based on the Exchange Rate)) for each ASMC H Share, ASMC Domestic Share and ASMC Unlisted Foreign Share to the holders of the ASMC H shares, ASMC Domestic Shares and ASMC Unlisted Foreign Shares, respectively. **GTA will not increase the amount of the Cancellation Price. Following the making of the statement, GTA does not reserve the right to increase the amount of the Cancellation Price.**

The Cancellation Price represents a premium of approximately 66.67% over the closing price of HK\$0.90 per ASMC H Share as quoted on the Stock Exchange on 25 October 2018 (being the last trading date prior to the suspension of trading of ASMC H Shares pending the issue of the Announcement). On the basis of (i) the Cancellation Price of HK\$1.50 per ASMC H Share and per ASMC Unlisted Foreign Share or RMB1.33 per ASMC Domestic Share (equivalent of the Cancellation Price of each ASMC H Share and each ASMC Unlisted Foreign Share based on the Exchange Rate); and (ii) 1,131,333,472 ASMC H Shares, 390,250,016 ASMC Domestic Shares and 12,643,512 ASMC Unlisted Foreign Shares are in issue as at the date of the Announcement, the amount of consideration required to be paid by GTA under the Proposal is an aggregate of approximately HK\$1,715.97 million for the ASMC H Shares and the ASMC Unlisted Foreign Shares and RMB519.03 million for the ASMC Domestic Shares, respectively.

Pursuant to an agreement on consideration arrangement dated 26 October 2018 entered into between Huada and GTA, Huada irrevocably and unconditionally agreed to waive GTA's obligation to pay the aggregate Cancellation Price entitled by Huada by cash. Huada and GTA confirmed that the payment of the aggregate Cancellation Price entitled by Huada will be effected by way of accounting treatment instead of physical payment from GTA to Huada upon the implementation of the Merger. On the basis of (i) the aggregate Cancellation Price of RMB1.33 per ASMC Domestic Share (equivalent to the Cancellation Price of HK\$1.50 per ASMC H Share and per ASMC Unlisted Foreign Share based on the Exchange Rate) and (ii) 301,523,616 ASMC Domestic Shares owned by Huada, the aggregate Cancellation Price which Huada is entitled under the Merger Agreement amounted to RMB401.03 million.

The Merger is subject to the Conditions being fulfilled (or waived, as applicable). Details of the Conditions of the Merger Agreement are set out in the section headed "The Summary of the terms and important information of the Merger Agreement — Certain Provisions of the Merger Agreement — 4. Conditions of the Merger Agreement" in this Composite Document.

Subject to the Conditions being fulfilled (or waived, as applicable), upon de-registration of ASMC, ASMC will be merged and absorbed by GTA in accordance with the PRC Company Law, the other applicable PRC laws and the ASMC Articles and cease to exist as a separate legal entity.

LETTER FROM THE ASMC BOARD

Right of any Dissenting ASMC Shareholders

According to the ASMC Articles, any ASMC Shareholder who has objected the Proposal shall have the right to demand ASMC or the ASMC Shareholders who have approved the Proposal to acquire its ASMC Shares at a “fair price” by serving a written notice by physical delivery or by mail to ASMC (for the attention of ASMC Board Secretariat at 385 Hong Cao Road, Shanghai, 200233, the PRC) or the ASMC Shareholders who have approved the Proposal within two months after the date of the ASMC Meetings which approved the Merger Agreement and the Merger. Pursuant to the Merger Agreement, if any Dissenting ASMC Shareholder elects to request ASMC or other ASMC Shareholders who have voted for the Proposal to purchase its ASMC Shares at a “fair price”, GTA shall, at the request of ASMC or such ASMC Shareholder, assume any liability which ASMC or such ASMC Shareholder who has received such a request may have towards the Dissenting ASMC Shareholder.

ASMC or the ASMC Shareholders who have voted for the Merger and have received the relevant demand from Dissenting ASMC Shareholders within two months after the date of the ASMC Meetings which approved the Merger Agreement and the Merger may at any time after receiving such demand send a notice to GTA by mail to secretary of GTA at Room 305, Building Y1, No. 112 Liangxiu Road, Pudong New Area, Shanghai, the PRC or by facsimile to +8621 51357799. This will ensure that GTA can assume all liabilities which ASMC or such ASMC Shareholders who have received such a request may have towards the Dissenting ASMC Shareholders in a timely manner.

The provisions regarding the right of Dissenting ASMC Shareholder to demand ASMC or the ASMC Shareholders who have approved the Proposal to acquire its ASMC Shares at a “fair price” are contained only in the Articles of Association of Companies Seeking a Listing Outside the PRC Prerequisite Clauses and are not otherwise stipulated in any PRC Laws or regulations. There is no administrative guidance on the substantive as well as procedural rules as to how the “fair price” will be determined under the PRC Laws. Thus, no assurance can be given as to (i) the time required for the process to take; (ii) any favourable results to be granted to the Dissenting ASMC Shareholders; and (iii) the cost may be incurred by the Dissenting ASMC Shareholders in such process for determining the “fair price”.

The PRC legal advisor to GTA advised that pursuant to Article 188 of ASMC Articles, disputes or claims (including the determination of the “fair price”) arise from the rights and obligations set forth in the ASMC Articles, PRC Company Law and other PRC Laws among ASMC Shareholders, ASMC Directors, supervisors, general manager, or senior officers of ASMC should be resolved through arbitration at either China International Economic and Trade Arbitration Commission or the Hong Kong International Arbitration Centre. Except otherwise required by applicable laws or regulations, the applicable laws to such disputes or claims should be the laws of the PRC.

Any Dissenting ASMC Shareholder who has opposed the Proposal and has requested ASMC or other ASMC Shareholders who have approved the Proposal to acquire its ASMC Shares at a “fair price” will, after the de-registration of ASMC, continue to have such right against ASMC and/or such ASMC Shareholder, or GTA (if requested by ASMC and/or such ASMC Shareholder to assume their respective liabilities after receiving the request from the Dissenting ASMC Shareholder).

LETTER FROM THE ASMC BOARD

A Dissenting ASMC Shareholder is required to satisfy the following criteria when exercising its right to demand ASMC or the ASMC Shareholders who have approved the Proposal to acquire its ASMC Shares at a “fair price”:

- (1) having validly voted against the resolutions in respect of the Merger at each of the Extraordinary General Meeting and the Independent ASMC H Shareholders Class Meeting (as the case may be);
- (2) having been validly registered as a shareholder on the Registers since the record date for the Extraordinary General Meeting and the Independent ASMC H Shareholders Class Meeting in respect of which it intends to exercise its right until the date of exercising its right to demand ASMC or the ASMC Shareholders who have approved the Proposal to acquire its ASMC Shares at a “fair price”; and
- (3) in any circumstances, a Dissenting ASMC Shareholder shall exercise its right to demand ASMC or the ASMC Shareholders who have approved the Proposal to acquire its ASMC Shares at a “fair price” no later than two months after the date of the Extraordinary General Meeting and the Independent ASMC H Shareholders Class Meeting which approved the Merger Agreement and the Merger.

Any Dissenting ASMC Shareholder who holds the following ASMC Shares is not entitled to exercise its right in respect of the ASMC Shares held by them:

- (1) any ASMC Shares the holder of which has undertaken to ASMC to waive its right to demand ASMC or the ASMC Shareholders who have approved the Proposal to acquire its ASMC Shares at a “fair price”;
- (2) any ASMC Shares for which its right is not exercisable in accordance with applicable laws; or
- (3) any ASMC Shares which is subject to pledge, other third party rights or judicial moratorium and no written consent or approval been legally obtained from the pledgee, third party or judicial authority, and its right is therefore not exercisable.

For the avoidance of doubt, if the Merger does not proceed as a result of the terms in respect of the Merger under the Merger Agreement failing to become effective or the conditions for the implementation of the Merger Agreement are not fulfilled (or waived (if applicable)) in full or properly waived or the Merger Agreement is terminated, the Dissenting ASMC Shareholders (if any) shall not be entitled to exercise their right as described above.

LETTER FROM THE ASMC BOARD

If a Dissenting ASMC Shareholder decides to exercise his right to demand ASMC or the ASMC Shareholders who have approved the Proposal to acquire its ASMC Shares at a “fair price”, ASMC/GTA will explain to such Dissenting ASMC Shareholder the basis for determining the Cancellation Price. If such difference cannot be resolved, such dispute or claim arising from the determination of the “fair price” will be brought to relevant arbitration body, that is, China International Economic and Trade Arbitration Commission or the Hong Kong International Arbitration Centre, according to Article 188 of ASMC Articles. The “fair price” will then be determined and the related dispute and procedures will be conducted according to the award of the arbitration to be granted by China International Economic and Trade Arbitration Commission or the Hong Kong International Arbitration Centre upon the settlement of disputes or claims arising from the determination of the “fair price”.

Notification of Creditors

Under the Merger Agreement, GTA and ASMC agreed that once they have obtained internal approvals, they will notify their respective creditors by way of notifications and announcements pursuant to the PRC legal requirements. If any creditor requests repayment of the indebtedness or requests for any guarantee in relation to such indebtedness, such request will have to be made within a statutory period. Each of GTA and ASMC shall, upon request of its creditors, pay off its indebtedness or provide a satisfactory guarantee to its creditors for such indebtedness. If a creditor fails to request GTA or ASMC to repay their indebtedness within the statutory period, such indebtedness shall be borne by GTA with effect from the implementation of the Merger.

Payment of Cancellation Price

Payment of the Cancellation Price will be effected by way of cheque and implemented in full in accordance with the terms of the Proposal without regard to any lien, right of set-off, counterclaim or other analogous right which ASMC may have or claim to have against any ASMC Shareholder.

Upon fulfilment (or waiver, if applicable) of all the Conditions (being the Conditions to effect the Merger Agreement and the Conditions to the implementation of the Merger), the Merger will become unconditional. Payment of the Cancellation Price will be made to ASMC Shareholders as soon as possible and in any event no later than seven Business Days after the fulfilment (or waiver, if applicable) of all the Conditions. After payment is made to the ASMC Shareholders, the relevant rights attaching to such ASMC Shares shall be deemed as cancelled. Share certificates for the ASMC H Shares will thereafter cease to have effect as documents or evidence of title. ASMC will apply to the applicable PRC governmental authorities for de-registration. The register of ASMC Shareholders will remain closed until ASMC is de-registered. Upon de-registration of ASMC, ASMC will be dissolved and will cease to exist as a separate legal entity.

LETTER FROM THE ASMC BOARD

Funding for the Proposal

On the basis of (i) the Cancellation Price of HK\$1.50 per ASMC H Share and per ASMC Unlisted Foreign Share or RMB1.33 per ASMC Domestic Share (equivalent of the Cancellation Price of each ASMC H Share and each ASMC Unlisted Foreign Share based on the Exchange Rate); and (ii) 1,131,333,472 ASMC H Shares, 390,250,016 ASMC Domestic Shares and 12,643,512 ASMC Unlisted Foreign Shares are in issue as at the date of this Composite Document, the amount of cash consideration required to be paid by GTA under the Proposal is an aggregate of approximately HK\$1,715.97 million for the ASMC H Shares and the ASMC Unlisted Foreign Shares and RMB519.03 million for the ASMC Domestic Shares, respectively. Pursuant to an agreement on consideration arrangement dated 26 October 2018 entered into between Huada and GTA, Huada irrevocably and unconditionally agreed to waive GTA's obligation to pay the aggregate Cancellation Price entitled by Huada by cash. Huada and GTA agreed to effect the payment of the aggregate Cancellation Price entitled by Huada by way of accounting treatment instead of physical payment from GTA to Huada upon the implementation of the Merger. On the basis of (i) the Cancellation Price of RMB1.33 per ASMC Domestic Share (equivalent to the Cancellation Price of HK\$1.50 per ASMC H Share and per ASMC Unlisted Foreign Share based on the Exchange Rate); and (ii) 301,523,616 ASMC Domestic Shares owned by Huada, the aggregate Cancellation Price which Huada is entitled under the Merger Agreement amounted to RMB401.03 million. GTA intends to finance the total consideration required for the Proposal (excluding the Cancellation Price in respect of the ASMC Domestic Shares owned by Huada) from a loan facility granted by Huada to GTA (or other loan facilities to be obtained by GTA) and/or by using its internal financial resources.

CICC, as the financial adviser to GTA, is satisfied that sufficient financial resources are available to GTA to cover the cash required to satisfy GTA's obligations in respect of the full implementation of the Proposal (excluding the Cancellation Price in respect of the ASMC Domestic Shares owned by Huada).

Regulatory Approval

The Merger is subject to approvals and filing procedures from the relevant PRC governmental and/or regulatory bodies such as NDRC, Shanghai Municipal Commission of Commerce and SAMR (relating to anti-trust laws in the PRC). In addition, GTA and ASMC will seek such consents, approvals, orders and other governmental authorisations necessary or advisable to implement the Merger. **Whilst GTA and ASMC believe that they will obtain the requisite regulatory approvals, there can be no assurance that these will be obtained.**

LETTER FROM THE ASMC BOARD

Conditions

The Merger Agreement shall become effective upon the fulfilment of the Conditions. A summary of the Conditions to effect the Merger Agreement is set out in the section headed “The Summary of the Terms and Important Information of the Merger Agreement — Certain Provisions of the Merger Agreement — 4. Conditions of the Merger Agreement — Conditions to effect the Merger Agreement” on page 73 of this Composite Document. None of the Conditions to effect the Merger Agreement can be waived.

As at the date of this Composite Document, (i) Condition (1) of Conditions to effect the Merger Agreement, that is, the approval of the Merger Agreement and the Merger by the sole shareholder of GTA (that is, Huada); and (ii) approvals from NDRC and Shanghai Municipal Commission of Commerce as set out in Condition (4) of Conditions to effect the Merger Agreement have been obtained.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, GTA may only invoke any or all of the Conditions set out in the paragraph headed “The Summary of the Terms and Important Information of the Merger Agreement — Certain Provisions of the Merger Agreement — 4. Conditions of the Merger Agreement” or terminate the Merger Agreement in accordance with the paragraph headed “The Summary of the Terms and Important Information of the Merger Agreement — Certain Provisions of the Merger Agreement — 6. Termination of the Merger Agreement” as a basis for not proceeding with the Merger only if the circumstances which give rise to the right to invoke any such condition or termination right are of material significance to GTA in the context of the Merger.

After the Merger Agreement becomes effective, the implementation of the Merger shall be subject to the fulfilment of the Conditions to the implementation of the Merger (unless waived, as applicable). A summary of the Conditions to the implementation of the Merger is set out in the section headed “The Summary of the Terms and Important Information of the Merger Agreement — Certain Provisions of the Merger Agreement — 4. Conditions of the Merger Agreement — Conditions to the implementation of the Merger” on page 74 of this Composite Document.

ASMC Shareholders and potential investors should be aware that the Merger is subject to all the Conditions (being the Conditions to effect the Merger Agreement and the Conditions to the implementation of the Merger) being fulfilled (or waived, as applicable), and therefore the Merger may or may not be implemented. ASMC Shareholders and potential investors should exercise caution when dealing in the securities of ASMC. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

LETTER FROM THE ASMC BOARD

FINANCIAL EFFECTS OF THE PROPOSAL

Share Price

The Cancellation Price per ASMC H Share represents:

- (1) a premium of approximately 66.67% over the closing price of HK\$0.90 per ASMC H Share, as quoted on the Stock Exchange on 25 October 2018 (being the last trading day prior to the suspension of trading in the ASMC H Shares pending the issue of the Announcement);
- (2) a premium of approximately 85.64% over the average closing price of approximately HK\$0.81 per ASMC H Share, based on the daily closing prices as quoted on the Stock Exchange over the five consecutive trading days up to and including 25 October 2018;
- (3) a premium of approximately 97.37% over the average closing price of approximately HK\$0.76 per ASMC H Share, based on the daily closing prices as quoted on the Stock Exchange over the 10 consecutive trading days up to and including 25 October 2018;
- (4) a premium of approximately 99.29% over the average closing price of approximately HK\$0.75 per ASMC H Share, based on the daily closing prices as quoted on the Stock Exchange over the 30 consecutive trading days up to and including 25 October 2018;
- (5) a premium of approximately 93.38% over the average closing price of approximately HK\$0.78 per ASMC H Share, based on the daily closing prices as quoted on the Stock Exchange over the 60 consecutive trading days up to and including 25 October 2018;
- (6) a premium of approximately 90.19% over the average closing price of approximately HK\$0.79 per ASMC H Share, based on the daily closing prices as quoted on the Stock Exchange over the 90 consecutive trading days up to and including 25 October 2018;
- (7) a premium of approximately 90.63% over the NAV of approximately RMB0.70 (equivalent to approximately HK\$0.79) per ASMC Share as of 30 June 2018 as set out in the published interim accounts of ASMC for the six months ended 30 June 2018;
- (8) a premium of approximately 83.42% over the NAV of approximately RMB0.73 (equivalent to approximately HK\$0.82) per ASMC Share as of 30 September 2018 as set out in the published unaudited results of the Company for the nine months ended 30 September 2018; and
- (9) a premium of approximately 7.91% over the closing price of HK\$1.39 per ASMC H Share, as quoted on the Stock Exchange as at the Latest Practicable Date.

For the purpose of this Composite Document, amounts denominated in RMB have been translated into HK\$ at an exchange rate of HK\$1: RMB0.88705 which is the central parity rate of RMB to Hong Kong dollar as at 30 October 2018 announced by the People's Bank of China.

Earnings

According to ASMC's audited financial statements, the total comprehensive income attributable to ASMC Shareholders for the years ended 31 December 2016 and 2017 was RMB32.41 million and RMB56.97 million, respectively, representing earnings per ASMC Share of approximately RMB2.11 cents and RMB3.71 cents, respectively.

LETTER FROM THE ASMC BOARD

According to ASMC's unaudited interim report, the total comprehensive income attributable to ASMC Shareholders for the six months ended 30 June 2017 and 2018 was RMB30.12 million and RMB36.21 million, respectively, representing earnings per ASMC Share of approximately RMB1.96 cents and RMB2.36 cents, respectively.

SHAREHOLDING STRUCTURE OF ASMC

As at the Latest Practicable Date, the issued share capital of ASMC comprised 1,131,333,472 ASMC H Shares, 390,250,016 ASMC Domestic Shares and 12,643,512 ASMC Unlisted Foreign Shares and there were no outstanding options, warrants or convertible securities issued by ASMC.

As at the Latest Practicable Date, GTA did not own any ASMC Shares. Huada, which directly and beneficially owned the entire equity interest of GTA, owned 301,523,616 ASMC Domestic Shares, representing approximately 19.65% of the total issued share capital of ASMC. In addition, as at the date of this Composite Document, Huada has approximately 25.47% equity interest in Shanghai Belling and is the controlling shareholder (as defined under the Rules Governing the Listing of Stocks on Shanghai Stock Exchange) of Shanghai Belling, therefore, Huada is deemed to be interested in the 88,726,400 ASMC Domestic Shares (representing approximately 5.78% of the total issued share capital of ASMC) and 37,540,000 ASMC H Shares (representing approximately 2.45% of the total issued share capital of ASMC) which are beneficially held by Shanghai Belling. Since Huada owns 20% or more of the voting rights of Shanghai Belling, Huada and Shanghai Belling are regarded as associated companies under the Takeovers Code.

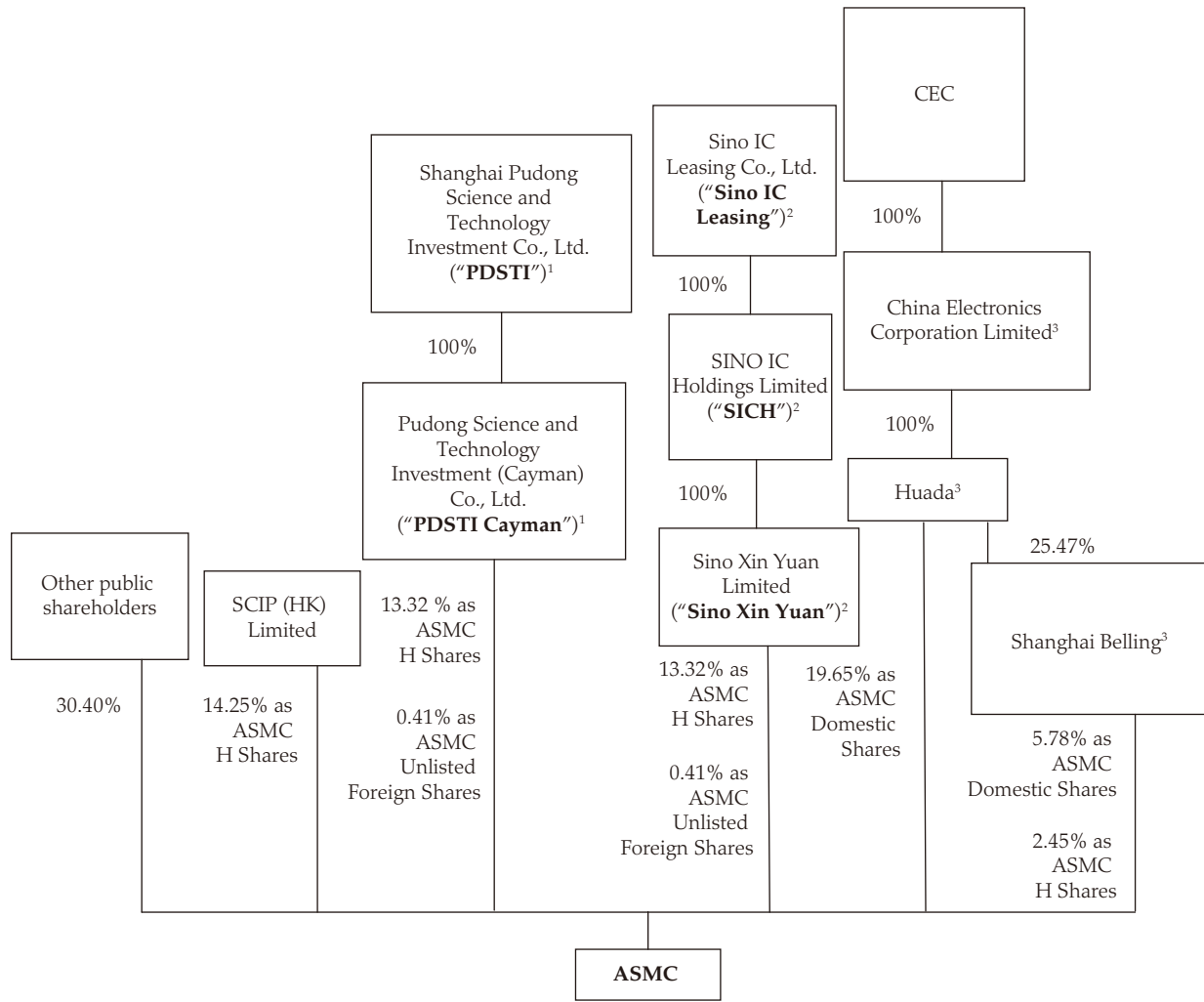
The table below sets out the shareholding structure of ASMC as at the Latest Practicable Date:

	Number of ASMC Shares	Class of ASMC Shares	Percentage of the entire issued share capital of ASMC (%)
GTA	0	—	0
Total number of ASMC Shares held by GTA, associates of GTA and parties acting in concert with them	390,250,016 37,540,000	Domestic Shares H Shares	25.44 2.45
Independent ASMC H Shareholders	1,093,793,472 12,643,512	H Shares Unlisted Foreign Shares	71.29 0.82
Total number of ASMC Shares	1,534,227,000		100.00

Note: The percentage figures included in the table above have been subject to rounding adjustments.

LETTER FROM THE ASMC BOARD

The chart below shows the shareholding structure of ASMC as at the Latest Practicable Date:



Notes:

1. PDSTI Cayman is a wholly-owned subsidiary of PDSTI, which in turn is 51% controlled by 上海宏天元創業投資合夥企業 (limited partnership, “宏天元創業投資”). 上海宏天元投資管理有限公司 (“宏天元投資管理”) in turn holds 31.66% interests in 宏天元創業投資. 上海宏天元投資有限公司 (“宏天元投資”) in turn holds 57.14% interests in 宏天元投資管理 and 0.64% interests in 宏天元創業投資. Therefore, PDSTI, 宏天元創業投資, 宏天元投資管理 and 宏天元投資 are taken as having interests in the 204,403,444 ASMC H shares (representing approximately 13.32% of the total issued share capital) and 6,321,756 unlisted foreign shares (representing approximately 0.41% of the total issued share capital) of ASMC which are beneficially held by PDSTI Cayman.
2. Sino Xin Yuan is a wholly-owned subsidiary of SICH, and SICH is a wholly-owned subsidiary of Sino IC Leasing. National Integrated Circuit Industry Investment Fund Co., Ltd. (“**National Integrated Circuit Industry Investment Fund**”) in turn holds 32.30593% interests in Sino IC Leasing. Therefore, SICH, Sino IC Leasing and National Integrated Circuit Industry Investment Fund are taken as having interests in the 204,403,444 ASMC H shares (representing approximately 13.32% of the total issued share capital) and 6,321,756 unlisted foreign shares (representing approximately 0.41% of the total issued share capital) of ASMC which are beneficially held by Sino Xin Yuan.

LETTER FROM THE ASMC BOARD

3. Huada is a wholly-owned subsidiary of China Electronics Corporation Limited. Therefore, China Electronics Corporation Limited is taken as having interests in the 301,523,616 ASMC Domestic Shares which are beneficially held by Huada. In addition, as at the Latest Practicable Date, Huada has a 25.47% equity interest in Shanghai Belling, therefore, China Electronics Corporation Limited and Huada are taken as having interests in the 88,726,400 ASMC Domestic Shares (representing approximately 5.78% of the total issued share capital) and 37,540,000 ASMC H Shares (representing approximately 2.45% of the total issued share capital) of ASMC which are beneficially held by Shanghai Belling. Given Huada owns 20% or more of the voting rights of Shanghai Belling, Huada and Shanghai Belling are regarded as associated companies under the Takeovers Code.
4. The percentage figures included in the shareholding structure of ASMC above have been subject to rounding adjustments.

REASONS FOR AND BENEFITS OF THE MERGER

Your attention is drawn to the sections headed “Additional Information Regarding the Merger — 1. Reasons for and benefits of the Merger” on page 60 of this Composite Document.

INFORMATION RELATING TO ASMC

Your attention is also drawn to the section headed “Additional Information Regarding the Merger — 2. Information on ASMC” on pages 60 to 61 of this Composite Document.

FUTURE INTENTIONS OF GTA

Your attention is drawn to the section headed “Additional Information Regarding the Merger — 4. Future Intentions of GTA” on pages 61 to 62 of this Composite Document.

The ASMC Board has noted and welcomes the intentions of GTA in respect of ASMC and the employees of ASMC, as disclosed in the section headed “Additional Information Regarding the Merger — 4. Future Intentions of GTA” on pages 61 to 62 of this Composite Document.

THE INDEPENDENT BOARD COMMITTEE

The non-executive ASMC Directors who have no direct or indirect interest in the Proposal, namely, Mr. David Damian French, Mr. Kang Hui, Mr. Yuan Yipei, Dr. Chen Enhua, Mr. Jiang Shoulei, Dr. Jiang Qingtang and Mr. Pu Hanhu, have been appointed as members of the Independent Board Committee to advise the Independent ASMC H Shareholders on the Proposal. Mr. Dong Haoran, the General Manager and the Secretary of the Party Committee of Huada, the Chairman of Shanghai Belling and the Executive Director and the General Manager of GTA and Mr. Xu Ding, the Investment Director of Huada, are excluded from the Independent Board Committee due to their respective positions in Huada, Shanghai Belling and/or GTA, and Mr. Lu Ning is excluded from the Independent Board Committee due to his positions as the deputy secretary of the Party Committee and the secretary of Discipline Supervision Committee and the Chairman of the trade union of Shanghai Belling, which constitute their direct or indirect interest in the Proposal.

LETTER FROM THE ASMC BOARD

The full text of the letter from the Independent Board Committee is set out on pages 34 to 35 of this Composite Document.

INDEPENDENT FINANCIAL ADVISER

Anglo Chinese has been appointed by ASMC as the independent financial adviser to advise the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code in connection with the Proposal.

The full text of the letter from Anglo Chinese is set out on pages 36 to 59 of this Composite Document.

OVERSEAS ASMC SHAREHOLDERS

If you are an overseas holder of ASMC Shares, your attention is drawn to the section headed “Additional Information Regarding the Merger — 7. Overseas ASMC Shareholders” on page 64 of this Composite Document.

ASMC MEETINGS AND ACTIONS TO BE TAKEN BY THE INDEPENDENT ASMC H SHAREHOLDERS AND THE ASMC SHAREHOLDERS

The Extraordinary General Meeting and the Independent ASMC H Shareholders Class Meeting will be held at 9:00 a.m. and 10:00 a.m. respectively, on Friday, 11 January 2019. The notice of the Extraordinary General Meeting and the notice of the Independent ASMC H Shareholders Class Meeting are set out in Appendices V and VI to this Composite Document.

As required under the PRC Company Law and the Merger Agreement, the Merger requires the approval of not less than two-thirds of the voting rights held by the ASMC Shareholders present and voting in person or by proxy at the Extraordinary General Meeting.

Under Rule 2.10 of the Takeovers Code, which is applicable to the Proposal, the resolution of the Independent ASMC H Shareholders will only be considered to have been passed if (i) the Proposal is approved by way of poll by at least 75% of the votes attaching to the ASMC H Shares held by the Independent ASMC H Shareholders that are cast either in person or by proxy at the Independent ASMC H Shareholders Class Meeting; and (ii) the number of votes cast against the resolution to approve the Merger Agreement and the Merger at the Independent ASMC H Shareholders Class Meeting is not more than 10% of the votes attaching to all the ASMC H Shares held by the Independent ASMC H Shareholders, that is, not more than 109,379,347 ASMC H Shares, based on 1,093,793,472 ASMC H Shares issued and held by the Independent ASMC H Shareholders as at the Latest Practicable Date.

LETTER FROM THE ASMC BOARD

Accordingly, both the Extraordinary General Meeting and the Independent ASMC H Shareholders Class Meeting will be convened to consider, among other things, the Merger and the Merger Agreement. The Merger and the Merger Agreement will only proceed upon obtaining the requisite votes of shareholders in the respective ASMC Meetings as described above. GTA, and parties acting in concert with GTA, will not be entitled to vote in the Independent ASMC H Shareholders Class Meeting.

Whether or not you are able to attend the Extraordinary General Meeting or the Independent ASMC H Shareholders Class Meeting (where applicable) in person, ASMC Shareholders are strongly urged to complete and sign the enclosed form of proxy in respect of the Extraordinary General Meeting and the Independent ASMC H Shareholders are strongly urged to complete and sign the enclosed form of proxy in respect of the Independent ASMC H Shareholders Class Meeting in accordance with the instructions respectively printed thereon as soon as possible, but in any case not later than the following respective times:

- (1) in the case of the form of proxy for use at the Extraordinary General Meeting, the ASMC Shareholders are requested to deposit such form of proxy not later than 9:00 a.m. on Thursday, 10 January 2019 at the Registrar (in respect of holders of the ASMC H Shares) at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong or at the Company's Board Secretariat (in respect of holders of the ASMC Domestic Shares and ASMC Unlisted Foreign Shares) at 385 Hong Cao Road, Shanghai 200233, the People's Republic of China; and
- (2) in the case of the form of proxy for use at the Independent ASMC H Shareholders Class Meeting, the Independent ASMC H Shareholders are requested to deposit such form of proxy not later than 10:00 a.m. on Thursday, 10 January 2019 at the Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

The completion and return of a form of proxy for any of the ASMC Meetings will not preclude you from attending and voting in person at the relevant ASMC Meetings or any adjournment thereof, should you so wish. In the event that you attend and vote at any of the ASMC Meetings after having deposited the relevant form of proxy, that form of proxy will be deemed to have been revoked.

For the purpose of determining the entitlements of the ASMC Shareholders to attend and vote at the Extraordinary General Meeting and the Independent ASMC H Shareholders to attend and vote at the Independent ASMC H Shareholders Class Meeting, the Registers will be closed from Wednesday, 12 December 2018 to Friday, 11 January 2019 (both dates inclusive). During such period, no transfer of ASMC Shares will be effected.

Only holders of record of ASMC Shares on Friday, 11 January 2019 are entitled to vote at the ASMC Meetings. Each ASMC Shareholder on the Registers on Friday, 11 January 2019 is entitled to cast one vote per ASMC Share on the Proposal in the Extraordinary General Meeting. Each Independent ASMC H Shareholder on the Registers on Friday, 11 January 2019 is entitled to cast one vote per ASMC H Share on the Proposal in the Independent ASMC H Shareholders Class Meeting.

LETTER FROM THE ASMC BOARD

Further announcements will be issued giving details of the results of the ASMC Meetings and, if all the resolutions are duly passed at the ASMC Meetings, the last day for dealing in the ASMC H Shares, the Record Time and the Delisting Date.

If the Proposal lapses on or before 31 December 2019, the ASMC H Shareholders will be notified accordingly by announcement. Further announcements regarding the Proposal will be made as and when appropriate.

SHARE CERTIFICATES, DEALINGS, LISTING, REGISTRATION AND PAYMENT

Your attention is drawn to the sections headed “Additional Information Regarding the Merger — 5. Share Certificates, Dealings and Listing” and “Additional Information Regarding the Merger — 6. Registration and Payment” on pages 63 to 64 of this Composite Document.

The Dissenting ASMC Shareholders who have served the Notice to exercise their rights to demand ASMC or the ASMC Shareholders who have approved the Proposal to acquire their ASMC Shares at a “fair price” shall not represent a right to receive the Cancellation Price under the Merger Agreement. If any of such Dissenting ASMC Shareholders effectively withdraws or loses his right to demand ASMC or the ASMC Shareholders who have approved the Proposal to acquire their ASMC Shares at a “fair price”, then as of the Cheque Issue Date or the occurrence of such withdrawal or loss, whichever is later, such Dissenting ASMC Shareholder shall automatically have the right to receive the Cancellation Price as provided in the Merger Agreement.

A Dissenting ASMC Shareholder is required to satisfy certain criteria as set out in the section headed “The Summary of the Terms and Important Information of the Merger Agreement Certain Provisions of the Merger Agreement — 2. Dissenting ASMC Shares” in this Composite Document when exercising its right to demand ASMC or the ASMC Shareholders who have approved the Proposal to acquire its ASMC Shares at a “fair price”. In the circumstances to which a Dissenting ASMC Shareholder fails to satisfy any of such criteria, such Dissenting ASMC Shareholder will lose his right to demand ASMC or the ASMC Shareholders who have approved the Proposal to acquire their ASMC Shares at a “fair price”.

In addition, if a Dissenting ASMC Shareholder fails to obtain a “fair price” which is higher than the Cancellation Price in accordance with the award of the arbitration to be granted by China International Economic and Trade Arbitration Commission or the Hong Kong International Arbitration Centre upon the settlement of disputes or claims arising from the determination of the “fair price”, such Dissenting ASMC Shareholder shall automatically have the right to receive the Cancellation Price as provided in the Merger Agreement.

HONG KONG STAMP DUTY AND TAXATION

You are urged to read the section entitled “Additional Information Regarding the Merger — 10. Hong Kong Stamp Duty and Taxation” on page 66 of this Composite Document. If you are in any doubt as to the taxation implication of the Proposal and, in particular, whether the receipt of Cancellation Price would make the ASMC Shareholders liable to taxation in the PRC, Hong Kong or in other jurisdiction, you are advised to seek independent professional advice.

LETTER FROM THE ASMC BOARD

RECOMMENDATIONS

Your attention is drawn to the recommendations of the Independent Financial Adviser to the Independent Board Committee in relation to the Proposal set out in its letter on page 59 of this Composite Document and to the recommendations of the Independent Board Committee to the Independent ASMC H Shareholders in relation to the Proposal set out in their letter on page 35 of this Composite Document.

FURTHER INFORMATION

In considering what action to take in connection with the Proposal, you should consider your own tax position and, if you are in any doubt, you should consult your professional advisors.

You are also urged to read carefully the letter from the Independent Board Committee on pages 34 to 35 of this Composite Document, the letter from Anglo Chinese on pages 36 to 59 of this Composite Document, the section headed "Additional Information Regarding the Merger" on pages 60 to 66 of this Composite Document and the section headed "Summary of the Terms and Important Information of the Merger Agreement" on pages 71 to 79 of this Composite Document and all the annexes to this Composite Document. The form of proxy in respect of the Extraordinary General Meeting and form of proxy in respect of the Independent ASMC H Shareholders Class Meeting are enclosed with this Composite Document.

Yours faithfully,

For and on behalf of the board of directors of
Advanced Semiconductor Manufacturing Corporation Limited

上海先進半導體製造股份有限公司

Hong Feng

Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

27 November 2018

To the Shareholders

Dear Sir or Madam,

**(1) PROPOSED PRIVATISATION OF ASMC BY GTA
BY WAY OF MERGER BY ABSORPTION OF ASMC
UNDER ARTICLE 172 OF THE PRC COMPANY LAW
AT THE CANCELLATION PRICE OF HK\$1.50 PER ASMC H SHARE
AND PER ASMC UNLISTED FOREIGN SHARE OR
RMB1.33 PER ASMC DOMESTIC SHARE
(2) NOTICE OF THE EXTRAORDINARY GENERAL MEETING
AND
(3) NOTICE OF THE INDEPENDENT ASMC H SHAREHOLDERS
CLASS MEETING**

INTRODUCTION

We refer to the Composite Document dated 27 November 2018 jointly issued by ASMC and GTA, of which this letter forms part. Unless the context otherwise requires, terms defined in the Composite Document shall have the same meaning when used in this letter.

We have been appointed by the ASMC Board to form the Independent Board Committee to consider and to advise the Independent ASMC H Shareholders as to whether the terms of the Proposal are, or are not, fair and reasonable as to acceptance and voting.

Anglo Chinese has been appointed as the Independent Financial Adviser to advise us as to whether or not the terms of the Proposal are fair and reasonable so far as the ASMC Shareholders are concerned. Details of its advice and the principal factors taken into consideration in arriving at its recommendation are set out in the letter from Anglo Chinese on pages 40 to 59 of the Composite Document.

We also wish to draw your attention to, and advise you to read, the letter from the ASMC Board on pages 18 to 33 of the Composite Document, the letter from the GTA Director on pages 6 to 17 of the Composite Document, the letter from Anglo Chinese on pages 36 to 59 of the Composite Document and the appendices to the Composite Document.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

RECOMMENDATION

Having considered the principal factors and reasons considered by, and the advice of the Independent Financial Adviser as set out in its letter, we concur with the view of the Independent Financial Adviser and consider the terms of Proposal to be fair and reasonable so far as the ASMC Shareholders are concerned.

Accordingly, we concur with the recommendation of the Independent Financial Adviser, and would recommend the Independent ASMC H Shareholders to accept and vote in favour of the Proposal.

Notwithstanding our views and recommendation in respect of the terms of the Proposal, the ASMC Shareholders are strongly advised that their decision to realise or to hold their investment in ASMC depends on their own individual circumstances and investment objectives. If in doubt, the ASMC Shareholders should consult their own professional advisers for professional advice.

Yours faithfully
For and on behalf of

THE INDEPENDENT BOARD COMMITTEE

Mr. David Damian French
Non-Executive Director

Mr. Kang Hui
Non-Executive Director

Mr. Yuan Yipei
Non-Executive Director

Dr. Chen Enhua
Independent Non-Executive Director

Mr. Jiang Shoulei
Independent Non-Executive Director

Dr. Jiang Qingtang
Independent Non-Executive Director

Mr. Pu Hanhu
Independent Non-Executive Director

LETTER FROM ANGLO CHINESE

The following is the text of the letter from Anglo Chinese setting out its advice to the Independent Board Committee and the Independent ASMC H Shareholders, which has been prepared for the purpose of inclusion in this Composite Document.

ANGLO CHINESE
CORPORATE FINANCE, LIMITED
40th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong
www.anglochinesegroup.com

財務顧問有限公司
英高

*To the Independent Board Committee and
the Independent ASMC H Shareholders*

27 November 2018

Dear Sirs,

**PROPOSED PRIVATISATION OF ASMC BY GTA
BY WAY OF MERGER BY ABSORPTION OF ASMC
UNDER ARTICLE 172 OF THE PRC COMPANY LAW
AT THE CANCELLATION PRICE OF HK\$1.50 PER ASMC H SHARE
AND PER ASMC UNLISTED FOREIGN SHARE OR
RMB1.33 PER ASMC DOMESTIC SHARE**

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee in relation to the Proposal. Details of the Proposal are set out in the Composite Document of which this letter forms part. Expressions used in this letter shall have the same meanings as defined in the Composite Document, unless the context requires otherwise.

On 30 October 2018, the GTA Director and ASMC Directors jointly announced that on the same date, GTA and ASMC entered into the Merger Agreement and ASMC Directors agreed to put forward to the ASMC Shareholders the Proposal involving the cancellation of all ASMC Shares. If the Proposal is approved and implemented, the ASMC H Shareholders and holders of the ASMC Unlisted Foreign Share will receive HK\$1.50 in cash per ASMC H Share and per ASMC Unlisted Foreign Share respectively, and the holders of the ASMC Domestic Shares will receive RMB1.33 in cash per ASMC Domestic Share. ASMC will be merged and absorbed by GTA in accordance with the PRC Company Law, the other applicable PRC laws and the ASMC Articles, and ASMC will make an application to the Stock Exchange for voluntary withdrawal of the listing of ASMC H Shares from the Stock Exchange. As at the Latest Practicable Date, GTA and its parties acting in concert with it directly and indirectly held 27.88% of the total issued share capital of ASMC.

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The Independent Board Committee, consisting of the non-executive ASMC Directors who have no direct or indirect interest in the Proposal, being Mr. David Damian French, Mr. Kang Hui, Mr. Yuan Yipei, Dr. Chen Enhua, Mr. Jiang Shoulei, Dr. Jiang Qingtang and Mr. Pu Hanhu, has been established to advise the Independent ASMC H Shareholders as to whether the terms of the Proposal are fair and reasonable and as to whether they should accept and vote in favour of the resolutions in respect of the Proposal. Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee has approved the appointment of Anglo Chinese as the Independent Financial Adviser to the Independent Board Committee in this regard.

Anglo Chinese is not associated or connected with GTA, Huada, CEC, ASMC, their respective controlling shareholders or any party acting, or presumed to be acting, in concert with any of them and, accordingly, is considered eligible to give independent advice on the Proposal. Besides normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from GTA, Huada, CEC, ASMC, their respective controlling shareholders or any party acting, or presumed to be acting, in concert with any of them.

In formulating our opinion and recommendations, we have reviewed all the information we regard as relevant and sufficient supplied to us by ASMC and the opinions expressed by, and representations of the GTA Director and ASMC Directors, including those set out in the Composite Document. We have relied on the accuracy of the information, facts, representations and opinions expressed by ASMC and the GTA Director and ASMC Directors, referred to in the Composite Document. We have assumed that the information, representations and opinions were true at the time they were made and continue to be true at the date of the Composite Document and will continue to be true up to the time the Independent ASMC H Shareholders vote on the resolutions to approve the Proposal. We consider that we have reviewed sufficient information to reach the conclusions set out in this letter and have no reason to believe any of the information provided to us by ASMC is inaccurate or that any material information has been omitted or withheld from the information supplied or the opinions expressed in the Composite Document. We have also assumed that all statements of belief, opinion and intention of the GTA Director and ASMC Directors as set out in the Announcement and the Composite Document were reasonably made after due and careful inquiry. We have sought and received confirmation from the ASMC Directors that no material facts have been omitted from the information provided and opinions expressed by them. ASMC will notify the ASMC H Shareholders of any material changes during the offer period (as defined under the Takeovers Code) as soon as possible in accordance with Rule 9.1 of the Takeovers Code. Independent ASMC H Shareholders will also be notified of any material changes to such information provided and our opinion as soon as practicable throughout the offer period (as defined under the Takeovers Code). We have not, however, carried out any independent verification on the information provided to us by ASMC, nor have we conducted any form of independent in-depth investigation into the business and affairs or prospects of the ASMC Group or its associates

We have also not considered the tax, regulatory and other legal implications on the ASMC H Shareholders in respect of the Proposal, since these depend on their individual circumstances. In particular, the ASMC H Shareholders who are overseas residents or subject to overseas taxation or Hong Kong taxation on securities dealings should consider their own tax position and, if in any doubt, should consult their own professional advisers.

PRINCIPAL TERMS OF THE PROPOSAL

Details of the terms of the Proposal are set out in the section headed “The Summary of the Terms and Important Information of the Merger Agreement” of this Composite Document. The relevant extracts are reproduced below for your reference.

The Merger

The Proposal will be implemented by the Merger in accordance with Article 172 of the PRC Company law, and if approved and implemented, the Proposal will result in ASMC being privatised and the ASMC H Shares being withdrawn from listing on the Stock Exchange. If effected, under the Merger Agreement (i) GTA will pay the Cancellation Price (in the amount of HK\$1.50 per ASMC H Share and per ASMC Unlisted Foreign Share or RMB1.33 per ASMC Domestic Share (equivalent to the Cancellation Price of each ASMC H Share and each ASMC Unlisted Foreign Share based on the Exchange Rate)) for each ASMC H Share, ASMC Domestic Share and ASMC Unlisted Foreign Share to the holders of the ASMC H Shares, ASMC Domestic Shares and ASMC Unlisted Foreign Shares, respectively; and (ii) ASMC will be merged and absorbed by GTA in accordance with the PRC Company Law, the other applicable PRC laws and the ASMC Articles.

Pursuant to an agreement on consideration arrangement dated 26 October 2018 entered into between Huada and GTA, Huada irrevocably and unconditionally agreed to waive GTA's obligation to pay the Cancellation Price by cash. Huada and GTA confirmed that the payment of the Cancellation Price entitled by Huada will be effected by way of accounting treatment instead of physical payment from GTA to Huada upon the implementation of the Merger.

The Merger Agreement will become effective and binding on the ASMC Shareholders, subject to the fulfilment of all the below conditions on or before 29 July 2019 (or such other date as ASMC and GTA may mutually agree):

- (1) the approval of the Merger Agreement and the Merger by the sole shareholder of GTA (that is, Huada);
- (2) the approval of the Merger Agreement and the Merger by not less than two-thirds of the ASMC Shareholders present and voting in person or by proxy at the Extraordinary General Meeting;
- (3) the approval of the Merger Agreement and the Merger by way of poll by at least 75% of the votes attaching to the ASMC H Shares held by the Independent ASMC H Shareholders that are cast either in person or by proxy at the Independent ASMC H Shareholders Class Meeting and the number of votes cast against the resolutions to approve the Merger Agreement and the Merger at the Independent ASMC H Shareholders Class Meeting is not more than 10% of the votes attaching to all the ASMC H Shares held by the Independent ASMC H Shareholders; and
- (4) all necessary approvals from all relevant governmental bodies or regulatory bodies in the PRC and Hong Kong (if applicable) in respect of the Merger under the Merger Agreement have been obtained.

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None of the above conditions to effect the Merger Agreement can be waived. As at the date of the Latest Practicable Date, (i) condition (1) above has been fulfilled; and (ii) approvals from NDRC and Shanghai Municipal Commission of Commerce as set out in condition (4) above have been obtained.

After the Merger Agreement becomes effective, the implementation of the Merger shall be subject to the fulfillment or waiver (as applicable) of the below conditions on or before 31 December 2019 (or such other date as ASMC and GTA may mutually agree), failing which the Merger will lapse:

- (1) the representations and warranties made by GTA shall not contain mistakes or omissions which will have a material adverse effect to the Merger on the Delisting Date, and the undertakings given by GTA in the Merger Agreement shall have been complied with in all material respects and, to the extent that there is failure to comply, such non-compliance does not cause a material impact on the Merger (ASMC is entitled to waive this condition);
- (2) the representations and warranties made by ASMC shall not contain mistakes or omissions which will have a material adverse effect to the Merger on the Delisting Date, and the undertakings given by ASMC in the Merger Agreement shall have been complied with in all material respects and, to the extent that there is failure to comply, such non-compliance does not cause a material impact on the Merger (GTA is entitled to waive this condition); and
- (3) no law, statute, rule or regulation shall have been enacted or promulgated by any governmental authority restricting, prohibiting or cancelling the implementation of the Merger; and there shall be no judgment, order or injunction of a court in effect restricting, prohibiting or cancelling the implementation of the Merger on the Delisting Date (this condition cannot be waived).

GTA has declared that it will not, and does not reserve the right to, increase the amount of the Cancellation Price, and therefore the cancellation price of HK\$1.50 represents the final price for each ASMC H Share.

ASMC Shareholders are reminded that, according to the ASMC Articles, any ASMC Shareholder who has objected the Proposal shall have the right to demand ASMC or the ASMC Shareholders who have approved the Proposal to acquire its ASMC Shares at a "fair price" by serving a written notice to ASMC or the ASMC Shareholders who have approved the Proposal. Pursuant to the Merger Agreement, if any Dissenting ASMC Shareholder elects to request ASMC or other ASMC Shareholders who have voted for the Proposal to purchase its ASMC Shares at a "fair price", GTA shall, at the request of ASMC or such ASMC Shareholder, assume any liability which ASMC or such ASMC Shareholder who has received such a request may have towards the Dissenting ASMC Shareholder. The provisions regarding the right of Dissenting H Shareholder to demand ASMC or the ASMC Shareholders who have approved the Proposal to acquire its ASMC Shares at a "fair price" are contained only in the articles of association of PRC companies with shares listed on overseas market and are not otherwise stipulated in any PRC Laws or regulations. There is no administrative guidance on the substantive as well as procedural rules as to how the "fair price" will be determined under the PRC Laws. Thus, no assurance can be given as to (i) the time required for the process to take; (ii) any favourable results to be granted

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to the Dissenting H Shareholders; and (iii) the cost may be incurred by the Dissenting H Shareholders in such process for determining the “fair price”. Further details in respect of the terms and conditions of the Merger Agreement and the criteria a Dissenting ASMC Shareholder is required when exercising its abovementioned right are set out in the section headed “The Summary of the Terms and Important Information of the Merger Agreement” of this Composite Document.

PRINCIPAL FACTORS AND REASONS CONSIDERED

We have considered the following factors in arriving at our recommendations regarding the terms of the Proposal:

1. Information on the ASMC Group

ASMC is a foreign invested joint stock company incorporated in the PRC with limited liability, the H Shares of which have been listed on the Main Board of the Stock Exchange since 2006 (stock code: 3355.HK). As at the Latest Practicable Date, ASMC is directly and indirectly held as to approximately 27.88% by GTA and its parties acting in concert with it, 71.29% by the Independent ASMC H Shareholders and 0.82% by the holders of ASMC Unlisted Foreign Shares (the above figures does not add up to 100% due to rounding).

The ASMC Group is principally engaged in the manufacture and sale of 5-inch, 6-inch and 8-inch semiconductor wafers mainly for the application in communication, computer and consumer products.

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(i) *Historical financial performance of the ASMC Group*

The following table summarises the audited financial results of the ASMC Group for each of the three years ended 31 December 2017 and each of the two nine months ended 30 September 2018 (“Financial Review Period”):

	For the year ended 31 December			For the nine months ended 30 September	
	2015 (“FY2015”) RMB’000 (audited)	2016 (“FY2016”) RMB’000 (audited)	2017 (“FY2017”) RMB’000 (audited)	2017 (“9M2017”) RMB’000 (unaudited)	2018 (“9M2018”) RMB’000 (unaudited)
Revenue	741,079	796,137	1,013,296	748,846	830,903
Cost of sales	(642,917)	(686,541)	(855,705)	(628,548)	(690,510)
Gross profit	98,162	109,596	157,591	120,298	140,393
Other income and gains	42,213	30,433	19,062	14,267	23,861
Selling and distribution expenses	(7,964)	(7,680)	(7,732)	(5,636)	(5,161)
General and administrative expenses	(66,487)	(63,180)	(74,383)	(53,786)	(54,742)
Research and development costs	(31,818)	(36,745)	(27,057)	(19,542)	(21,576)
Other expenses	-	-	(14,108)	(11,447)	-
Finance costs	-	(14)	-	-	-
Profit before taxation	34,106	32,410	53,373	44,154	82,775
Income tax	-	-	3,600	-	(4,460)
Profit for the year	34,106	32,410	56,973	44,154	78,315

Sources: the annual reports and quarterly results announcement of ASMC

Revenue

Manufacture and sales of 5-inch, 6-inch and 8-inch wafers has been ASMC Group’s main source of income during the Financial Review Period, while an insignificant portion of its revenue was attributable to provision of probing services and masks. From FY2015 to FY2017, ASMC Group’s revenue increased by approximately RMB272 million, representing a compound annual growth rate (“CAGR”) of around 16.9%. Such increase largely came from the rapid year-on-year growth of revenue of RMB217 million for FY2017, attributable to the surge of demand from the memory and sensors market, and the ongoing support of orders from the ASMC Group’s major overseas and domestic customers.

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ASMC Group's revenue for 9M2018 exceeded that for 9M2017 by approximately RMB82.1 million, or approximately 11.0%, mainly because of the increase in the sales of 8-inch wafers and the stable order intakes from the ASMC Group's major overseas and domestic customers and partially set off by the reduced number of working days due to a planned annual maintenance shutdown.

Revenue by geography

	1Q2015	2Q2015	3Q2015	4Q2015	1Q2016	2Q2016	3Q2016	4Q2016
USA	54%	51%	50%	47%	49%	54%	50%	46%
Europe	16%	18%	25%	14%	15%	12%	14%	14%
Asia Pacific ^{Note}	30%	31%	25%	39%	36%	34%	36%	40%
China	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-

	1Q2017	2Q2017	3Q2017	4Q2017	1Q2018	2Q2018	3Q2018
USA	48%	46%	41%	35%	35%	34%	35%
Europe	14%	14%	16%	14%	16%	16%	17%
Asia Pacific ^{Note}	38%	40%	43%	-	-	-	-
China	-	-	-	51%	48%	50%	48%
Others	-	-	-	-	1%	-	-

Note: Geographical segment 'Asia Pacific' has been replaced by 'China' and 'Others' since the ASMC Group's annual report for FY2017.

Over the Financial Review Period, revenue contribution from Asia Pacific (a large part of it, China) has been gradually increasing from 30% for 1Q2015 to 40% for 4Q2016, and upsurging to 43% for 3Q2017 and 51% for 4Q2017 and remained nearly at that level thereafter. As disclosed in the ASMC Group's annual report for FY2017, the foregoing abrupt change in geographical revenue mix was mainly a result of China's further deepening of supply-side structural reform and transitioning from a phase of rapid growth in economy to a stage of high-quality development, which aims to advance Chinese industries to the medium-to-high end of the global value chain.

Gross profit and gross profit margin

ASMC Group's gross profit increased from approximately RMB98 million for FY2015 to approximately RMB158 million FY2017, representing a CAGR of some 26.7%, along with a gross profit margin improvement from approximately 13.3% to approximately 15.6%. The main reasons for the gross profit growth were the increased revenue as mentioned earlier and the improvement in margin, mainly attributable to higher utilisation rate and more favourable product mix.

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For 9M2018, ASMC Group's gross profit increased by approximately RMB20.1 million, or around 16.7%, comparing to that for 9M2017. At the same time, its gross profit margin increased slightly from approximately 16.1% to approximately 16.9%, attributable to the increase in sales volume and a more profitable product mix as well as the appreciation of the US dollar against the Renminbi, partially offset by the increase in manufacturing costs such as labour, raw materials and spare parts.

Selling and distribution expenses

ASMC Group's selling and distribution expenses remained somewhat stable at approximately RMB8 million for FY2015, FY2016 and FY2017.

For 9M2018, ASMC Group's selling and distribution expenses decreased by approximately RMB0.5 million, or some 8.4%, comparing to that for 9M2017, mainly attributable to lower payroll expenses.

General and administrative expenses

ASMC Group's general and administrative expenses increased from approximately RMB66 million for FY2015 to approximately RMB74 million for FY2017, representing a CAGR of around 5.8%, mainly due to the increase in the payroll and related costs relating to general and administrative staff.

For 9M2018, ASMC Group's general and administrative expenses increased slightly by approximately RMB1.0 million, or some 1.8%, comparing to that for 9M2017.

Research and development costs

ASMC Group's research and development costs decreased from approximately RMB32 million for FY2015 to approximately RMB27 million for FY2017, representing a CAGR of some negative 7.8%. During this period, research and development costs for FY2017 (RMB27 million) reduced at a notable rate of 26.2% from that for FY2016 (RMB37 million), primarily due to the increase in the sales of engineering wafer lots resulting in higher absorption of its related research and development costs.

For 9M2018, ASMC Group's research and development costs increased slightly by approximately RMB2.0 million, or some 10.4%.

Net profit and net profit margin

For the reasons set out above, ASMC Group's net profit increased from approximately RMB34 million for FY2015 to approximately RMB57 million for FY2017, representing a CAGR of some 29.2%, along with a net profit margin improvement from approximately 4.6% to approximately 5.6%.

For 9M2018, ASMC Group's net profit increased by approximately RMB34.2 million, or some 77.4%, comparing to that for 9M2017. Its net profit margin for the same period rose from approximately 5.9% to approximately 9.4%, largely due to the net foreign exchange gain of RMB10.5 million for 9M2018 (9M2017: a net foreign exchange loss of approximately RMB11.4 million) which is non-recurring in nature.

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(ii) Historical financial position of the ASMC Group

	As at 31 December			As at
	2015	2016	2017	2018
	("YE2015")	("YE2016")	("YE2017")	("3QE2018")
	RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	323,198	350,538	348,140	390,822
Construction in progress	25,528	41,118	54,603	57,996
Prepaid land lease payments	28,925	28,155	27,385	26,808
Intangible assets	4,681	2,473	950	277
Deferred tax assets	-	-	3,600	3,600
	<u>382,332</u>	<u>422,284</u>	<u>434,678</u>	<u>479,503</u>
CURRENT ASSETS				
Inventories	99,207	132,899	160,032	205,485
Accounts and note receivables	70,544	102,666	124,672	135,451
Prepayments, deposits and other receivables	12,784	16,693	12,350	13,574
Due from related companies	10,927	16,465	-	6,539
Cash and cash equivalents	534,847	509,355	568,836	555,136
	<u>728,309</u>	<u>778,078</u>	<u>865,890</u>	<u>916,185</u>
CURRENT LIABILITIES				
Accounts payable	89,557	132,921	162,215	178,906
Other payables and accruals	59,473	61,023	82,261	78,799
Due to related companies	2,397	733	-	288
Tax payable	-	-	-	4,271
Government grants	2,963	2,371	1,240	340
Interest-bearing bank borrowings	-	11,335	-	-
	<u>154,390</u>	<u>208,383</u>	<u>245,716</u>	<u>262,604</u>
NON-CURRENT LIABILITIES				
Government grants	10,980	14,298	20,198	20,155
NET ASSETS	<u>945,271</u>	<u>977,681</u>	<u>1,034,654</u>	<u>1,112,969</u>
Equity attributable to equity holders of the Company				
Share capital	1,534,227	1,534,227	1,534,227	1,534,227
Reserves	(588,956)	(556,546)	(499,573)	(421,258)
Total equity	<u>945,271</u>	<u>977,681</u>	<u>1,034,654</u>	<u>1,112,969</u>

Sources: the annual reports and quarterly results announcement of ASMC

Property, plant and equipment

ASMC Group's property, plant and equipment consisted mainly of (i) buildings; (ii) plant and machinery; (iii) office equipment; and (iv) motor vehicles. The net value of ASMC Group's property, plant and equipment increased slightly over the Financial Review Period from approximately RMB323 million as at YE2015 to approximately RMB391 million as at 3QE2018, mainly attributable to the increase in capital expenditure on plant and machinery for improving the capacity of 8-inch wafer line.

Inventories

Inventories of ASMC Group for the Financial Review Period gradually increased from approximately RMB99 million as at YE2015 to approximately RMB205 million as at 3QE2018, along with its average inventory turnover days (FY2015: 56 days; FY2016: 62 days; FY2017: 62 days and 3QE2018: 71 days).

Accounts and notes receivables

Accounts and notes receivables of ASMC Group for the Financial Review Period increased from approximately RMB71 million as at YE2015 to approximately RMB135 million as at 3QE2018, along with an increased accounts and notes receivables turnover days (FY2015: 34 days; FY2016: 40 days; FY2017: 41 days and 3QE2018: 42 days).

Cash and cash equivalents

Cash and cash equivalents of ASMC Group for the Financial Review Period remained fairly stable, ranging from RMB509 million to RMB555 million.

Account payable

Accounts payable of ASMC Group for the Financial Review Period increased significantly from approximately RMB90 million as at YE2015 to approximately RMB179 million as at 3QE2018, along with an increased accounts payable turnover days (FY2015: 54 days; FY2016: 59 days; FY2017: 63 days and 3QE2018: 67 days).

(iii) Prospects of ASMC Group

Recent business environment for ASMC Group was mixed. As explained in ASMC's 2018 interim report, on the one hand, global semiconductor market has continued to thrive and is expected to enjoy a double-digit growth in 2018, on the other hand, there is a mounting uncertainty lying ahead mainly due to the ongoing trade disputes between the US and China, accompanied with the increase in manufacturing costs in China, which could negatively affect ASMC Group's operation and financial performances.

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Against the background as mentioned, ASMC Group has been undergoing a project to remove the bottleneck in relation to its 8-inch wafer line so as to release additional production capacity and meet the increasing demand from its major customers. In addition, ASMC Group intends to improve further its operating efficiency and productivity, by controlling its manufacturing costs, boosting its line yield and cycle time and optimising its product mix, in order to cope with the pressure of rising manufacturing costs and other future challenges.

2. Information on GTA, Huada and CEC and GTA's intention regarding the future of ASMC

GTA is a company established in the PRC with limited liability on 15 November 2017. It is principally engaged in technical development, technical consulting, technical services and technology transfer in semiconductor technology field, sales of electronic components, electronic products, computer software and auxiliary equipment, computer system integration and import and export of goods and technology. As at the date of this document, GTA is wholly-owned by Huada, which is in turn indirectly and ultimately wholly-owned by CEC, a state-owned enterprise established in 1989 under the PRC laws with approval from the PRC State Council.

Huada was established in May 2014, which is one of the top ten IC design companies in the PRC. Huada primarily focuses its business on IC design and relevant solution development, which occupies leading market share in the fields of analog circuit, LCD driver, SmartCard and security chips, and is ranked first in the PRC and top five globally, regarding the shipment volume and revenue of SmartCard and security chips. As at 30 September 2018, the registered capital of Huada was RMB975 million and the total asset of Huada amounted to RMB1,134 million.

CEC is a state-owned enterprise established in 1989 under the PRC Laws with approval from the PRC State Council. CEC is principally engaged in the provision of electronic and information technology products and services in the national strategic, fundamental and advanced fields of network security and information technology, new display technology, system integration and telecommunication.

After the Merger, ASMC will merge into GTA, with GTA as the surviving corporation, and will cease to exist as a separate legal entity. It is the intention of GTA that it will continue to carry on its current business, which principally comprises technical development, technical consulting, technical services and technology transfer in semiconductor technology field, sales of electronic components, electronic products, computer software and auxiliary equipment, computer system integration and import and export of goods and technology.

While GTA does not intend to introduce any major changes to its the existing business of ASMC (including any redeployment of the fixed assets of ASMC) after the Merger, GTA does not rule out the possibility of any changes in the future if and when it thinks needed in order to benefit GTA.

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3. Reasons for and benefits of the Merger

The reasons for and the benefits of the Merger stated in the section headed “Additional Information regarding the Merger – 1. Reasons for and Benefits of the Merger” of this Composite Document are repeated below:

- (a) the semiconductor industry requires intensive capital and technology, and capital investment is the main driving force for market expansion. Although ASMC has solid foundation in analog and power semiconductor technology, ASMC faces challenges to address production capacity shortage and technology upgrade. Therefore, ASMC is urged to build new plant to address such issues and maintain its competitiveness in the market. The Merger, if successful, can fully integrate human resources, quality control and technology knowhow between GTA and ASMC, from which ASMC can be readily provided with capital and other industrial resources. Furthermore, the Merger will reduce the restrictions of ASMC on land and site selections and risk of potential related party transactions;
- (b) the Proposal offers all ASMC Shareholders a unique opportunity to realise their investments in ASMC at a cash consideration which represents a premium over the market price of ASMC H Shares; and
- (c) GTA primarily focuses its business on the research and manufacturing semiconductors for specialty applications, and ASMC has solid foundation in such business field. The Merger, if successful, can fully integrate the underlying assets and liabilities of ASMC by GTA, which allow GTA to have the direct management on the assets and liabilities of ASMC.

We have discussed with the management of ASMC who have stated their view that ASMC will be in a better position to pursue the initiatives as mentioned in paragraph (a) and (c) above if GTA obtains direct management and control on the assets and liabilities of ASMC for the following reasons:

- i) Capacity constraint has recently become an imminent problem faced by ASMC Group, as demonstrated by the below table:

	Utilisation Rate							
	1Q2015	2Q2015	3Q2015	4Q2015	1Q2016	2Q2016	3Q2016	4Q2016
Fab 1/2								
5-inch wafers	59%	78%	35%	78%	25%	86%	55%	59%
6-inch wafers	61%	80%	57%	48%	55%	69%	71%	76%
Fab 3								
8-inch wafers	75%	82%	89%	69%	63%	82%	90%	92%
<i>Overall capacity utilisation rate</i>	69%	81%	73%	61%	58%	77%	81%	84%

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	1Q2017	2Q2017	3Q2017	4Q2017	1Q2018	2Q2018	3Q2018
Fab ½							
5-inch wafers	22%	35%	42%	27%	27%	30%	33%
6-inch wafers	76%	101%	102%	107%	95%	115%	112%
Fab 3							
8-inch wafers	96%	109%	93%	95%	89%	97%	94%
<i>Overall capacity utilisation rate</i>	<u>85%</u>	<u>103%</u>	<u>94%</u>	<u>96%</u>	<u>89%</u>	<u>101%</u>	<u>98%</u>

Notes:

1. 1Q, 2Q, 3Q and 4Q refers to three months ended 31 March, 30 June, 30 September, and 31 December, respectively.
2. The capacity utilisation rate represents the percentage of the actual number of processing steps (measured by the number of masks used) for the number of semiconductor wafers shipped in the reporting period divided by the total number of processing steps a fab is capable of producing during the corresponding period.
3. The capacity utilisation rates stated in the table are calculated on the basis of the theoretical capacity of ASMC's fabrication facilities. In consequence, the utilisation rates of actual operating capacity are higher than the figures stated in the table above.

Production capacities of 6-inch wafers and 8-inch wafers have apparently reached their limits since early 2017. In almost every quarter starting from 1Q2017, utilisation rates of the two production lines exceeded 90% and some, over 100%, mainly attributable to the rapid growth in demand from domestic customers.

- ii) The tension between US and China over trade issues has been aggravated. Since the introduction of tariffs on solar panels and washing machines by the US Government in January 2018, trade conflicts between the two countries have gradually escalated. Following several rounds of tariff impositions on Chinese goods, in September 2018, the US Government announced an additional 10 percent tariff (which will be increased to 25 percent after the end of 2018) on US\$200 billion of exports from China. Despite the fact that contribution to ASMC's overall revenue from domestic customers has recently boosted, a large portion of its income is still generated from export sales to US. While the trade dispute has limited impact on ASMC's current operational and financial condition, its continuation may adversely affect the business of ASMC in the future.

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- iii) Semiconductor manufacturing is capital intensive requiring continuous capital expenditure and spending on research and development. In *2018 KPMG Global Semiconductor Industry Outlook* published by KPMG, a survey was conducted on semiconductor executives and its result indicated the intention of global semiconductor companies to continue to spend heavily on capital equipment in 2018. Also, it was mentioned in the report that companies that do not increase spending on research and development may fail to diversify product mix or replace mature products. In light of that, we have compiled data below to gauge the market norm on capital expenditure and spending on research and development:

For the year ended 31 December 2017

	Revenue (million reporting currency)	Net capital expenditure (million reporting currency)	Research and development costs (million reporting currency)	Capital expenditure and research and development costs over revenue
Semiconductor Manufacturing International Corporation (981 HK)	3,101	1,643	427	66.8%
Hua Hong Semiconductor Limited (1347 HK)	808	138	50	23.3%
Taiwan Semiconductor Manufacturing Company Limited (2330 TW)	977,447	334,743	80,732	42.5%
United Microelectronics Corporation (2303 TW)	144,455	45,401	13,670	40.9%
Formosa Sumco Technology Corporation (3532 TW)	12,713	331	0	2.6%
Jih Lin Technology Co., Ltd (5285 TW)	3,710	229	58	7.7%
Vanguard International Semiconductor Corporation (5347 TW)	24,910	2,007	1,547	14.3%
Wafer Work Corporation (6182 TW)	6,377	1,217	283	23.5%
<i>Average</i>				27.7%
<i>Median</i>				23.4%
<i>ASMC</i>	1,013	89	27	11.5%

Sources: the annual reports of the comparable companies

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Notes:

- (1) The criteria for selecting the comparable companies in the above table are (i) listed companies on the Main Board of the Stock Exchange and the Taiwan Stock Exchange, (ii) companies which are primarily engaged in manufacturer and sale of semiconductors and whose major production facilities located in Greater China area (including PRC and Taiwan); and (iii) companies which are profitable for the latest twelve months.
- (2) Capital expenditure includes net of purchase of plant, property and equipment and acquisition of intangible assets.

Having considered the financial performance and position of ASMC Group, we have identified the companies above, whose shares are listed on the Main Board of the Stock Exchange and the Taiwan Stock Exchange, and which are primarily engaged in manufacturer and sale of semiconductors and whose major production facilities located in Greater China area (including PRC and Taiwan). We include the Taiwan listed companies since (i) they operate in Greater China; (ii) Taiwan is one of the key areas of semiconductor manufacturing business; and (iii) Taiwan Stock Exchange is a developed capital market in the Asia Pacific region. Based on the above criteria, the eight comparable companies listed above were identified and we consider form an exhaustive list. ASMC H Shareholders should note that the business, operation and prospect of ASMC Group are not exactly the same as those of the companies we have selected, and we have not conducted any in-depth investigation into business and operations of the selected companies save for the selection criteria referred to above.

The above analysis shows that the relevant ratio of ASMC is significantly lower than both the average and median ratio of its comparable companies. It points to the fact that, at least in the latest financial year of 2017, ASMC lags behind its comparable companies on capital expenditure and spending on research and development. Such investment deficiency may hamper ASMC's adoption of latest technology to cope with the rapidly changing business environment and weaken its competitiveness in the long run.

- iv) GTA is indirectly wholly owned by CEC, a state-owned enterprise principally engaged in the provision of electronic and information technology products and services. CEC is on the list of Fortune Global 500 and it recorded a revenue of over RMB200 billion and total assets exceeding RMB260 billion in 2017. ASMC will likely be benefited from the ample resources controlled by CEC if the Proposal is approved and implemented.

Further, the persisting low level of valuation and liquidity in the trading of ASMC H Shares (for details, please refer to the subsection below headed "4. ASMC Share price and trading volume") implies that ASMC H Shareholders may find it difficult to liquidate their investment expeditiously without facing a downward pressure on exit prices. Therefore, we concur with the view of GTA and ASMC that the Proposal does provide a unique opportunity for ASMC Shareholders to liquidate their investment in ASMC Shares at a premium to the prevailing trading price with certainty.

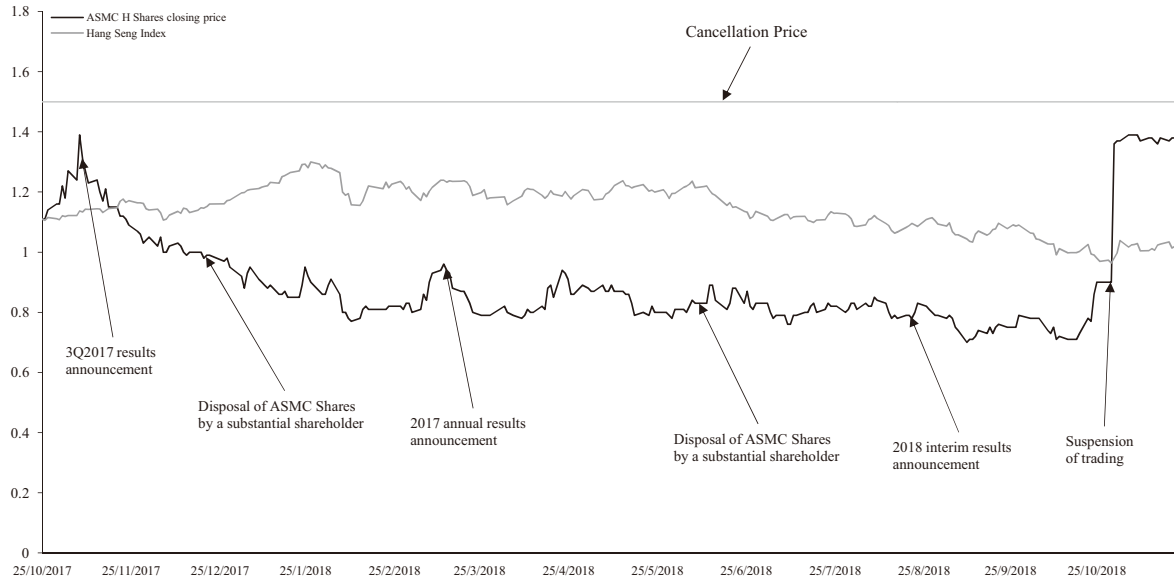
4. ASMC Share price and trading volume

The Cancellation Price of HK\$1.50 per ASMC H Share represents:

- (1) a premium of approximately 66.67% over the closing price of HK\$0.90 per ASMC H Share, as quoted on the Stock Exchange on 25 October 2018 (being the last trading day prior to the suspension of trading in the ASMC H Shares pending the issue of the Announcement ("**Last Trading Day Before Suspension**"));
- (2) a premium of approximately 85.64% over the average closing price of approximately HK\$0.81 per ASMC H Share, based on the daily closing prices as quoted on the Stock Exchange over the five consecutive trading days up to and including 25 October 2018;
- (3) a premium of approximately 97.37% over the average closing price of approximately HK\$0.76 per ASMC H Share, based on the daily closing prices as quoted on the Stock Exchange over the 10 consecutive trading days up to and including 25 October 2018;
- (4) a premium of approximately 99.29% over the average closing price of approximately HK\$0.75 per ASMC H Share, based on the daily closing prices as quoted on the Stock Exchange over the 30 consecutive trading days up to and including 25 October 2018;
- (5) a premium of approximately 93.38% over the average closing price of approximately HK\$0.78 per ASMC H Share, based on the daily closing prices as quoted on the Stock Exchange over the 60 consecutive trading days up to and including 25 October 2018;
- (6) a premium of approximately 90.19% over the average closing price of approximately HK\$0.79 per ASMC H Share, based on the daily closing prices as quoted on the Stock Exchange over the 90 consecutive trading days up to and including 25 October 2018;
- (7) a premium of approximately 97.3% over the audited consolidated net asset value of approximately RMB0.67 (equivalent to approximately HK\$0.76) per ASMC Share as of 31 December 2017;
- (8) a premium of approximately 90.63% over the NAV of approximately RMB0.70 (equivalent to approximately HK\$0.79) per ASMC Share as of 30 June 2018 as set out in the published interim accounts of ASMC for the six months ended 30 June 2018;
- (9) a premium of approximately 83.42% over the NAV of approximately RMB0.73 (equivalent to approximately HK\$0.82) per ASMC Share as of 30 September 2018 as set out in the published unaudited results of the Company for the nine months ended 30 September 2018; and
- (10) a premium of approximately 7.91% over the closing price of HK\$1.39 per ASMC H Share, as quoted on the Stock Exchange on the Latest Practicable Date.

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The following chart illustrates the price performance of the ASMC H Shares relative to the rebased Hang Seng Index (“HSI”) and the Cancellation Price from 25 October 2017, being the date one year preceding the Last Trading Day Before Suspension, up to and including the Latest Practicable Date (“Review Period”):



Source: Bloomberg

We are of the view that the one year period preceding the Last Trading Day Before Suspension adopted is an appropriate and representative timeframe for our analysis as such period reflects ASMC Group’s latest business and financial performance, in particular, the abrupt change in geographical revenue mix (increased portion of revenue contributed from revenue generated in China) for FY2017 (for details, please refer to the subsection above headed “1. Information on the ASMC Group”).

As shown in the chart above, ASMC H Shares broadly underperformed the HSI (on a rebased basis) during the Review Period. The Cancellation Price of HK\$1.50 exceeded, at all times during the Review Period, the closing prices of ASMC H Shares. The Cancellation Price represents a marked premium of approximately 65.2% over the average closing price of approximately HK\$0.91 during the Review Period.

It is notable that the daily closing price of ASMC H Shares reached its peak of HK\$1.39 in early-November 2017, 5 November 2018, 6 November 2018, 7 November 2018, 8 November 2018 and 23 November 2018 after the respective publication of ASMC Group’s third quarter results and the Announcement.

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In addition to the share price chart shown above, we have computed certain relevant statistical information on the share price performance and liquidity of ASMC H Shares below for the one year preceding the Last Trading Day Before Suspension.

Reference period	Highest closing price	Lowest closing price	VWAP (average)	Premium of Cancellation Price above VWAP	Number of traded days	Average daily trading volume ('000)	Average daily trading volume as a percentage of free float
<i>Last Trading Day prior to trading suspension (25 Oct 2018)</i>							
Last 1 year	1.39	0.70	0.88	71.4%	246	2,296,470	0.5%
Last 6 months	0.91	0.70	0.80	86.4%	124	1,263,661	0.3%
Last 3 months	0.90	0.70	0.78	92.4%	64	1,249,524	0.3%
Last 1 month	0.90	0.71	0.76	96.7%	20	1,769,100	0.4%
Last Trading Day	NA	NA	0.91	64.3%	NA	10,912,000	2.4%

Source: Bloomberg

Notes:

- (1) The average daily VWAP is calculated as the daily turnover amount divided by trading volume of ASMC H Shares; and
- (2) The average daily trading volume is computed as the total trading volume of ASMC H Shares during the reference period divided by the number of trading days during that reference period.
- (3) Free float represents shares that are not held by core connected persons as defined under the Listing Rules.

We observed from the above trading statistics for ASMC H Shares that:

- (a) The Cancellation Price represents a premium of 71.4%, 86.4%, 92.4% and 96.7% over the average daily VWAP of ASMC H Shares for the 1 year, 6 months, 3 months and 1 month period, preceding and up to the Last Trading Day Before Suspension, respectively; and
- (b) Liquidity of ASMC H Shares has been low as demonstrated by the average daily trading volume for the 1 year, 6 months, 3 months and 1 month periods preceding and up to the Last Trading Day Before Suspension as a percentage of total number of issued shares was merely 0.5%, 0.3%, 0.3% and 0.4%, respectively.

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5. Cancellation Price analysis

(i) Comparable company analysis

To assess the fairness and reasonableness of the Cancellation Price, we have looked at Hong Kong and Taiwan listed companies which are comparable to ASMC, focusing our analysis on the enterprise value to EBITDA ratio (“EV/EBITDA”), price-to-earnings ratio (“PE ratio”), and price-to-book ratio (“PB ratio”) as shown in the table below.

As illustrated in the sub-section headed “1. Information of ASMC Group” above, ASMC Group mainly derived its revenue from manufacture and sale of 5-inch, 6-inch and 8-inch semiconductor wafers for the Financial Review Period. The companies selected below can serve as a meaningful reference in assessing the fairness and reasonableness of the Cancellation Price.

Ticker	Company Name	Market capitalisation as at the Latest Practicable Date (million)	EV / EBITDA ⁽¹⁾	P/E ⁽²⁾	P/B ⁽³⁾
Hong Kong Comparables					
981.HK	Semiconductor Manufacturing International Corporation	HK\$35,021	8.7x	28.8x	0.8x
1347.HK	Hua Hong Semiconductor Limited (“HK Comparables”)	HK\$19,359	8.7x	14.1x	1.4x
		Average	8.7x	21.5x	1.1x
Taiwan Comparables					
2330.TW	Taiwan Semiconductor Manufacturing Company Limited	NTD5,665,788	7.9x	16.2x	3.6x
2303.TW	United Microelectronics Corporation	NTD138,531	2.4x	13.1x	0.7x
3532.TW	Formosa Sumco Technology Corporation	NTD46,736	5.4x	9.5x	2.3x
5285.TW	Jih Lin Technology Co., Ltd	NTD5,783	9.0x	13.2x	2.7x
5347.TW	Vanguard International Semiconductor Corporation	NTD98,995	10.3x	18.1x	3.6x
6182.TW	Wafer Work Corporation (“Taiwan Comparables”)	NTD19,082	7.8x	12.7x	1.6x

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Ticker	Company Name	Market	EV /	P/E ⁽²⁾	P/B ⁽³⁾
		capitalisation as at the Latest Practicable Date (million)	EBITDA ⁽¹⁾		
		<i>Average</i>	7.1x	13.8x	2.4x
		<i>Median</i>	7.8x	13.2x	2.5x
		<i>Max</i>	10.3x	18.1x	3.6x
		<i>Min</i>	2.4x	9.5x	0.7x
3355.HK	ASMC	2,301	9.0x	22.4x	2.2x

Sources: the annual reports and quarterly reports of the comparable companies and Bloomberg

Notes:

- (1) EV / EBITDA is calculated by dividing the enterprise value as at the Latest Practicable Date by earnings before interest, taxes, depreciation, and amortisation for the latest twelve months.
- (2) P / E is calculated by dividing the market capitalisation as at the Latest Practicable Date by net earnings attributable to shareholders of the company for the latest twelve months.
- (3) P / B is calculated by dividing the market capitalisation as at the Latest Practicable Date by latest reported net assets attributable to shareholders of the company.
- (4) Exchange rates of HK\$7.8258 into one US Dollar and HK\$1.1261 into one RMB as at the Latest Practicable Date are used in the above calculations.

The Cancellation Price implies a market capitalisation of ASMC which represents around 22.4 times its latest twelve months net profit attributable to owners of the company. This PE ratio is higher than the respective average of the HK Comparables and Taiwan Comparables of 21.5 and 13.8 times.

On the other hand, the enterprise value implied by the Cancellation Price divided by ASMC's latest twelve months earnings before interest, tax, depreciation and amortisation is around 9.0 times, again, this implied multiple is higher than the respective average of the HK Comparables and Taiwan Comparables of 8.7 and 7.1 times.

We believe P/E ratio and EV/EBITDA are preferable multiples to assess the fairness and reasonableness of the Cancellation Price because they are commonly adopted in the market and easily comprehensible, and they reflect the fundamental view that a company's value is mainly attributable to what it generates for its shareholders, i.e., earnings.

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The PB ratio may not be a meaningful indicator of ASMC Group's value because in general, it is the earning capability rather than the size of the asset base that investors demand. Also, ASMC Group's assets consist largely of property, plant and equipment, inventories, and accounts and notes receivables rather than assets which are marked to market periodically. PB ratio is usually applied to evaluate companies that engage in capital-intensive business, for instance, financial institutions and real estate development companies. Hence we have not attributed much weight to this multiple. That said, we do note that ASMC Group's PB ratio implied by the Cancellation Price is approximately 2.2 times which is higher than those demonstrated by the HK Comparables and is close to the average and within the range of the Taiwan Comparables'. In any event, the PB ratio of 2.2 is well above 1, indicating that the Cancellation Price exceeds the book value per ASMC Share.

(ii) Comparable transaction analysis

We have reviewed precedent privatisation proposals in Hong Kong and selected successful privatisations of companies listed on the Main Board of the Stock Exchange by their respective substantial shareholder(s) irrespective of their industries and market capitalisations, and announced from 25 October 2015, being the date three years preceding the Last Trading Day Before Suspension, up to and including the Latest Practicable Date ("**Precedent Privatisations**"). The list is exhaustive and is a fair representation of transactions comparable to the Proposal.

Based on the below table, the range of premium to the closing price of the last trading date, the average closing price of the last 30 days up to and including the last trading day and the latest reported net asset value of the Precedent Privatisations was 14.0% to 63.2%, 24.4% to 132.0%, and -53.8% to 292.8%, with a median of 35.0%, 47.0% and 25.1%, respectively. Medians are used in lieu of averages for our analysis because they are less susceptible to the influence of outliers. While the premium represented by the Cancellation Price to the closing price of the Last Trading Day Before Suspension, the average closing price of the last 30 days up to and including the Last Trading Day Before Suspension and the latest reported net asset value is 66.7%, 99.3% and 90.6%, respectively, each of which is significantly higher than the medians of the Precedent Privatisations.

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Ticker	Company	Date of initial announcement	By way of	Offer/ Cancellation price	Premium/ Discount to Last Trading Date	Premium/ Discount to last 30 days (including LTD)	Premium/ Discount to reported net asset value
44	Hong Kong Aircraft Engineering Company Limited ^(Note)	10 June 2018	Scheme of arrangement	\$71.81	63.20%	62.40%	99.30%
589	Portico International Holdings Limited	7 June 2018	Scheme of arrangement	\$4.10	50.20%	49.20%	-9.90%
382	Welling Holding Limited	10 November 2017	Scheme of arrangement	\$2.06	30.40%	33.80%	22.60%
170	China Assets (Holdings) Limited	3 July 2017	Scheme of arrangement	\$6.80	61.50%	76.60%	-53.80%
963	Bloomage BioTechnology Corporation Limited	19 June 2017	Scheme of arrangement	\$16.30	13.99%	24.43%	233.33%
319	China Metal International Holdings Inc.	29 May 2017	Scheme of arrangement	\$3.01	27.54%	25.94%	27.54%
1136	TCC International Holdings Limited	20 April 2017	Scheme of arrangement	\$3.60	38.50%	51.00%	-4.10%
283	Goldin Properties Holdings Limited	29 March 2017	Voluntary conditional cash offer	\$9.00	36.80%	33.90%	101.30%
1833	Intime Retail (Group) Company Limited	10 January 2017	Scheme of arrangement	\$10.00	42.25%	51.77%	67.36%
549	Jilin Qifeng Chemical Fiber Co., Ltd.	1 December 2016	Voluntary conditional cash offer	\$1.097	27.56%	49.66%	-0.10%
3668	Chinalco Mining Corporation International	23 September 2016	Scheme of arrangement	\$1.39	32.40%	33.70%	239.00%
1968	Peak Sport Products Co., Limited	26 July 2016	Scheme of arrangement	\$2.60	35.40%	29.40%	9.70%
1438	Nirvana Asia Ltd	8 July 2016	Scheme of arrangement	\$3.00	22.40%	36.40%	225.91%
1768	Bracell Limited	17 June 2016	Scheme of arrangement	\$2.28	44.30%	132.00%	-6.45%
2618	TCL Communication Technology Holdings Limited	12 June 2016	Scheme of arrangement	\$7.50	34.65%	47.06%	135.11%
3699	Dalian Wanda Commercial Properties Co., Ltd.	30 May 2016	Voluntary conditional cash offer	\$52.80	44.50%	50.83%	10.90%

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Ticker	Company	Date of initial announcement	By way of	Offer/ Cancellation price	Premium/ Discount to Last Trading Date	Premium/ Discount to last 30 days (including LTD)	Premium/ Discount to reported net asset value
477	AUPU Group Holding Company Limited	29 May 2016	Scheme of arrangement	\$2.71	24.90%	29.70%	292.80%
3386	Dongpeng Holdings Company Limited	18 February 2016	Scheme of arrangement	\$4.48	31.76%	46.89%	131.72%
839	Anhui Tianda Oil Pipe Company Limited	2 February 2016	Mandatory unconditional cash offer	\$1.67	59.00%	49.00%	-32.00%
917	New World China Land Limited	6 January 2016	Voluntary conditional cash offer	\$7.80	25.60%	40.80%	11.50%
3355	ASMC	30 October 2018	Merger by Absorption	\$1.50	66.67%	99.29%	90.63%

<i>Mean</i>	37.34%	47.72%	75.09%
<i>Median</i>	35.03%	46.98%	25.07%
<i>Max</i>	63.20%	132.00%	292.80%
<i>Min</i>	13.99%	24.43%	-53.80%

Source: Bloomberg and website of the HKEX

Note: The resolution to approve the proposed privatisation of Hong Kong Aircraft Engineering Company Limited was approved at the court meeting and the general meeting, and the listing of the shares of Hong Kong Aircraft Engineering Company Limited is expected to be withdrawn on 29 November 2018.

6. Other considerations

(a) Potential consequences of failing to complete the Proposal

Rule 31.1 of the Takeovers Code restricts any offeror nor person who, in the original offer or subsequently, is acting in concert with it, to make another offer for the offeree company or acquire any voting rights of the offeree company if such acquisition would lead to a mandatory general offer within 12 months from the date on which the preceding offer is withdrawn or lapses, except with the consent of the Executive. As a result of such restriction, if the Proposal fails, neither GTA, Huada, CEC or any person acting in concert with them may propose another proposal to privatise ASMC within the next 12 months. Noticing Huada, together with its parties acting in concert with it, directly or indirectly held approximately 27.88% of the total issued share capital of ASMC as at the Latest Practicable Date, we consider an offer from another party without Huada's agreement to accept such offer to be remote.

(b) Recent ASMC H Share's trading price may not be supported

We note the recent surge of trading price and volume of ASMC H Shares. The trading volume of ASMC H Shares rose from under two million shares on 23 October, 2018 to almost 11 million shares on 25 October 2018, along with an increase of closing price from HK\$0.77 to HK\$0.90. Further, subsequent to the Announcement (i.e., 26 October 2018), ASMC's trading volume mounted to over 50 million shares with the trading price closed at HK\$1.36. If the Proposal fails, it is probable that the trading volume and price of ASMC H Shares will resume to the levels that prevailed prior to the Announcement.

OPINION AND RECOMMENDATION

Having considered the considerations and factors set out above, we are of the opinion that the terms of the Proposal are fair and reasonable so far as the ASMC Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Independent ASMC H Shareholders to accept and vote in favour of the resolutions to approve the Proposal.

Yours faithfully,
for and on behalf of
Anglo Chinese Corporate Finance, Limited
Dian Deng
Director

Ms. Dian Deng is a licensed person registered with the SFC and a responsible officer of Anglo Chinese Corporate Finance, Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and has over ten years of experience in corporate finance industry.

ADDITIONAL INFORMATION REGARDING THE MERGER

1. REASONS FOR AND BENEFITS OF THE MERGER

GTA and ASMC have identified a number of reasons for and benefits of the Merger. These include:

- (1) the semiconductor industry requires intensive capital and technology, and capital investment is the main driving force for market expansion. Although ASMC has solid foundation in analog and power semiconductor technology, ASMC faces challenges to address production capacity shortage and technology upgrade. Therefore, ASMC is urged to build new plant to address such issues and maintain its competitiveness in the market. The Merger, if successful, can fully integrate human resources, quality control and technology knowhow between GTA and ASMC, from which ASMC can be readily provided with capital and other industrial resources. Furthermore, the Merger will reduce the restrictions of ASMC on land and site selections and risk of potential related party transactions;
- (2) the Proposal offers all ASMC Shareholders a unique opportunity to realise their investments in ASMC at a cash consideration which represents a premium over the market price of ASMC H Shares as at the date of the Merger Agreement; and
- (3) GTA primarily focuses its business on the research and manufacturing semiconductors for specialty applications, and ASMC has solid foundation in such business field. The Merger, if successful, can fully integrate the underlying assets and liabilities of ASMC by GTA, which allow GTA to have the direct management on the assets and liabilities of ASMC.

2. INFORMATION ON ASMC

Background

ASMC was initially established in the PRC on 4 October 1988 as a sino-foreign equity joint venture and was re-registered as a foreign invested joint stock company with limited liability. The tenure of operation of ASMC was revised to infinite. On 7 April 2006, ASMC H Shares were successfully listed on the Stock Exchange.

Principal business of ASMC

The principal activities of ASMC are the manufacture and sale of 5-inch, 6-inch and 8-inch semiconductor wafers.

Financial information

A summary of the published audited financial results and NAV of ASMC for the years ended 31 December 2015, 2016 and 2017, the unaudited financial results and NAV of ASMC for the six months ended 30 June 2018 and the unaudited financial statement of ASMC for the three months ended 30 September 2018 is set out in the section headed “Appendix I — Financial Information of ASMC” on pages 80 to 103 of this Composite Document.

3. INFORMATION ON GTA, HUADA AND CEC

GTA is a company established in the PRC with limited liability on 15 November 2017. It is principally engaged in technical development, technical consulting, technical services and technology transfer in semiconductor technology field, sales of electronic components, electronic products, computer software and auxiliary equipment, computer system integration and import and export of goods and technology. As at the date of this Composite Document, GTA is wholly-owned by Huada, which is in turn indirectly and ultimately wholly-owned by CEC, a state-owned enterprise established in 1989 under the PRC laws with approval from the PRC State Council.

Principal business of Huada

Huada was established in May 2014, which is one of the top ten IC design companies in the PRC. Huada primarily focuses its business on IC design and relevant solution development, which occupies leading market share in the fields of analog circuit, LCD driver, SmartCard and security chips, and is ranked first in the PRC and top five globally, regarding the shipment volume and revenue of SmartCard and security chips.

As at 30 September 2018, the registered capital of Huada was RMB975 million and the total asset of Huada amounted to RMB1,134 million.

Principal business of CEC

CEC is a state-owned enterprise established in 1989 under the PRC Laws with approval from the PRC State Council. CEC is principally engaged in the provision of electronic and information technology products and services in the national strategic, fundamental and advanced fields of network security and information technology, new display technology, system integration and telecommunication.

4. FUTURE INTENTIONS OF GTA

After the Merger, ASMC will merge into GTA, with GTA as the surviving corporation, and will cease to exist as a separate legal entity. It is the intention of GTA that it will continue to carry on its current business, which principally comprises technical development, technical consulting, technical services and technology transfer in semiconductor technology field, sales of electronic components, electronic products, computer software and auxiliary equipment, computer system integration and import and export of goods and technology.

ADDITIONAL INFORMATION REGARDING THE MERGER

While GTA does not intend to introduce any major changes to the existing business of ASMC (including any redeployment of the fixed assets of ASMC) after the Merger, GTA does not rule out the possibility of any changes in the future if and when it thinks needed in order to benefit GTA.

GTA does not intend to make any significant changes to the continued employment of the employees of ASMC. Following completion of the Merger, the employment contracts of all employees of ASMC will continue with GTA as the surviving corporation. Upon the implementation of the Proposal and the de-registration of ASMC, ASMC will merge into GTA and will cease to exist as a separate legal entity. As a result of the Merger, the assets and liabilities (together with the rights and obligations attached to such assets), the business and the employees of ASMC will be assumed by GTA as the surviving corporation. GTA and all of its rights, privileges, exemptions and permits will not be affected by the Merger.

5. SHARE CERTIFICATES, DEALINGS AND LISTING

Payment of the Cancellation Price will be made to ASMC Shareholders as soon as possible and in any event no later than seven Business Days after the fulfillment (or waiver, if applicable) of all the Conditions. After payment of the Cancellation Price is made, the relevant ASMC Shares will be deemed as cancelled and all of the rights attaching to the relevant ASMC Shares shall be deemed as cancelled. Share certificates for the ASMC H Shares will thereafter cease to have effect as documents or evidence of title. ASMC will apply for its de-registration. Upon de-registration of ASMC, ASMC will be dissolved and will cease to exist as a separate legal entity.

ASMC will make an application to the Stock Exchange for voluntary withdrawal of the listing of ASMC H Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules. The ASMC Shareholders will be notified by way of an announcement of the exact date on which the relevant Conditions have been fulfilled (unless waived, as applicable), the dates of the last day for dealing in the ASMC H Shares and on which the voluntary withdrawal of the listing of the ASMC H Shares on the Stock Exchange will become effective. It is expected that the withdrawal of the listing of ASMC H Shares from the Stock Exchange will take place on the date on which all the Conditions are fulfilled (or waived, as applicable) (that is, the date of the implementation of the Merger).

Any Dissenting ASMC Shareholder who has opposed the Proposal and has requested ASMC or other ASMC Shareholders who have approved the Proposal to acquire its ASMC Shares at a "fair price" will, after the de-registration of ASMC, continue to have such right against ASMC and/or such ASMC Shareholder, or GTA (if requested by ASMC and/or such ASMC Shareholder to assume their respective liabilities after receiving the request from the Dissenting ASMC Shareholders).

The ASMC Listing will not be withdrawn if the Merger is not approved or if the Proposal lapses or if any Condition to the implementation of the Merger is not fulfilled (unless waived, as applicable) on or before 31 December 2019 (or such other date as ASMC and GTA may agree). The ASMC Shareholders will be notified by way of an announcement accordingly.

ADDITIONAL INFORMATION REGARDING THE MERGER

6. REGISTRATION AND PAYMENT

Within seven Business Days after the fulfillment (or waiver, if applicable) of all the Conditions, cheques for payment of the Cancellation Price will be issued to the ASMC Shareholders whose names appear on the Registers at the Record Time (save for any Dissenting ASMC Shareholder who has served a notice on or before the Cheque Issue Date to exercise its rights to demand ASMC or the ASMC Shareholders who have approved the Proposal to acquire its ASMC Shares at a “fair price”). For avoidance of doubt, for those ASMC Shareholders who abstain from voting on the resolution(s) at the ASMC Meetings or did not attend the ASMC Meetings, as long as these ASMC Shareholders are not Dissenting ASMC Shareholders who have served a notice on or before the Cheque Issue Date to exercise their rights to demand ASMC or the ASMC Shareholders who have approved the Proposal to acquire its ASMC Shares at a “fair price”, cheques for payment of the Cancellation Price will be issued to these ASMC Shareholders.

The Dissenting ASMC Shareholders who have served the Notice to exercise their rights to demand ASMC or the ASMC Shareholders who have approved the Proposal to acquire their ASMC Shares at a “fair price” shall not represent a right to receive the Cancellation Price under the Merger Agreement. If any of such Dissenting ASMC Shareholders effectively withdraws or loses his right to demand ASMC or the ASMC Shareholders who have approved the Proposal to acquire their ASMC Shares at a “fair price”, then as of the Cheque Issue Date or the occurrence of such withdrawal or loss, whichever is later, such Dissenting ASMC Shareholder shall automatically have the right to receive the Cancellation Price as provided in the Merger Agreement.

A Dissenting ASMC Shareholder is required to satisfy certain criteria as set out in the section headed “The Summary of the Terms and Important Information of the Merger Agreement — Certain Provisions of the Merger Agreement — 2. Dissenting ASMC Shares” in this Composite Document when exercising its right to demand ASMC or the ASMC Shareholders who have approved the Proposal to acquire its ASMC Shares at a “fair price”. In the circumstances to which a Dissenting ASMC Shareholder fails to satisfy any of such criteria, such Dissenting ASMC Shareholder will lose his right to demand ASMC or the ASMC Shareholders who have approved the Proposal to acquire their ASMC Shares at a “fair price”.

In addition, if a Dissenting ASMC Shareholder fails to obtain a “fair price” which is higher than the Cancellation Price in accordance with the award of the arbitration to be granted by China International Economic and Trade Arbitration Commission or the Hong Kong International Arbitration Centre upon the settlement of disputes or claims arising from the determination of the “fair price”, such Dissenting ASMC Shareholder shall automatically have the right to receive the Cancellation Price as provided in the Merger Agreement.

It is proposed to close the Registers immediately at 4:30 p.m. on Tuesday, 22 January 2019, or such other date as may be notified to the ASMC H Shareholders by announcement, in order to establish entitlements to the Cancellation Price under the Proposal. The ASMC H Shareholders or their successors in title should ensure that their ASMC H Shares are registered or lodged for registration in their names or in the names of their nominees by 4:30 p.m. on Tuesday, 22 January 2019.

ADDITIONAL INFORMATION REGARDING THE MERGER

In the absence of any specific instructions to the contrary received in writing by the Registrar or the Company's Board Secretariat, cheques will be despatched to the ASMC Shareholders whose names appear on the Registers at the Record Time (other than any Dissenting ASMC Shareholder who has served a notice on or before the Cheque Issue Date to exercise its right to demand ASMC or the ASMC Shareholders who have approved the Proposal to acquire its ASMC Shares at a "fair price") at their respective addresses or, in the case of joint holders, to the registered address in the Registers in respect of the joint holding. All such cheques will be sent by ordinary post at the risk of the persons entitled thereto and neither ASMC nor GTA will be liable for any loss or delay in transmission.

Pursuant to the Merger Agreement, at any time after one year of the effective date of the Merger Agreement, GTA or any of its successor shall be entitled to request the bank which the consideration required to be paid for the Merger is held at or its affiliates to deliver to it any funds, which have not been disbursed to ASMC Shareholders, unless the disputes between GTA and Dissenting ASMC Shareholders has not been resolved. Thereafter, such ASMC Shareholders shall only be entitled to claim the Cancellation Price without any interest from GTA or any of its successor as general creditors. GTA shall not be liable to ASMC Shareholders for submitting the Cancellation Price to any regulatory authority in accordance with the laws.

Settlement of the Cancellation Price to which any ASMC Shareholder is entitled will be implemented in full in accordance with the terms of the Proposal without regard to any lien, right of set-off, counterclaim or other analogous right to which GTA may otherwise be, or claim to be, entitled against such ASMC Shareholder.

7. OVERSEAS ASMC SHAREHOLDERS

Overseas ASMC Shareholders will be entitled to receive this Composite Document and the notices of the ASMC Meetings, as well as to attend and vote at the ASMC Meetings. The making of the Proposal to the Overseas ASMC Shareholders may be subject to the laws of the relevant jurisdictions. Overseas ASMC Shareholders should observe any applicable legal or regulatory requirements. It is the responsibility of the Overseas ASMC Shareholders wishing to accept the Proposal to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due by the Overseas ASMC Shareholders in such jurisdiction.

8. ASMC MEETINGS

The notice of the Extraordinary General Meeting and the Independent ASMC H Shareholders Class Meeting are set out in Appendices V and VI to this Composite Document, respectively. The Extraordinary General Meeting and the Independent ASMC H Shareholders Class Meeting will be held at 9:00 a.m. and 10:00 a.m. respectively, on Friday, 11 January 2019 at Advanced Semiconductor Manufacturing Corporation Limited, No. 385 Hong Cao Road, Shanghai, the PRC.

ADDITIONAL INFORMATION REGARDING THE MERGER

9. ACTIONS TO BE TAKEN BY THE INDEPENDENT ASMC H SHAREHOLDERS AND THE ASMC SHAREHOLDERS

Whether or not they are able to attend the Extraordinary General Meeting or the Independent ASMC H Shareholders Class Meeting (where applicable) in person, the ASMC Shareholders are strongly urged to complete and sign the enclosed form of proxy in respect of the Extraordinary General Meeting in accordance with the instructions printed thereon and the Independent ASMC H Shareholders are strongly urged to complete and sign the enclosed form of proxy in respect of the Independent ASMC H Shareholders Class Meeting in accordance with the instructions respectively printed thereon as soon as possible, but in any case not later than the following respective times:

- (1) in the case of the form of proxy for use at the Extraordinary General Meeting, the ASMC Shareholders are requested to deposit such form of proxy not later than 9:00 a.m. on Thursday, 10 January 2019 at the Registrar (in respect of holders of the ASMC H Shares) at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong or at the Company's Board Secretariat (in respect of holders of ASMC Domestic Shares and ASMC Unlisted Foreign Shares) at 385 Hong Cao Road, Shanghai 200233, the People's Republic of China; and
- (2) in the case of the form of proxy for use at the Independent ASMC H Shareholders Class Meeting, the Independent ASMC H Shareholders are requested to deposit such form of proxy not later than 10:00 a.m. on Thursday, 10 January 2019 at the Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

The completion and return of a form of proxy for any of the ASMC Meetings will not preclude you from attending and voting in person at the relevant ASMC Meetings or any adjournment thereof, should you so wish. In the event that you attend and vote at any of the ASMC Meetings or any adjournment thereof after having deposited the relevant form of proxy, that form of proxy will be deemed to have been revoked.

For the purpose of determining the entitlements of the ASMC Shareholders to attend and vote at the Extraordinary General Meeting and the Independent ASMC H Shareholders to attend and vote at the Independent ASMC H Shareholders Class Meeting, the Registers will be closed from Wednesday, 12 December 2018 to Friday, 11 January 2019 (both dates inclusive). During such period, no transfer of ASMC Shares will be effected.

Only holders of record of ASMC Shares on Friday, 11 January 2019 are entitled to vote at, the ASMC Meetings. Each ASMC Shareholder on the Registers on Friday, 11 January 2019 is entitled to cast one vote per ASMC Share on the Proposal in the Extraordinary General Meeting. Each Independent ASMC H Shareholder on the Registers on Friday, 11 January 2019 is entitled to cast one vote per ASMC H Share on the Proposal in the Independent ASMC H Shareholders Class Meeting.

ADDITIONAL INFORMATION REGARDING THE MERGER

Further announcements will be issued giving details of the results of the ASMC Meetings and, if all the resolutions are duly passed at the ASMC Meetings, the last day for dealing in the ASMC H Shares, the Record Time and the Delisting Date.

Your attention is drawn to the section headed “Questions and Answers about the Voting Decision and Other Related Matters of the Merger” on pages 67 to 70 of this Composite Document.

10. HONG KONG STAMP DUTY AND TAXATION

Upon the implementation of the Merger, the ASMC H Shares, among other ASMC Shares, will be cancelled. Therefore, the cancellation of ASMC H Shares does not involve the sale and purchase of Hong Kong stock, and in this respect only, no stamp duty will be payable pursuant to the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

For the Dissenting ASMC Shareholders who exercise its right to require acquisition of their ASMC H Shares, Hong Kong stamp duty is payable at the rate of 0.1% of the consideration. The stamp duty payable will be deducted from the cash to be received by the Dissenting ASMC Shareholders who exercise such right.

The ASMC Shareholders (including the Dissenting ASMC Shareholders), whether in Hong Kong or in other jurisdictions, are recommended to consult their professional advisers if they are in any doubt as to the taxation implication of the Proposal and, in particular, whether the receipt of Cancellation Price would make such ASMC Shareholders (including the Dissenting ASMC Shareholders) liable to taxation in the PRC, Hong Kong or in other jurisdictions.

11. FURTHER INFORMATION

Further information in relation to the Proposal is set out in the appendices to this Composite Document, all of which form part of this section.

<p>QUESTIONS AND ANSWERS ABOUT THE VOTING DECISION AND OTHER RELATED MATTERS OF THE MERGER</p>

QUESTION 1

What is the consequence of the different voting decisions of an ASMC H Shareholder at the ASMC Meetings?

Subject to the satisfaction (or waiver, if applicable) of all the Conditions, set out below are the consequences relating to the voting decisions of the ASMC H Shareholders at the ASMC Meetings:

Voting decision at the ASMC Meetings	Consequence⁽¹⁾
1 An ASMC H Shareholder (in person or by proxy) has voted "FOR" the resolutions at the ASMC Meetings	Cheques for payment of the Cancellation Price will be issued to such ASMC H Shareholder within seven Business Days after the fulfilment (or waiver, if applicable) of all the Conditions under the Merger Agreement (" Condition Fulfilment Date ").
2 An ASMC H Shareholder (in person or by proxy) has voted "AGAINST" the resolutions at each of the ASMC Meetings	<p><i>Scenario 1⁽²⁾⁽³⁾</i></p> <p>If such ASMC H Shareholder has served a notice to demand ASMC or the ASMC Shareholders who have approved the Proposal to acquire his ASMC H Shares at a "fair price" (the "Fair Price Demand Notice") before the Cheque Issue Date, cheque for payment of the Cancellation Price WILL NOT be issued to such ASMC H Shareholder within seven Business Days after the Condition Fulfilment Date.</p> <p><i>Scenario 2⁽²⁾⁽³⁾</i></p> <p>If such ASMC H Shareholder has served a Fair Price Demand Notice on or after the Cheque Issue Date (and within two months after the date of the ASMC Meetings which approved the Merger Agreement and the Merger), cheque for payment of the Cancellation Price will be issued to such ASMC H Shareholder within seven Business Days after the Condition Fulfilment Date.</p>

**QUESTIONS AND ANSWERS ABOUT THE VOTING DECISION AND
OTHER RELATED MATTERS OF THE MERGER**

Voting decision at the ASMC Meetings Consequence⁽¹⁾

Scenario 3

If such ASMC H Shareholder has not served any Fair Price Demand Notice within two months after the date of the ASMC Meetings which approved the Merger Agreement and the Merger, cheque for payment of the Cancellation Price will be issued to such ASMC H Shareholder within seven Business Days after the Condition Fulfilment Date.

For scenarios 1 and 2 above:

- (a) ASMC/GTA will explain to such ASMC H Shareholder the basis for determining the Cancellation Price. If such difference cannot be resolved, such dispute or claim arising from the determination of the “fair price” will be brought to relevant arbitration body. The “fair price” will then be determined and the related dispute and procedures will be conducted according to the award of the arbitration to be granted by the relevant arbitration body.

If such ASMC H Shareholder fails to obtain a “fair price” which is higher than the Cancellation Price in accordance with the arbitration award, such ASMC H Shareholder will automatically have the right to receive the Cancellation Price.

- (b) If after serving the Fair Price Demand Notice, such ASMC H Shareholder changes his mind and withdraws the Fair Price Demand Notice, such ASMC H Shareholder can inform ASMC/GTA about the withdrawal and he will automatically have the right to receive the Cancellation Price.

For scenario 3 above, given such ASMC H Shareholder has not served the Fair Price Demand Notice within two months from the ASMC Meetings, he will be unable to meet the criteria for exercising its right to demand for a “fair price”.

QUESTIONS AND ANSWERS ABOUT THE VOTING DECISION AND OTHER RELATED MATTERS OF THE MERGER

Voting decision at the ASMC Meetings	Consequence⁽¹⁾
3 An ASMC H Shareholder did not attend (in person or by proxy) at the ASMC Meetings and/or abstain from voting at the ASMC Meetings	Cheques for payment of the Cancellation Price will be issued to such ASMC H Shareholder within seven Business Days after the Condition Fulfilment Date.

Notes:

- (1) After payment of the Cancellation Price is made to the ASMC Shareholder (that is, the ASMC Shareholder has deposited the cheque for payment of the Cancellation Price), the relevant rights attaching to such ASMC Shares shall be deemed cancelled.
- (2) Assuming the ASMC H Shareholder satisfies the criteria set out in the section headed “The Summary of the Terms and Important Information of the Merger Agreement — Certain Provisions of the Merger Agreement — 2. Dissenting ASMC Shares” in this Composite Document.
- (3) For the avoidance of doubt, any ASMC H Shareholder who has deposited the cheque for payment of the Cancellation Price, all the ASMC H Shares held by him shall be deemed as cancelled and he will no longer have right to demand ASMC or the ASMC Shareholders who have approved the Proposal to acquire its ASMC Shares at a “fair price”, and any Fair Price Demand Notice served by him prior to the deposit of the cheque will become invalid.

QUESTION 2

What will happen if an ASMC H Shareholder has received the cheque for payment of the Cancellation Price but did not deposit the cheque within one year from the effective date of the Merger Agreement?

Pursuant to the Merger Agreement, at any time after one year of the effective date of the Merger Agreement, GTA or any of its successor shall be entitled to request the bank which the consideration required to be paid for the Merger is held at or its affiliates to deliver to it any funds, which have not been disbursed to ASMC Shareholders, unless the disputes between GTA and Dissenting ASMC Shareholders has not been resolved.

Therefore, if any ASMC H Shareholder did not deposit the cheque within one year from the effective date of the Merger Agreement, such ASMC H Shareholder shall only be entitled to claim the Cancellation Price without any interest from GTA or any of its successor as general creditors.

**QUESTIONS AND ANSWERS ABOUT THE VOTING DECISION AND
OTHER RELATED MATTERS OF THE MERGER**

QUESTION 3

What will happen if an ASMC H Shareholder (in person or by proxy) has voted “AGAINST” the resolutions at each of the ASMC Meetings and served the Fair Price Demand Notice within two months after the date of the ASMC Meetings, but the fair price has not been determined by the relevant arbitration body prior to the de-registration of ASMC?

Such ASMC H Shareholder will, after the de-registration of ASMC, continue to have the right against ASMC and/or ASMC Shareholder who approved the resolutions at the ASMC Meetings, or GTA to acquire his ASMC H Shares at a “fair price”.

If such ASMC H Shareholder (i) fails to obtain a “fair price” which is higher than the Cancellation Price in accordance with the arbitration award, such ASMC H Shareholder will automatically have the right to receive the Cancellation Price; or (ii) after serving the Fair Price Demand Notice, changes his mind and withdraws the Fair Price Demand Notice, such ASMC H Shareholder can inform ASMC/GTA about the withdrawal and he will automatically have the right to receive the Cancellation Price.

THE SUMMARY OF THE TERMS AND IMPORTANT INFORMATION OF THE MERGER AGREEMENT

The purpose of this section is to provide a summary of the terms of the Merger Agreement and important information to the ASMC Shareholders. As this is a summary, it may not contain all the information of the Merger Agreement. The Merger Agreement is one of the documents available for inspection as referred to in the section headed “Appendix IV — 11. Documents Available for Inspection” of this Composite Document.

INTRODUCTION

On 30 October 2018, GTA and ASMC entered into the Merger Agreement and ASMC Directors agreed to put forward to the ASMC Shareholders the Proposal, which involves the cancellation of all ASMC Shares. Pursuant to the Merger Agreement, subject to the terms and conditions of the Merger Agreement, (i) GTA will pay the Cancellation Price (in the amount of HK\$1.50 per ASMC H Share and per ASMC Unlisted Foreign Share or RMB1.33 per ASMC Domestic Share (equivalent of the Cancellation Price of each ASMC H Share and each ASMC Unlisted Foreign Share based on the Exchange Rate)) for each ASMC H Share, ASMC Domestic Share and ASMC Unlisted Foreign Share to the holders of the ASMC H Shares, ASMC Domestic Shares and ASMC Unlisted Foreign Shares, respectively; and (ii) ASMC will be merged and absorbed by GTA in accordance with the PRC Company Law, the other applicable PRC laws and the ASMC Articles. **GTA will not increase the amount of the Cancellation Price as set out above. Following the making of this statement, GTA does not reserve the right to increase the amount of the Cancellation Price.**

The Proposal will be implemented by way of “merger by absorption” in accordance with Article 172 of the PRC Company Law. All the Conditions to effect the Merger Agreement have to be fulfilled on or before 29 July 2019 or such later date as mutually agreed between ASMC and GTA, and all the Conditions to effect the implementation of the Merger have to be fulfilled (or otherwise waived, as applicable) on or before 31 December 2019 or such later date as mutually agreed between ASMC and GTA. On the Delisting Date, the ASMC Listing will be withdrawn. Upon de-registration of ASMC, ASMC will merge into GTA and will cease to exist as a separate legal entity. As a result of the Merger, the assets and liabilities (together with the rights and obligations attached to such assets), the business and the employees of ASMC will be assumed by GTA as the surviving corporation. GTA and all of its rights, privileges, exemptions and permits will not be affected by the Merger.

CERTAIN PROVISIONS OF THE MERGER AGREEMENT

1. Merger Consideration

GTA will pay the Cancellation Price (in the amount of HK\$1.50 per ASMC H Share and per ASMC Unlisted Foreign Share or RMB1.33 per ASMC Domestic Share (equivalent of the Cancellation Price of each ASMC H Share and each ASMC Unlisted Foreign Share based on the Exchange Rate)) for each ASMC H Share, ASMC Domestic Share and ASMC Unlisted Foreign Share to the holders of the ASMC H shares, ASMC Domestic Shares and ASMC Unlisted Foreign Shares, respectively.

The amount of consideration required to be paid by GTA under the Proposal is an aggregate of approximately HK\$1,715.97 million for the ASMC H Shares and the ASMC Unlisted Foreign Shares and RMB519.03 million for the ASMC Domestic Shares, respectively.

THE SUMMARY OF THE TERMS AND IMPORTANT INFORMATION OF THE MERGER AGREEMENT

Pursuant to an agreement on consideration arrangement dated 26 October 2018 entered into between Huada and GTA, Huada irrevocably and unconditionally agreed to waive GTA's obligation to pay the Cancellation Price by cash. Huada and GTA confirmed that the payment of the Cancellation Price entitled by Huada will be effected by way of accounting treatment instead of physical payment from GTA to Huada upon the implementation of the Merger. On the basis of (i) the Cancellation Price of RMB1.33 per ASMC Domestic Share (equivalent to the Cancellation Price of HK\$1.50 per ASMC H Share and per ASMC Unlisted Foreign Share based on the Exchange Rate); and (ii) 301,523,616 ASMC Domestic Shares owned by Huada, the Cancellation Price which Huada is entitled under the Merger Agreement amounted to RMB401.03 million.

2. Dissenting ASMC Shares

A Dissenting ASMC Shareholder is required to satisfy the following criteria when exercising its right to demand ASMC or the ASMC Shareholders who have approved the Proposal to acquire its ASMC Shares at a "fair price":

- (1) having validly voted against the resolutions in respect of the Merger at each of the Extraordinary General Meeting and the Independent ASMC H Shareholders Class Meeting (as the case may be);
- (2) having been validly registered as a shareholder on the Registers since the record date for the Extraordinary General Meeting and the Independent ASMC H Shareholders Class Meeting in respect of which it intends to exercise its right until the date of exercising its right to demand ASMC or the ASMC Shareholders who have approved the Proposal to acquire its ASMC Shares at a "fair price"; and
- (3) in any circumstances, a Dissenting ASMC Shareholder shall exercise its right to demand ASMC or the ASMC Shareholders who have approved the Proposal to acquire its ASMC Shares at a "fair price" no later than two months after the date of the Extraordinary General Meeting and the Independent ASMC H Shareholders Class Meeting which approved the Merger Agreement and the Merger.

Any Dissenting ASMC Shareholder who holds the following ASMC Shares is not entitled to exercise its right in respect of the ASMC Shares held by them:

- (1) any ASMC Shares the holder of which has undertaken to ASMC to waive its right to demand ASMC or the ASMC Shareholders who have approved the Proposal to acquire its ASMC Shares at a "fair price";
- (2) any ASMC Shares for which its right is not exercisable in accordance with applicable laws; or
- (3) any ASMC Shares which is subject to pledge, other third party rights or judicial moratorium and no written consent or approval been legally obtained from the pledgee, third party or judicial authority, and its right is therefore not exercisable.

THE SUMMARY OF THE TERMS AND IMPORTANT INFORMATION OF THE MERGER AGREEMENT

3. Payment of the Cancellation Price

Payment of the Cancellation Price will be made to ASMC Shareholders as soon as possible and in any event no later than seven Business Days after the fulfillment (or waiver, if applicable) of all the Conditions.

After payment is made to the ASMC Shareholders, the relevant rights attaching to such ASMC Shares shall be deemed as cancelled.

4. Conditions of the Merger Agreement

Conditions to effect the Merger Agreement

The Merger Agreement shall become effective upon the fulfilment of all of the following conditions on or before 29 July 2019 (or such other date as ASMC and GTA may mutually agree):

- (1) the approval of the Merger Agreement and the Merger by the sole shareholder of GTA (that is, Huada);
- (2) the approval of the Merger Agreement and the Merger by not less than two-thirds of the ASMC Shareholders present and voting in person or by proxy at the Extraordinary General Meeting;
- (3) the approval of the Merger Agreement and the Merger by way of poll by at least 75% of the votes attaching to the ASMC H Shares held by the Independent ASMC H Shareholders that are cast either in person or by proxy at the Independent ASMC H Shareholders Class Meeting and the number of votes cast against the resolution to approve the Merger Agreement and the Merger at the Independent ASMC H Shareholders Class Meeting is not more than 10% of the votes attaching to all the ASMC H Shares held by the Independent ASMC H Shareholders; and
- (4) all necessary approvals from all relevant governmental bodies or regulatory bodies in the PRC and Hong Kong (if applicable) in respect of the Merger under the Merger Agreement have been obtained.

The Merger is subject to approvals and filing procedures from the relevant PRC governmental and/or regulatory bodies such as NDRC, Shanghai Municipal Commission of Commerce and SAMR (relating to anti-trust laws in the PRC). In addition, GTA and ASMC will seek such consents, approvals, orders and other governmental authorisations necessary or advisable to implement the Merger.

None of the Conditions to effect the Merger Agreement can be waived.

THE SUMMARY OF THE TERMS AND IMPORTANT INFORMATION OF THE MERGER AGREEMENT

As at the date of the Latest Practicable Date, (i) Condition (1) of Conditions to effect the Merger Agreement has been fulfilled; and (ii) approvals from NDRC and Shanghai Municipal Commission of Commerce as set out in Condition (4) have been obtained.

Conditions to the implementation of the Merger

After the Merger Agreement becomes effective, the implementation of the Merger shall be subject to the fulfillment (unless waived, as applicable) of all of the following conditions on or before 31 December 2019 (or such other date as ASMC and GTA may mutually agree):

- (1) the representations and warranties made by GTA shall not contain mistakes or omissions which will have a material adverse effect to the Merger on the Delisting Date, and the undertakings given by GTA in the Merger Agreement shall have been complied with in all material respects and, to the extent that there is failure to comply, such non-compliance does not cause a material impact on the Merger;
- (2) the representations and warranties made by ASMC shall not contain mistakes or omissions which will have a material adverse effect to the Merger on the Delisting Date, and the undertakings given by ASMC in the Merger Agreement shall have been complied with in all material respects and, to the extent that there is failure to comply, such non-compliance does not cause a material impact on the Merger; and
- (3) no law, statute, rule or regulation shall have been enacted or promulgated by any governmental authority restricting, prohibiting or cancelling the implementation of the Merger; and there shall be no judgment, order or injunction of a court in effect restricting, prohibiting or cancelling the implementation of the Merger on the Delisting Date.

If any of the Conditions to the implementation of the Merger has not been fulfilled (or waived, if applicable) on or before 31 December 2019 (or such other date as ASMC and GTA may agree), the Merger will lapse. ASMC is entitled to waive Condition (1) to the implementation of the Merger. GTA is entitled to waive Condition (2) to the implementation of the Merger. Condition (3) to the implementation of the Merger cannot be waived.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, GTA may only invoke any or all of the Conditions set out in the paragraph headed "4. Conditions of the Merger Agreement" in this section or terminate the Merger Agreement in accordance with the paragraph headed "Termination of the Merger Agreement" in this section as a basis for not proceeding with the Merger only if the circumstances which give rise to the right to invoke any such condition or termination right are of material significance to GTA in the context of the Merger.

THE SUMMARY OF THE TERMS AND IMPORTANT INFORMATION OF THE MERGER AGREEMENT

5. Representations and Warranties

Representations and warranties provided by GTA

The Merger Agreement contains various representations and warranties provided by GTA, including the following:

- (1) GTA is a limited liability company duly established and validly existing under the PRC Laws and has the requisite corporate authority to carry on its business and own its existing assets.
- (2) GTA has obtained the approval for the Merger Agreement and the transactions contemplated thereunder from its sole shareholder.
- (3) GTA has power to execute the Merger Agreement and to perform the obligations contained thereunder. Except for the relevant approvals as set out under the paragraph headed "Conditions to effect the Merger Agreement", upon execution of the Merger Agreement by GTA, GTA will be legally bound by it.
- (4) GTA has sufficient fund to pay for the consideration required to be paid under the Merger and all the expenses in relation to the Merger.
- (5) The execution of the Merger Agreement and the performance of the obligations contained thereunder by GTA (i) will not breach its business licence, articles of association or other similar organisation documents; (ii) will not violate any relevant PRC Laws or any authorities and approvals granted by government; and (iii) will not breach any agreements to which it is a party (or it is bound by).
- (6) All documents and materials provided by GTA to ASMC are true, accurate, complete and valid in all material aspects, and there is no concealment, omission, falseness and mislead.
- (7) The representations and warranties provided by GTA are true, accurate and complete during the date of the execution of the Merger Agreement and the implementation of the Merger.

Representations and warranties provided by ASMC

The Merger Agreement contains various representations and warranties provided by ASMC, including the following:

- (1) ASMC is a limited liability company duly established and validly existing under the PRC Laws and has the requisite corporate authority to carry on its business and own its existing assets.

THE SUMMARY OF THE TERMS AND IMPORTANT INFORMATION OF THE MERGER AGREEMENT

- (2) As at the date of the Merger Agreement, the total number of shares issued by ASMC was 1,534,227,000 shares (comprising 1,131,333,472 ASMC H Shares, 390,250,016 ASMC Domestic Shares and 12,643,512 ASMC Unlisted Foreign Share), all of which were duly issued and had been paid in full.
- (3) ASMC Board had reviewed and approved the Merger Agreement and the transactions contemplated thereunder and passed an effective resolution.
- (4) ASMC has power to execute the Merger Agreement and to perform the obligations contained thereunder. Except for the relevant approvals as set out under the paragraph headed “Conditions to effect the Merger Agreement”, ASMC will be legally bound by it.
- (5) The execution of the Merger Agreement and the performance of the obligations contained thereunder by ASMC (i) will not breach its business licence, articles of association or other similar organisation documents; (ii) will not violate any relevant PRC Laws or any authorities and approvals granted by government; and (iii) will not breach any agreements to which it is a party (or it is bound by).
- (6) ASMC has, with the assistance of all reasonable effort by GTA (if necessary), submitted to the SFC and the Stock Exchange the documents required.
- (7) As at the date of the implementation of the Merger, the financial statements of ASMC have been prepared in accordance with all applicable audit requirements and the relevant laws, and have fairly reflected its financial condition, operation and cash flow over the relevant period.
- (8) As at the date of the implementation of the Merger, ASMC has legal ownership and/or right to use the movable, immovable or intangible assets owned, occupied or used by it, and such assets are not subject to pledge, mortgage, lien, other security interests or third party interest.
- (9) As at the date of the implementation of the Merger, except for those disclosed in the financial statements, ASMC has no other liabilities (including contingent liabilities), and ASMC is not a guarantor, indemnitor or other obligator of other liabilities.
- (10) As at the date of the implementation of the Merger, there is no major litigation, arbitration or administrative penalties ongoing or unforeseen or foreseeable against ASMC.
- (11) As at the date of the implementation of the Merger, all taxes payable by ASMC have been paid on time. There is no outstanding tax, potential litigation or proceedings against ASMC regarding tax matter. ASMC does not conduct any

THE SUMMARY OF THE TERMS AND IMPORTANT INFORMATION OF THE MERGER AGREEMENT

transaction for the purpose of illegally evading taxes or for entering into any contract or taking any other action for the purpose of illegally evading taxes.

- (12) As at the date of the implementation of the Merger, the activities conducted by ASMC consistently meet the requirements of the relevant PRC laws and requirements of the relevant governmental departments in all material aspects, and there is no violation of any PRC law that constitutes a material adverse change to ASMC.
- (13) As at the date of the implementation of the Merger, ASMC has complied with all legal requirements relating to the employment of employees, and there are no major disputes or legal procedures involving employees that have not been resolved, except for those that have been properly disclosed to GTA. ASMC has complied with the laws related to compulsory social insurance and has paid the relevant fees to the competent regulatory authorities for its employees in a timely manner.
- (14) Except where third party consent is required under PRC laws, there is no third party consent that is necessary for the implementation of the Merger, including but not limited to loans, contracts, leases or other parties to the agreement.
- (15) All documents and materials provided by ASMC to GTA are true, accurate, complete and valid, and there is no concealment, omission, falseness and mislead.
- (16) The representations and warranties provided by ASMC are true, accurate and complete during the date of the execution of the Merger Agreement and the implementation of the Merger.

6. Termination of the Merger Agreement

The Merger Agreement will be terminated by:

- (1) either ASMC or GTA if:
 - (i) any governmental body has issued an order, decree or ruling or taken any other action (the parties hereto shall use their reasonable efforts to lift such order, decree, ruling or other action), which permanently restrains, enjoins or otherwise prohibits the Merger and such order, decree, ruling or other action has become final and non-appealable;
 - (ii) the Conditions to effect the Merger Agreement have not been satisfied by 29 July 2019 (or such other date as ASMC and GTA may mutually agree);
 - (iii) the Conditions to the implementation of the Merger have not been satisfied or waived (if applicable) by 31 December 2019 (or such other date as ASMC and GTA may mutually agree); or

THE SUMMARY OF THE TERMS AND IMPORTANT INFORMATION OF THE MERGER AGREEMENT

- (iv) ASMC has not obtained the requisite vote at the Extraordinary General Meeting or the Independent ASMC H Shareholders Class Meeting for approving the Merger Agreement and the Merger;
- (2) GTA may terminate the Merger Agreement if ASMC has breached any of its representations, warranties or undertakings under the Merger Agreement or other agreements executed in relation to the Merger, where such breach has a material impact on the Merger and cannot be or has not been rectified within 30 days after the giving of written notice by GTA to ASMC (if applicable); or
- (3) ASMC may terminate the Merger Agreement if GTA has breached any of its representations, warranties or undertakings under the Merger Agreement or other agreements executed in relation to the Merger, which such breach has a material impact on the Merger and cannot be or has not been rectified within 30 days after the giving of written notice by ASMC to GTA (if applicable).

7. Expenses

Unless otherwise provided under the Merger Agreement, each of GTA and ASMC agreed to pay its own taxation incurred in connection with the execution and performance of Merger Agreement in accordance with relevant legal requirements irrespective of whether the Merger Agreement can be completed or not. If there is no legal requirement, each of GTA and ASMC shall be responsible for the taxation incurred by its own.

8. Conduct of Business by ASMC

Prior to the completion of the Merger, ASMC shall operate its principal business in the usual, prudent and ordinary course and substantially in the same manner as its past practices, and shall use its best efforts to maintain the assets of its principal business in good condition and maintain its existing relations with customers and employees and other parties for the benefit of ASMC.

ASMC has agreed that, prior to the completion of the Merger, without the written consent of GTA, it shall not carry out the following actions:

- (1) ASMC or its subsidiaries merge with any companies;
- (2) increase substantially the salary of any employees, managements or directors, or adopt any share incentive schemes;
- (3) cease any business or operation, or change the nature of any principal business, or carry out any business other than the ordinary course of business;
- (4) adopt or amend any business plan or budget other than those in relation to the ordinary course of business;

<p style="text-align: center;">THE SUMMARY OF THE TERMS AND IMPORTANT INFORMATION OF THE MERGER AGREEMENT</p>
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- (5) carry out any restructuring of ASMC or its subsidiaries;
- (6) enter into any contracts or commitments out of its ordinary course of business, or provide any loans, guarantees and indemnities;
- (7) acquire, sell, lease or otherwise dispose of any assets out of its ordinary course of business;
- (8) initiate any litigations, arbitrations or legal proceedings or enter into any settlements in relation thereto which have a significant impact on its principal business; or
- (9) incorporate new subsidiaries, acquire third parties' shares unrelated to its principal business or purchase any other securities.

The undistributed profits of both GTA and ASMC as of the date of implementing the Merger shall be shared by the shareholders of GTA at the time after the Merger in accordance with their shareholding proportion.

9. Amendments

The Merger Agreement may be amended, modified or supplemented by written agreement among GTA and ASMC.

10. Governing Laws

The signing, validity, performance, interpretation and settlement of disputes of the Merger Agreement shall be governed by PRC Laws.

1. SUMMARY OF FINANCIAL INFORMATION OF ASMC

The following is a summary of the audited financial results of ASMC for each of the three years ended 31 December 2015, 2016 and 2017 as extracted from the annual reports of ASMC for the years ended 31 December 2015, 2016 and 2017, and the unaudited interim report for the six months ended 30 June 2018, and the 2018 third quarter results announcement issued by ASMC on 6 November 2018.

The auditors' reports issued by the auditors of ASMC, Ernst & Young, in respect of the audited financial statements of ASMC for each of the three years ended 31 December 2015, 2016 and 2017 did not contain any modified opinion, emphasis of matter or material uncertainty related to going concern.

Summary of Statement of Profit or Loss and Other Comprehensive Income

	9 months ended 30 September 2018 (Unaudited) RMB'000	6 months ended 30 June 2018 (Unaudited) RMB'000	Year ended 31 December		
			2017 (Audited) RMB'000	2016 (Audited) RMB'000	2015 (Audited) RMB'000
Revenue	830,903	526,632	1,013,296	796,137	741,079
Cost of sales	(690,510)	(450,975)	(855,705)	(686,541)	(642,917)
Gross profit	140,393	75,657	157,591	109,596	98,162
Other income and gains	23,861	11,857	19,062	30,433	42,213
Selling and distribution costs	(5,161)	(3,349)	(7,732)	(7,680)	(7,964)
General and administrative expenses	(54,742)	(34,884)	(74,383)	(63,180)	(66,487)
Research and development costs	(21,576)	(12,886)	(27,057)	(36,745)	(31,818)
Other expense	—	—	(14,108)	—	—
Finance costs	—	—	—	(14)	—
Profit before tax	82,775	36,395	53,373	32,410	34,106
Income tax	(4,460)	(190)	3,600	—	—
Profit for the period	78,315	36,205	56,973	32,410	34,106
Other comprehensive income for the year	—	—	—	—	—
Total comprehensive income for the year attributable to ordinary equity holders of the Company	<u>78,315</u>	<u>36,205</u>	<u>56,973</u>	<u>32,410</u>	<u>34,106</u>
Earnings per share (RMB)					
— Basic and diluted	<u>5.10 cents</u>	<u>2.36 cents</u>	<u>3.71 cents</u>	<u>2.11 cents</u>	<u>2.22 cents</u>

2. AUDITED FINANCIAL INFORMATION OF ASMC FOR THE YEAR ENDED 31 DECEMBER 2017

Details of the financial information of ASMC for the year ended 31 December 2017 is disclosed in the annual report of ASMC for the financial year ended 31 December 2017 (pages 74 to 128) and is incorporated by reference into this Composite Document. The said annual report of ASMC is available on the website of ASMC at <http://www.asmc.com/uploadfiles/201803/20180329180010486.pdf> and the website of the Stock Exchange at <https://www.hkex.com.hk>.

3. FINANCIAL INFORMATION OF ASMC FOR THE SIX MONTHS ENDED 30 JUNE 2018

Details of the unaudited financial statements of ASMC for the six months ended 30 June 2018 is disclosed in the interim report of ASMC for the six months ended 30 June 2018 (pages 6 to 29) and is incorporated by reference into this Composite Document. The said interim report of ASMC is available on the website of ASMC at <http://www.asmc.com/uploadfiles/201808/20180823173419870.pdf> and the website of the Stock Exchange at <https://www.hkex.com.hk>.

4. MATERIAL CHANGE

The ASMC Directors confirm that, as at the Latest Practicable Date, save as disclosed in the sections headed “Appendix I — 5. Financial Information of ASMC for the three months ended 30 September 2018” in which a net foreign exchange gain of approximately RMB10.5 million has been recorded for the nine months ended 30 September 2018, while a net foreign exchange loss of approximately RMB11.4 million was recorded for the same period last year, there had been no material change in the financial or trading position or outlook of ASMC since 31 December 2017, being the date to which the latest published audited financial statements of ASMC were made up.

5. FINANCIAL INFORMATION OF ASMC FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2018

Set out below is the unaudited financial statements of ASMC for the three months ended 30 September 2018 prepared in accordance with the International Financial Reporting Standards extracted from the 2018 Third Quarter Results Announcement published by ASMC on 6 November 2018 (the “2018 Third Quarter Results”).

The 2018 Third Quarter Results have been reported on by Anglo Chinese (as the Independent Financial Adviser) and Ernst & Young (as the auditors to ASMC) in accordance with Rule 10 of the Takeovers Code. Their respective letters have been lodged with the Executive and are set out under Appendices II and III to this Composite Document. The ASMC Directors further confirm that as at the Latest Practicable Date, the 2018 Third Quarter Results remains valid, and each of Anglo Chinese and Ernst & Young has given and has not withdrawn their consent to the issue of this Composite Document with the inclusion of its letter and references to its name and logo in the form and context in which they respectively appear.

Save for the section titled “Outlook for the Fourth Quarter of 2018”, the 2018 Third Quarter Results was based on the unaudited management accounts of ASMC for the three months ended 30 September 2018, representing an estimate of the results of ASMC for a period which has already expired. As such, no assumption was involved in the making of the 2018 Third Quarter Results save for the section titled “Outlook for the Fourth Quarter of 2018”. In relation to the section titled “Outlook for the Fourth Quarter of 2018”, since ASMC has already received the relevant order intakes for the fourth quarter of 2018 (the “**2018 Fourth Quarter Orders**”) from its major customers at home and abroad, the assumptions made by ASMC include (i) 2018 Fourth Quarter Orders will not be rescinded, terminated, cancelled or otherwise materially varied; (ii) there will be no material adverse effect on ASMC’s actual production output for the fourth quarter of 2018, which will enable ASMC to meet the 2018 Fourth Quarter Orders; and (iii) there will be no material adverse effect on ASMC’s operating conditions for the fourth quarter of 2018, which will enable ASMC to meet the 2018 Fourth Quarter Orders.

The principal activities of ASMC are the manufacture and sale of 5-inch, 6-inch and 8-inch semiconductor wafers. Accordingly, the major hazards in forecasting in these activities may be affected by a number of factors, such as any material changes to the demand and market conditions for electronics.

Shareholders and potential investors of ASMC should exercise caution in placing reliance on the 2018 Third Quarter Results in assessing the merits and demerits of the transactions as described in this Composite Document, and when dealing in the securities of ASMC. Persons who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.

Quarterly Results

The board of directors (the “**Board**”) of Advanced Semiconductor Manufacturing Corporation Limited (the “**Company**”) is pleased to announce the unaudited results of the Company for the three months and the nine months ended 30 September 2018 together with unaudited comparative figures for the corresponding periods of last year as follows:

Condensed Statement of Profit or Loss and Other Comprehensive Income

		3 months ended 30 September 2018 (Unaudited) RMB'000	9 months ended 30 September 2018 (Unaudited) RMB'000	3 months ended 30 September 2017 (Unaudited) RMB'000	9 months ended 30 September 2017 (Unaudited) RMB'000
	<i>Notes</i>				
Revenue	4	304,271	830,903	257,429	748,846
Cost of sales		<u>(239,535)</u>	<u>(690,510)</u>	<u>(215,112)</u>	<u>(628,548)</u>
Gross profit		64,736	140,393	42,317	120,298
Other income and gains	5	12,004	23,861	3,856	14,267
Operating expenses		(30,360)	(81,479)	(27,021)	(78,964)
Other expenses	5	<u>—</u>	<u>—</u>	<u>(5,116)</u>	<u>(11,447)</u>
Profit before tax	6	46,380	82,775	14,036	44,154
Income tax	7	<u>(4,270)</u>	<u>(4,460)</u>	<u>—</u>	<u>—</u>
Profit for the period		42,110	78,315	14,036	44,154
Other comprehensive income for the period		<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total comprehensive income for the period attributable to ordinary equity holders of the Company		<u>42,110</u>	<u>78,315</u>	<u>14,036</u>	<u>44,154</u>
Earnings per share attributable to ordinary equity holders of the Company					
– Basic and diluted	9	<u>2.74 cents</u>	<u>5.10 cents</u>	<u>0.92 cent</u>	<u>2.88 cents</u>

Details of the dividends proposed for the period are disclosed in note 8 to the condensed financial statements.

Condensed Statement of Financial Position

	30 September 2018 (Unaudited) RMB'000	31 December 2017 (Audited) RMB'000
Non-current assets		
Property, plant and equipment	390,822	348,140
Construction in progress	57,996	54,603
Prepaid land lease payments	26,808	27,385
Intangible assets	277	950
Deferred tax assets	3,600	3,600
	<hr/>	<hr/>
Total non-current assets	479,503	434,678
Current assets		
Inventories	205,485	160,032
Accounts and notes receivables	135,451	124,672
Prepayments, deposits and other receivables	13,574	12,350
Due from a related company	6,539	—
Cash and cash equivalents	555,136	568,836
	<hr/>	<hr/>
Total current assets	916,185	865,890
	<hr/>	<hr/>
Total assets	1,395,688	1,300,568
Current liabilities		
Accounts payable	178,906	162,215
Other payables and accruals	78,799	82,261
Due to related companies	288	—
Tax payable	4,271	—
Government grants	340	1,240
	<hr/>	<hr/>
Total current liabilities	262,604	245,716
	<hr/>	<hr/>
Net current assets	653,581	620,174
	<hr/>	<hr/>
Total assets less current liabilities	1,133,084	1,054,852
	<hr/>	<hr/>

	30 September 2018 (Unaudited) RMB'000	31 December 2017 (Audited) RMB'000
Non-current liabilities		
Government grants	<u>20,115</u>	<u>20,198</u>
Net assets	1,112,969	1,034,654
Equity attributable to equity holders of the Company		
Share capital	1,534,227	1,534,227
Reserves	<u>(421,258)</u>	<u>(499,573)</u>
Total equity	<u><u>1,112,969</u></u>	<u><u>1,034,654</u></u>

Statement of Changes in Equity

	For the nine months ended 30 September 2018 (Unaudited) RMB'000	For the nine months ended 30 September 2017 (Unaudited) RMB'000
Share capital		
<i>Ordinary shares of RMB1.00 each:</i>		
At beginning and end of period	<u>1,534,227</u>	<u>1,534,227</u>
Capital reserve		
At beginning and end of period	<u>205,363</u>	<u>205,363</u>
Statutory surplus reserve		
At beginning and end of period	<u>19,353</u>	<u>19,353</u>
Accumulated losses		
At beginning of period	(724,289)	(781,262)
Total comprehensive income for the period	<u>78,315</u>	<u>44,154</u>
At end of period	<u>(645,974)</u>	<u>(737,108)</u>
Reserves	<u>(421,258)</u>	<u>(512,392)</u>
Total equity attributable to equity holders of the Company	<u><u>1,112,969</u></u>	<u><u>1,021,835</u></u>

Statement of Cash Flows

	For the nine months ended 30 September 2018 (Unaudited) RMB'000	For the nine months ended 30 September 2017 (Unaudited) RMB'000
Cash flows from operating activities		
Profit before tax	82,775	44,154
Adjustments for:		
Depreciation	60,971	57,118
Amortisation of intangible assets	673	1,193
Amortisation of prepaid land lease payments	577	577
Loss on disposal of property, plant and equipment	227	172
Write-down of bad and doubtful debts to net realisable value	140	—
Reversal of write-down of inventories to net realisable value	(4,585)	(274)
Exchange loss/(gain)	(9,356)	8,786
Government grants	(1,895)	(2,012)
Interest income	(6,283)	(5,778)
Operating profit before working capital changes	123,244	103,936
Increase in accounts and notes receivables	(10,919)	(22,908)
Increase in inventories	(40,868)	(19,350)
Decrease/(increase) in prepayments, deposits and other receivables	(2,232)	1,677
Decrease/(increase) in balances with related companies	(6,251)	15,732
Increase in accounts payable	22,379	23,045
Increase/(decrease) in other payables and accruals	(3,462)	19,805
Cash generated from operations	81,891	121,937
Government grants received	912	5,899
Income tax paid	(189)	—
Net cash flows from operating activities	82,614	127,836
Cash flows from investing activities		
Interest received	7,291	6,702
Purchases of items of property, plant and equipment and construction in progress	(112,961)	(71,927)
Decrease in non-pledged time deposits with original maturity of over three months when acquired	7,618	6,104
Net cash flows used in investing activities	(98,052)	(59,121)

	For the nine months ended 30 September 2018 (Unaudited) RMB'000	For the nine months ended 30 September 2017 (Unaudited) RMB'000
Cash flows from financing activities		
Repayment of bank borrowings	—	(11,335)
Net cash flows used in financing activities	—	(11,335)
Net increase/(decrease) in cash and cash equivalents	(15,438)	57,380
Cash and cash equivalents at beginning of period	210,822	144,142
Effect of exchange rate changes on cash and cash equivalents	9,356	(8,786)
Cash and cash equivalents at end of period	204,740	192,736
Analysis of balances of cash and cash equivalents		
Cash and cash equivalents as stated in the statement of cash flows	204,740	192,736
Cash and bank balances	204,740	192,736
Non-pledged time deposits with original maturity of over three months when acquired	350,396	359,109
Cash and cash equivalents as stated in the statement of financial position	555,136	551,845
Investing activities affecting both cash and non-cash items		
Addition of items of property, plant and equipment and construction in progress	(107,273)	(74,501)
Increase/(decrease) in the balance of payables for purchases of items of property, plant and equipment and construction in progress	(5,688)	2,574
Cash flows used in purchases of items of property, plant and equipment and construction in progress	(112,961)	(71,927)

NOTES TO CONDENSED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The unaudited condensed financial statements of the Company for the three months and the nine months ended 30 September 2018 (the “2018 Third Quarter Results”) are prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” promulgated by the International Accounting Standards Board.

The 2018 Third Quarter Results do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the audited financial statements of the Company for the year ended 31 December 2017 (“2017 financial statements”) dated 14 March 2018.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the 2018 Third Quarter Results are consistent with those followed in the preparation of the Company’s 2017 financial statements, except for the adoption of new standards and interpretations effective as of 1 January 2018. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The following standards and amendments became effective as of 1 January 2018:

- IFRS 15 *Revenue from Contracts with Customers*
- IFRS 9 *Financial Instruments*
- IFRIC Interpretation 22 *Foreign Currency Transactions and Advance Considerations*
- Amendments to IAS 40 *Transfers of Investment Property*
- Amendments to IFRS 2 *Classification and Measurement of Share-based Payment Transactions*
- Amendments to IFRS 4 *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*
- Amendments to IAS 28 *Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice*
- Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters*

The Company applies, for the first time, IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial Instruments*. As required by IAS 34, the nature and effect of these changes are disclosed below.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 *Construction Contracts*, IAS 18 *Revenue* and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Company adopted IFRS 15 using the modified retrospective method of adoption. The effect of adopting IFRS 15 is as follows:

- The comparative information for each of the primary financial statements would be presented based on the requirements of IAS 11, IAS 18 and related Interpretations; and
- As required for the condensed financial statements, the Company disaggregated revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Refer to note 4 for the disclosure on disaggregated revenue. Disclosures for the comparative period in the notes to the financial statements would also follow the requirements of IAS 11, IAS 18 and related Interpretations. As a result, the disclosure of disaggregated revenue in note 4 would not include comparative information under IFRS 15.

IFRS 9 Financial Instruments

IFRS 9 *Financial Instruments* replaces IAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Company has not restated comparative information for 2017 for financial instruments in the scope of IFRS 9. Therefore, the comparative information for 2017 is reported under IAS 39 and is not comparable to the information presented for the nine months ended 30 September 2018.

Changes to classification and measurement

To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

The IAS 39 measurement categories of financial assets, including financial assets at fair value through profit or loss, loans and receivables, available-for-sale financial investments and held-to-maturity investments have been replaced by:

- Debt instruments at amortised cost;
- Debt instruments at fair value through other comprehensive income, with gains or losses recycled to profit or loss on derecognition;
- Equity instruments at fair value through other comprehensive income, with no recycling of gains or losses to profit or loss on derecognition; and
- Financial assets at fair value through profit or loss.

The accounting for financial liabilities remains largely the same as it was under IAS 39.

As of 1 January 2018, the category of loans and receivables under IAS 39, including cash and cash equivalents, accounts and notes receivables, financial assets included in prepayments, deposits and other receivables and due from a related company, were transferred to debt instruments at amortised cost under IFRS 9.

Changes to the impairment calculation

IFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under IFRS 9, to be recorded based on an expected credit loss model. The Company applies the simplified approach and record lifetime expected losses that are estimated based on the present values of all cash shortfalls over the remaining life of all of its accounts and notes receivables. The Company applies the general approach of financial assets included in prepayments, deposits and other receivables and due from a related company.

All the other amendments and interpretations apply for the first time in 2018, but do not have an impact on the 2018 Third Quarter Results of the Company.

The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3. SEGMENT INFORMATION

The Company's revenue and profit were mainly derived from the sale of wafers. The Company has only one reportable operating segment.

The principal assets employed by the Company are located in Shanghai, the People's Republic of China (the "PRC"). Therefore, no segment information based on the geographical location of the Company's assets is presented.

The Company's revenue attributed to geographical areas based on the location of customers is presented as follows:

	3 months ended 30 September 2018 (Unaudited) RMB'000	9 months ended 30 September 2018 (Unaudited) RMB'000	3 months ended 30 September 2017 (Unaudited) RMB'000	9 months ended 30 September 2017 (Unaudited) RMB'000
China	145,562	404,007	109,928	301,039
United States of America	107,663	290,095	104,943	336,630
Europe	50,201	133,690	42,111	109,686
Others	845	3,111	447	1,491
	<u>304,271</u>	<u>830,903</u>	<u>257,429</u>	<u>748,846</u>

Information about major customers

The Company's revenue of approximately RMB168,208,000 (30 September 2017: RMB371,752,000) was derived from sales to one customer (30 September 2017: three) which individually accounted for more than 10% of the Company's total revenue during the nine months ended 30 September 2018. Sales to a particular customer include sales to a group of entities which are known to be under common control with that customer.

4. REVENUE

An analysis of revenue is as follows:

	3 months ended 30 September 2018 (Unaudited) RMB'000	9 months ended 30 September 2018 (Unaudited) RMB'000	3 months ended 30 September 2017 (Unaudited) RMB'000	9 months ended 30 September 2017 (Unaudited) RMB'000
Sale of goods	<u>304,271</u>	<u>830,903</u>	<u>257,429</u>	<u>748,846</u>

With the adoption of IFRS 15 from 1 January 2018, the disaggregation of the Company's revenue from contracts with customers, including sales of goods above is as follows:

	3 months ended 30 September 2018 (Unaudited) RMB'000	9 months ended 30 September 2018 (Unaudited) RMB'000
Type of goods or service		
Sale of wafers and total revenue from contracts with customers	<u>304,271</u>	<u>830,903</u>
Timing of revenue recognition		
Goods transferred at a point in time and total revenue from contracts with customers	<u><u>304,271</u></u>	<u><u>830,903</u></u>

The disaggregation of the Company's revenue based on the geographical region for the nine months ended 30 September 2018 is included in note 3.

5. OTHER INCOME AND GAINS AND OTHER EXPENSES

	3 months ended 30 September 2018 (Unaudited) RMB'000	9 months ended 30 September 2018 (Unaudited) RMB'000	3 months ended 30 September 2017 (Unaudited) RMB'000	9 months ended 30 September 2017 (Unaudited) RMB'000
Other income and gains				
Net foreign exchange gain	8,585	10,543	—	—
Interest income	2,061	6,283	1,999	5,778
Sale of scrap materials	725	3,905	874	2,621
Subsidy income	335	1,895	596	2,012
Technology service income	298	1,082	200	3,623
Others	—	153	187	233
	<u>12,004</u>	<u>23,861</u>	<u>3,856</u>	<u>14,267</u>
Other expenses				
Net foreign exchange loss	—	—	(5,116)	(11,447)
	<u><u>—</u></u>	<u><u>—</u></u>	<u><u>(5,116)</u></u>	<u><u>(11,447)</u></u>

6. PROFIT BEFORE TAX

Profit before tax is arrived at after charging/(crediting):

	3 months ended 30 September 2018 (Unaudited) RMB'000	9 months ended 30 September 2018 (Unaudited) RMB'000	3 months ended 30 September 2017 (Unaudited) RMB'000	9 months ended 30 September 2017 (Unaudited) RMB'000
Cost of inventories sold	239,535	690,510	215,112	628,548
Depreciation	19,927	60,971	19,559	57,118
Amortisation of intangible assets	193	673	348	1,193
Amortisation of prepaid land lease payments	192	577	192	577
Research and development costs	8,690	21,576	6,747	19,542
Auditors' remuneration	356	1,067	356	1,067
Employee benefits expense (including directors', supervisors' and senior executives' remuneration):				
– Retirement benefits	6,981	19,952	5,992	17,322
– Accommodation benefits	2,406	6,571	2,064	5,781
– Salaries and other staff costs	56,996	158,378	52,249	148,864
	<u>66,383</u>	<u>184,901</u>	<u>60,305</u>	<u>171,967</u>
Write-down of bad and doubtful debts to net realisable value	140	140	—	—
Reversal of write-down of inventories to net realisable value	(2,293)	(4,585)	(2,115)	(274)

7. INCOME TAX

No provision for Hong Kong profits tax has been made as the Company had no assessable profits arising in Hong Kong during the three months and the nine months ended 30 September 2018 and 2017.

In accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008, the provision for Mainland China current income tax has been based on a statutory rate of 25% of the assessable profits of the Company for the year. However, the Company qualifies as a "High and New Technology Enterprise" and thus was granted a preferential rate of 15% from 1 January 2017 to 31 December 2019. However, the Company obtained the renewal of "High and New Technology Enterprise" (HNTE) status with a valid period from 1 January 2017 to 31 December 2019 and was recognized by the in-charge tax authority to enjoy the preferential Corporate Income Tax rate at 15%, which shall also be subject to the fulfillment on conditions required for HNTE on yearly basis.

Major components of income tax are as follows:

	3 months ended 30 September 2018 (Unaudited) RMB'000	9 months ended 30 September 2018 (Unaudited) RMB'000	3 months ended 30 September 2017 (Unaudited) RMB'000	9 months ended 30 September 2017 (Unaudited) RMB'000
Provision for income tax in respect of profit for the period	4,270	4,460	—	—
Deferred tax	—	—	—	—
Income tax	<u>4,270</u>	<u>4,460</u>	<u>—</u>	<u>—</u>

Deferred tax assets have not been fully recognised in respect of the deductible temporary differences, including tax losses, as it is not considered probable that sufficient taxable profits will be available against which these deductible temporary differences can be utilised.

8. DIVIDENDS

The Board does not recommend the payment of dividend to the ordinary equity holders of the Company for the nine months ended 30 September 2018 (for the nine months ended 30 September 2017: Nil).

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The basic earnings per share amount is calculated by dividing the profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	3 months ended 30 September 2018 (Unaudited)	9 months ended 30 September 2018 (Unaudited)	3 months ended 30 September 2017 (Unaudited)	9 months ended 30 September 2017 (Unaudited)
Profit attributable to ordinary equity holders of the Company (RMB'000)	42,110	78,315	14,036	44,154
Weighted average number of ordinary shares in issue ('000)	<u>1,534,227</u>	<u>1,534,227</u>	<u>1,534,227</u>	<u>1,534,227</u>

No diluted earnings per share is presented for the three months and the nine months ended 30 September 2018 and 2017 as the Company had no potentially dilutive ordinary shares in issue during those periods.

10. COMMITMENTS

The Company had the following commitments at the end of the reporting period:

	30 September 2018 (Unaudited) RMB'000	31 December 2017 (Audited) RMB'000
Capital commitments in respect of property, plant and equipment:		
– contracted, but not provided for	43,022	74,962
– authorised, but not contracted for	42,755	100,734
	<u>85,777</u>	<u>175,696</u>

11. RELATED PARTY TRANSACTIONS

On 8 March 2018, Shanghai Chemical Industry Park Investment Enterprise Co., Ltd. disposed 7.97% of the equity interest of the Company to Huada Semiconductor Co., Ltd. (“**Huada Semiconductor**”) (the “**Disposal**”). Immediately after completion of the Disposal, Huada Semiconductor and its subsidiary Shanghai Belling Co., Ltd. (“**Shanghai Belling**”) collectively held 25.44% of the equity interest of the Company. The shares in the Company held by Huada Semiconductor and Shanghai Belling are ultimately held by China Electronics Corporation (“**CEC**”). Consequently, the Company was considered to be under significant influence of CEC effective from 8 March 2018. The companies controlled by or under the significant influence of CEC are considered to be the Company’s related parties during the period after 8 March 2018.

The Company had the following material transactions with related parties during the period after 8 March 2018:

		3 months ended 30 September 2018 (Unaudited) RMB'000	9 months ended 30 September 2018 (Unaudited) RMB'000	3 months ended 30 September 2017 (Unaudited) RMB'000	9 months ended 30 September 2017 (Unaudited) RMB'000
	<i>Notes</i>				
Sales	<i>(i)</i>	7,734	18,164	—	26,706
Purchase of raw materials	<i>(ii)</i>	261	711	—	—
Plant maintenance fee	<i>(iii)</i>	74	302	—	—
Rental of equipment	<i>(iv)</i>	6	18	—	—
Technology transfer fees	<i>(v)</i>	—	—	—	266
Compensation paid/payable to key management personnel (including directors, supervisors and senior executives)		<u>3,285</u>	<u>9,143</u>	<u>5,060</u>	<u>10,722</u>

Notes:

- (i) Sales to related companies were carried out on terms equivalent to those that prevail in arm’s length transactions.
- (ii) Purchase of raw materials from related companies was made at prices determined according to the agreement signed by both parties.
- (iii) The maintenance fee paid to a related company was made at prices determined according to the agreement signed by both parties.

- (iv) The rental paid to a related company was made at prices determined according to the agreement signed by both parties.
- (v) Royalties in the form of technology transfer fees (including identification licensing fees) paid/payable to a related company were determined at 1% of the net sales of certain specified products sold by agreement of the parties.

In the opinion of the directors (including the independent non-executive directors), all of the above transactions were carried out in the ordinary course of business of the Company.

The above related party transaction set out in Note (v) constitutes a connected transaction as defined in Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the transactions set out in Notes (i), (ii), (iii) and (iv) also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

12. SUBSEQUENT EVENT

Pursuant to the Company announcement dated 30 October 2018, ASMC and GTA Semiconductor Co., Ltd. (“GTA”) entered into the Merger Agreement, and the Company’s Directors agreed to put forward to the ASMC Shareholders the Proposal, which involves the cancellation of all ASMC Shares. Pursuant to the Merger Agreement, subject to the terms and conditions of the Merger Agreement, (i) GTA will pay the Cancellation Price (in the amount of HK\$1.50 per ASMC H Share and per ASMC Unlisted Foreign Share or RMB1.33 per ASMC Domestic Share) for each ASMC H Share, ASMC Domestic Share and ASMC Unlisted Foreign Share to the holders of the ASMC H shares, ASMC Domestic Shares and ASMC Unlisted Foreign Shares, respectively; and (ii) ASMC will be merged and absorbed by GTA in accordance with the PRC Company Law, the other applicable PRC laws and the ASMC Articles. As at the date of this results announcement, conditions upon which the Merger Agreement shall become effective has not been fulfilled.

Operating Results Review

Summary:

(Amount: RMB’000)	3Q’18	2Q’18	3Q’17	QoQ% Change	YoY% Change
Revenue	304,271	285,870	257,429	6.4%	18.2%
Gross profit	64,736	53,121	42,317	21.9%	53.0%
Other income and gains	12,004	14,198	3,856	—	—
Operating expenses	(30,360)	(26,688)	(27,021)	13.8%	12.4%
Other expenses	—	—	(5,116)	—	—
Finance costs	—	—	—	—	—
Income tax	(4,270)	(190)	—	—	—
Net income	42,110	40,441	14,036	4.1%	200.0%
EPS	2.74 cents	2.64 cents	0.92 cent	—	—

Sales for the three months ended 30 September 2018 were RMB304.3 million, up 6.4% from RMB285.9 million for the three months ended 30 June 2018. This was primarily attributable to the large increase in the sales of 8-inch wafers and to a lesser extent, in the sales of 6-inch wafers.

Gross profit for the three months ended 30 September 2018 amounted to RMB64.7 million, increased by 21.9% from RMB53.1 million for the three months ended 30 June 2018, while gross margin for the three months ended 30 September 2018 was 21.3%, compared to 18.6% for the three months ended 30 June 2018, which was mainly attributable to the increase of sales volume

and a favourable product mix as well as the appreciation of the US dollar against the Renminbi (“RMB”), partially offset by the increase in manufacturing costs (i.e. spare parts, labour and raw materials).

Other income and gains for the three months ended 30 September 2018 were RMB12.0 million, compared to RMB14.2 million for the three months ended 30 June 2018. Other income and gains in the third quarter and second quarter of 2018 mainly comprised net foreign exchange gain, interest income, sale of scrap materials, subsidy income and technology service income.

Operating expenses for the three months ended 30 September 2018 amounted to RMB30.4 million, compared to RMB26.7 million for the three months ended 30 June 2018, which was due mainly to the increase in general and administrative expenses and research and development costs.

As a result, the Company recorded net income of RMB42.1 million for the three months ended 30 September 2018, compared to RMB40.4 million for the three months ended 30 June 2018.

I. Revenue Analysis

By Application

For the three months ended 30 September 2018, sales from communication, computer and consumer products accounted for 33%, 33% and 34% of total revenue respectively, which were basically in line with the breakdown in the previous quarter.

	3Q'18	2Q'18	3Q'17
Communication	33%	33%	34%
Computer	33%	33%	33%
Consumer	34%	34%	33%

By Geography

For the three months ended 30 September 2018, sales to the USA, China and Europe accounted for 35%, 48% and 17% of total revenue respectively, compared to 34%, 50% and 16% for the three months ended 30 June 2018.

	3Q'18	2Q'18	3Q'17
USA	35%	34%	41%
China	48%	50%	43%
Europe	17%	16%	16%
Others	0%	0%	0%

By Customer Type

For the three months ended 30 September 2018, sales to IDM and fabless customers accounted for 16% and 84% of total revenue respectively, compared to 15% and 85% in the second quarter of 2018.

	3Q'18	2Q'18	3Q'17
IDM	16%	15%	21%
Fabless	84%	85%	79%

By Product

For the three months ended 30 September 2018, sales as a percentage of total revenue from 5-inch, 6-inch and 8-inch wafers were 2%, 45% and 52% respectively, compared to 2%, 47% and 50% in the previous quarter.

	3Q'18	2Q'18	3Q'17
5-inch wafers	2%	2%	3%
6-inch wafers	45%	47%	44%
8-inch wafers	52%	50%	52%
Others ¹	1%	1%	1%

Note 1: Consists of probing services and provision of masks

II. Utilization and Capacity (8" equivalent)**II-1 Utilization**

Overall capacity utilization for the three months ended 30 September 2018 was 98%, compared to 101% for the three months ended 30 June 2018.

Fab	3Q'18	2Q'18	3Q'17
Fab 1/2			
5-inch wafers	33%	30%	42%
6-inch wafers	112%	115%	102%
Fab 3			
8-inch wafers	94%	97%	93%
Overall Capacity Utilization Rate	98%	101%	94%

Notes:

1. The capacity utilization rate represents the percentage of the actual number of processing steps (measured by the number of masks used) for the number of semiconductor wafers shipped in the reporting period divided by the total number of processing steps a fab is capable of producing during the corresponding period.
2. The capacity utilization rates stated in the table are calculated on the basis of the theoretical capacity of the Company's fabrication facilities, as discussed in Note 2 to paragraph II-2 below. In consequence, the utilization rates of actual operating capacity are higher than the figures stated in the table above.

3. The installed capacity of the Company's 5-inch wafers changed from 252,000 masks per month to 66,000 masks per month, which became effective on 1 January 2014.
4. The installed capacity of the Company's 6-inch wafers changed from 510,000 masks per month to 420,000 masks per month, which became effective on 1 January 2014.
5. The utilization rate of the Company's 8-inch wafers in Fab 3 was calculated on the basis of 325,000 masks per month, which became effective during the period from 1 July 2013 to 30 June 2017.
6. The utilization rate of the Company's 8-inch wafers in Fab 3 was calculated on the basis of 360,000 masks per month, which became effective during the period from 1 July 2017 to 31 July 2018.
7. The utilization rate of the Company's 8-inch wafers in Fab 3 was calculated on the basis of 400,000 masks per month, which became effective on 1 August 2018.

II-2 Capacity (8" equivalent wafers)

The capacity for the three months ended 30 September 2018 was 163,000 8-inch equivalent wafers, compared to 157,000 8-inch equivalent wafers for the previous quarter and the third quarter of 2017.

Fab (wafers in thousands)	3Q'18	2Q'18	3Q'17
Fab 1/2			
5-inch wafers	9	9	9
6-inch wafers	71	71	71
Fab-3			
8-inch wafers	<u>83</u>	<u>77</u>	<u>77</u>
Total Capacity	<u><u>163</u></u>	<u><u>157</u></u>	<u><u>157</u></u>

Notes:

1. The Company estimated the capacities of its 5-inch and 6-inch on the basis of 9 and 10 mask steps per wafer respectively and 5-inch and 6-inch wafers were converted to 8-inch equivalent wafers by dividing their wafer number by 2.56 and 1.78 respectively.
2. The installed capacity of the Company's fabrication facilities is calculated assuming continuous production of an optimum product mix, which in practice is unlikely ever to be achieved. In consequence, the actual operating capacity is less than the figures stated in the table.
3. The basis on which the capacity of the Company's 8-inch wafers was estimated changed from 22 mask steps per wafer to 14 mask steps per wafer, which became effective on 1 January 2014.

III. Profit and Expense Analysis

III-1. Gross Profit Analysis

Gross profit for the three months ended 30 September 2018 amounted to RMB64.7 million, increased by 21.9% from RMB53.1 million for the three months ended 30 June 2018, while gross margin for the three months ended 30 September 2018 was 21.3%, compared to 18.6% for the three months ended 30 June 2018, which was mainly

attributable to the increase of sales volume and a favourable product mix as well as the appreciation of the US dollar against the RMB, partially offset by the increase in manufacturing costs (i.e. spare parts, labour and raw materials).

(Amount: RMB'000)	3Q'18	2Q'18	3Q'17
Cost of sales	(239,535)	(232,749)	(215,112)
Gross profit	64,736	53,121	42,317
Gross margin	21.3%	18.6%	16.4%

III-2. Other Income and Gains

Other income and gains for the three months ended 30 September 2018 were RMB12.0 million, compared to RMB14.2 million for the three months ended 30 June 2018. Other income and gains in the third quarter and second quarter of 2018 mainly comprised net foreign exchange gain, interest income, sale of scrap materials, subsidy income and technology service income.

(Amount: RMB'000)	3Q'18	2Q'18	3Q'17
Other income and gains	12,004	14,198	3,856

III-3. Operating Expenses Analysis

Operating expenses for the three months ended 30 September 2018 amounted to RMB30.4 million, compared to RMB26.7 million for the three months ended 30 June 2018, which was due mainly to the increase in general and administrative expenses and research and development costs.

(Amount: RMB'000)	3Q'18	2Q'18	3Q'17
Selling and distribution costs	(1,812)	(1,700)	(1,867)
General and administrative expenses	(19,858)	(17,658)	(18,407)
Research and development costs	(8,690)	(7,330)	(6,747)

IV. Financial Condition Review

IV-1. Liquidity Analysis

Total current assets as at 30 September 2018 were RMB916.2 million, compared to RMB876.1 million as at 30 June 2018, representing the increase in cash and cash equivalents and inventories of RMB8.7 million and RMB26.3 million. Higher inventory was largely attributable to the increase in raw materials and work in progress, representing ongoing strong order demand for 6-inch and 8-inch wafer products. Total current liabilities increased from RMB252.3 million as at 30 June 2018 to RMB262.6 million as at 30 September 2018, largely attributable to the increase of RMB8.8 million in other current liabilities and RMB1.4 million in accounts payable.

(Amount: RMB'000)	3Q'18	2Q'18	3Q'17
Cash and cash equivalents	555,136	546,482	551,845
Accounts and notes receivables	135,451	129,772	125,574
Inventories	205,485	179,220	152,523
Other current assets	20,113	20,579	14,092
Total current assets	916,185	876,053	844,034
Interest-bearing borrowings	—	—	—
Accounts payable	178,906	177,462	158,540
Other current liabilities	83,698	74,881	82,304
Total current liabilities	262,604	252,343	240,844
Net current assets	653,581	623,710	603,190
Current ratio (x)	3.49	3.47	3.50

IV-2. Receivable/Inventory Turnover

Receivable turnover for the three months ended 30 September 2018 was 40 days, compared to 41 days for the three months ended 30 June 2018.

Inventory turnover days increased to 85 days for the three months ended 30 September 2018 from 83 days for the three months ended 30 June 2018.

	3Q'18	2Q'18	3Q'17
Accounts and notes receivable turnover (days)	40	41	43
Inventory turnover (days)	85	83	77

IV-3. Debt Service

Net cash reserves as at 30 September 2018 amounted to RMB555.1 million compared to RMB546.5 million as at 30 June 2018, representing a sequential increase of 1.6%. This was mainly attributable to an increase of RMB8.7 million in cash and cash equivalents.

(Amount: RMB'000)	3Q'18	2Q'18	3Q'17
Cash and cash equivalents	555,136	546,482	551,845
Interest-bearing borrowings	—	—	—
Net cash reserves	555,136	546,482	551,845

V. Capital Expenditures

The amount of capital expenditures for the three months ended 30 September 2018 was RMB32.7 million, compared to RMB38.4 million for the three months ended 30 June 2018. The capital expenditures incurred in the reporting quarter were mostly spent in improving the capacity of 8-inch wafer line and the manufacturing efficiency associated with 6-inch wafer line.

(Amount: RMB'000)	3Q'18	2Q'18	3Q'17
Capex	32,712	38,431	31,289

VI. Outlook for the Fourth Quarter of 2018

The Company maintained steady growth momentum by further improving operating efficiency and enhancing productivities and achieved a quarterly record-high of the shipment of 8-inch equivalent wafers, ultimately generated one of the best operating performance for the third quarter of 2018.

With support of stable order intakes from its major customers located at home and abroad, the Company expects its revenue for the fourth quarter of 2018 to increase significantly on a yearly basis.

6. INDEBTEDNESS STATEMENT

At the close of business on 30 September 2018, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, ASMC had no outstanding borrowings and no obligations under any finance lease.

At the close of business on 30 September 2018, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, ASMC did not have any significant contingent liabilities.

Save as aforesaid, and apart from normal trade payables in the ordinary course of business, as at the close of business on 30 September 2018, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, ASMC did not have any debt securities issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, mortgages, charges, finance lease or hire purchase commitments, guarantees or other material contingent liabilities.

The ASMC Directors confirm that no material changes in the indebtedness and contingent liabilities to ASMC since 30 June 2018 and up to and including the Latest Practicable Date.

Set out below is the text of the report from Anglo Chinese, the Independent Financial Adviser, in connection with the 2018 Third Quarter Results for the purpose of inclusion in this Composite Document.

ANGLO CHINESE
CORPORATE FINANCE, LIMITED
40th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong
www.anglochinese.com

財務顧問有限公司
英高

27 November 2018

The Board of Directors
Advanced Semiconductor Manufacturing Corporation Limited
385 Hongcao Road
Shanghai 200233
PRC

Dear Sirs,

Profit Forecast under Rule 10 of The Code on Takeovers and Mergers (the “Takeovers Code”)

We refer to the estimate of the unaudited total comprehensive income of Advanced Semiconductor Manufacturing Corporation Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) for the nine months ended 30 September 2018 (the “**Profit Estimate**”) set forth in Appendix I headed “Financial Information of ASMC” to the composite document of the Company dated 27 November 2018 (the “**Composite Document**”). The Profit Estimate is regarded as profit forecast and is required to be reported on pursuant to Rule 10 of the Takeovers Code.

The Profit Estimate has been made by the directors of the Company (the “**Directors**”) based on the unaudited consolidated results of the Group based on the management accounts of the Group for the nine months ended 30 September 2018. The Directors are solely responsible for the Profit Estimate.

We have reviewed the Profit Estimate and discussed with the Directors the basis of and the accounting policies adopted for preparing of the Profit Estimate. We have also considered the report from EY on the Profit Estimate dated 27 November 2018 to you, the text of which is set out in the Appendix III to the Composite Document, which stated that, “so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled in accordance with the bases adopted by the directors as set out in Note 1 and 2 in the “Notes to Condensed Financial Statements” of Appendix I of the Composite Document and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Company as set out in the annual report of the Company for the year ended 31 December 2017 except for the adoption of new standards and interpretations effective as of 1 January 2018 as disclosed in the interim report for the period ended 30 June 2018.”

Based on the above, we are satisfied that the Profit Estimate was prepared by the Directors with due care and consideration.

This report is provided to the Company solely for the purpose of complying with Rule 10 of the Takeovers Code and for no other purpose. We have given and not withdrawn our consent to the publication of this letter and references to our name and logo in the form and context in which they respectively appear in the Composite Document. We do not accept any responsibility to any person(s), other than the Company, in respect of, arising out of, or in connection with this report. Save for its inclusion in Appendix II to the Composite Document, this report is not to be quoted or referred to, in whole or in part, nor shall this report be used for any other purposes, without our prior written consent.

Yours faithfully,
For and on behalf of
Anglo Chinese Corporate Finance, Limited
Dian Deng
Director

Set out below is the text of the report from Ernst & Young, the auditors of ASMC, in connection with the 2018 Third Quarter Results for the purpose of inclusion in this Composite Document.

27 November 2018

The Board of Directors
Advanced Semiconductor Manufacturing Corporation Limited
385 Hong Cao Road
Shanghai, PRC

Dear Sirs,

Advanced Semiconductor Manufacturing Corporation Limited (“ASMC” or “the Company”)

Profit estimate for the nine months ended 30 September 2018

We refer to the estimate of the unaudited total comprehensive income for the period attributable to ordinary equity holders of the Company for the nine months ended 30 September 2018 (“**the Profit Estimate**”) set forth in Appendix I of the composite document of the Company dated 27 November 2018 (the “**Composite Document**”) in relation to the proposed privatization of ASMC by GTA Semiconductor Co., Ltd. by way of merger by absorption of ASMC. The Profit Estimate is required to be reported on under Rule 10 of the Code on Takeovers and Mergers issued by the Securities and Futures Commission.

Directors’ responsibilities

The Profit Estimate has been prepared by the directors of the Company based on the unaudited results of the Company for the nine months ended 30 September 2018 as shown in the management accounts of the Company for the nine months ended 30 September 2018.

The Company’s directors are solely responsible for the Profit Estimate.

Our independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion on the accounting policies and calculations of the Profit Estimate based on our procedures.

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 *Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness* and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company's directors have properly compiled the Profit Estimate in accordance with the bases adopted by the directors and as to whether the Profit Estimate is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Company. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled in accordance with the bases adopted by the directors as set out in Note 1 and 2 in the "Notes to Condensed Financial Statements" of Appendix I of the Composite Document and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Company as set out in the annual report of the Company for the year ended 31 December 2017 except for the adoption of new standards and interpretations effective as of 1 January 2018 as disclosed in the interim report for the period ended 30 June 2018.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

1. RESPONSIBILITY STATEMENT

The information in this Composite Document relating to ASMC has been supplied by ASMC Directors. The issue of this Composite Document has been approved by ASMC Directors, who jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to GTA) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the GTA Director) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

The GTA Director accepts full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to ASMC) and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this Composite Document (other than those expressed by the ASMC Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

The directors of Huada jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to ASMC) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (others than those expressed by the ASMC Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. SHARE CAPITAL OF ASMC

As at the Latest Practicable Date, the registered capital of ASMC is RMB1,534,227,000, consisting of 1,131,333,472 ASMC H Shares of par value RMB1.00 each, 390,250,016 ASMC Domestic Shares of par value RMB1.00 each, and 12,643,512 ASMC Unlisted Foreign Shares of par value RMB1.00 each in issue. As at the Latest Practicable Date, GTA did not own any ASMC Shares. GTA and its parties acting in concert with it owned an aggregate of 390,250,016 ASMC Domestic Shares (representing approximately 25.44% of the total issued share capital of ASMC) and 37,540,000 ASMC H Shares (representing approximately 2.45% of the total issued share capital of ASMC).

All ASMC Shares in issue rank pari passu in all respects with each other, including as to rights in respect of capital and dividends and voting. ASMC has not issued any shares since 31 December 2017, the date to which the latest audited financial statements of ASMC were made up, and up to the Latest Practicable Date.

As at the Latest Practicable Date, there were no outstanding options, warrants or convertible securities issued by ASMC.

3. MARKET PRICES

The table below shows the closing prices of the ASMC H Shares as quoted on the Stock Exchange (i) on the last trading day of each of the six calendar months preceding the date of the Announcement and ending on the Latest Practicable Date, (ii) on 25 October 2018, being the last trading day prior to the suspension of trading in the ASMC H Shares pending the issue of the Announcement, and (iii) on the Latest Practicable Date.

Date	Price per ASMC H Share HK\$
30 April 2018	0.89
31 May 2018	0.78
29 June 2018	0.83
31 July 2018	0.81
31 August 2018	0.79
28 September 2018	0.79
25 October 2018 (last trading date prior to the suspension of trading of ASMC H Shares pending the issue of the Announcement)	0.90
31 October 2018	1.36
23 November 2018 (Latest Practicable Date)	1.39

During the period commencing six months before the date of the Announcement and up to the Latest Practicable Date, the highest and lowest closing prices per ASMC H Share recorded on the Stock Exchange was HK\$1.39 on 5 November 2018, 6 November 2018, 7 November 2018, 8 November 2018, 22 November 2018 and 23 November 2018 respectively and HK\$0.70 on 10 September 2018, respectively.

4. DISCLOSURE OF INTERESTS

For the purpose of this paragraph, “interested” and “interests” have the same meanings as ascribed thereto in Part XV of the SFO. For the purposes of Note 1 to paragraph 4 of Schedule I of the Takeovers Code, holdings of ASMC H Shares are the relevant shareholdings in ASMC and holdings of shares in GTA are the relevant shareholdings in GTA.

(1) Holdings, interests and dealings in ASMC Shares

- (i) As at the Latest Practicable Date, GTA and parties acting in concert with it owned an aggregate of 390,250,016 ASMC Domestic Shares (representing approximately 25.44% of the total issued share capital of ASMC) and 37,540,000 ASMC H Shares (representing approximately 2.45% of the total issued share capital of ASMC). Save for the existing direct and indirect shareholding of Huada and Shanghai Belling in ASMC as set out in the paragraph headed “Shareholding Structure of ASMC”, neither GTA nor parties acting in concert with it owned or had control or direction over any

voting rights or rights over the ASMC Shares, options, derivatives, warrants, other securities convertible into ASMC Shares, or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code).

- (ii) As at the Latest Practicable Date, there were no convertible securities, warrants or options in respect of the ASMC Shares held, controlled or directed by GTA or parties acting in concert with it.
- (iii) As at the Latest Practicable Date, neither GTA nor parties acting in concert with it has entered into or held any outstanding derivative in respect of ASMC Shares.
- (iv) As at the Latest Practicable Date, save for the Proposal itself, there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of GTA or the ASMC Shares and which might be material to the Proposal.

The GTA Director did not have any interest in any ASMC Shares and did not deal for value in any ASMC Shares during the Disclosure Period.

- (v) Save as disclosed below, none of the ASMC Directors had any interest in any ASMC Shares during the Disclosure Period. None of the ASMC Directors dealt for value in any ASMC Shares during the Disclosure Period.

Long position in ASMC Shares

Name of Director	Capacity	Number of ASMC Shares	Approximate percentage of shareholding
Mr. Xu Ding	Beneficial Owner	900,000 ASMC H Shares	0.059%

- (vi) Mr. Xu Ding indicated that he has the intention to accept the Proposal in respect of the securities in which he had interests as shown above.
- (vii) Save in relation to the 15,672,000 ASMC Shares purchased by Shanghai Belling during the Disclosure Period, there have been no dealings in the ASMC Shares, options, derivatives, warrants, other securities convertible into ASMC Shares, or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) by GTA and parties who are acting in concert with GTA, during the Disclosure Period. The highest price paid by Shanghai Belling for the purchase of such ASMC Shares during the Disclosure Period amounted to HK\$0.83 per ASMC Share.

Set out below are the dealings for value by Shanghai Belling during the period beginning on 17 May 2018 and ending on the Latest Practicable Date (disclosed on a daily aggregated basis):

Trade Date	Type of transaction (Buy (B))	Number of ASMC H Shares	Maximum Price (HK\$)	Minimum Price (HK\$)
17 May 2018	B	620,000	0.7900	0.8000
18 May 2018	B	900,000	0.8000	0.7900
21 May 2018	B	34,000	0.8000	0.8000
23 May 2018	B	200,000	0.8000	0.8000
24 May 2018	B	22,000	0.7900	0.7900
25 May 2018	B	200,000	0.8100	0.8100
28 May 2018	B	264,000	0.8100	0.8000
29 May 2018	B	302,000	0.8000	0.7900
30 May 2018	B	110,000	0.8000	0.7900
31 May 2018	B	776,000	0.8000	0.7800
4 June 2018	B	150,000	0.8000	0.8000
5 June 2018	B	354,000	0.8100	0.8000
19 June 2018	B	200,000	0.8100	0.8100
20 June 2018	B	312,000	0.8200	0.8100
26 June 2018	B	42,000	0.8200	0.8200
27 June 2018	B	500,000	0.8300	0.8300
28 June 2018	B	1,674,000	0.8200	0.7800
29 June 2018	B	180,000	0.8300	0.8200
4 July 2018	B	136,000	0.8000	0.8000
5 July 2018	B	602,000	0.8000	0.7800
6 July 2018	B	100,000	0.7800	0.7800
9 July 2018	B	100,000	0.7800	0.7800
10 July 2018	B	1,098,000	0.7800	0.7500
11 July 2018	B	462,000	0.7500	0.7400
13 July 2018	B	200,000	0.7800	0.7800
16 July 2018	B	100,000	0.7800	0.7800
17 July 2018	B	50,000	0.7900	0.7900
14 August 2018	B	226,000	0.8000	0.8000
16 August 2018	B	10,000	0.7800	0.7800
17 August 2018	B	494,000	0.7900	0.7700
20 August 2018	B	324,000	0.7900	0.7900
21 August 2018	B	404,000	0.7900	0.7800
22 August 2018	B	800,000	0.7900	0.7900
24 August 2018	B	402,000	0.7900	0.7900
28 August 2018	B	1,170,000	0.8000	0.8000
29 August 2018	B	802,000	0.8000	0.7900
30 August 2018	B	424,000	0.8000	0.7900
31 August 2018	B	410,000	0.7900	0.7800
12 September 2018	B	38,000	0.7200	0.7000
13 September 2018	B	380,000	0.7200	0.7100
17 September 2018	B	100,000	0.7300	0.7300

- (viii) Save as disclosed in the section headed “Shareholdings Structure of ASMC” and in this section, none of the parties acting in concert with GTA, or parties which are presumed to be acting in concert with GTA under the Takeovers Code, owned or controlled any ASMC Shares as at the Latest Practicable Date or had dealt for value in any ASMC Shares during the Disclosure Period.
- (ix) Save for the Proposal itself, no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of GTA or ASMC Shares existed between GTA or ASMC or any person acting in concert with GTA or any person who is an associate of GTA, any person acting in concert with GTA and other person during the period commencing from the date of the Announcement and ending on the Latest Practicable Date.
- (x) No interest in ASMC Shares was managed on a discretionary basis by fund managers (other than exempt fund managers) connected with ASMC during the period commencing from the date of the Announcement and ending on the Latest Practicable Date.
- (xi) As at the Latest Practicable Date, neither GTA nor any parties acting in concert with it had received any commitment to vote for or against the Proposal.
- (xii) As at the Latest Practicable Date, neither GTA nor any parties acting in concert with it has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22) in ASMC.
- (xiii) The rights of the holders of ASMC Domestic Shares and ASMC H Shares rank pari passu to each other, including voting rights, the right to participate in the distribution of the assets of ASMC in the event of termination or liquidation of ASMC and the right to receive dividend payment, except that payment of dividend will be made in RMB to ASMC Domestic Shareholders and in Hong Kong dollars to ASMC H Shareholders.
- (xiv) None of the subsidiaries of ASMC and pension fund of ASMC or of a subsidiary of ASMC or any person who is presumed to be acting in concert with ASMC by virtue of class (5) of the definition of “acting in concert” or who is an associate of ASMC by virtue of class (2) of the definition of “associate” in the Takeovers Code (excluding exempt principal traders and exempt fund managers) owned or controlled any ASMC Shares or any convertible securities, warrants, options or derivatives in respect of the ASMC Shares as at the Latest Practicable Date or had dealt for value in the ASMC shares or any convertible securities, warrants, options or derivatives in respect of the ASMC Shares during the Disclosure Period.
- (xv) No person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with ASMC or with any person who is presumed to be acting in concert with ASMC by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” or who is an associate of ASMC by virtue of classes (2), (3) and (4) of the definition of “associate” in the Takeovers Code as at the Latest Practicable Date.

(xvi) As at the Latest Practicable Date, there were no ASMC Shares, convertible securities, warrants, options or derivatives in respect of the ASMC Shares which ASMC or the ASMC Directors had borrowed or lent.

(2) Holdings, interests and dealings in the shares of GTA

(i) As at the Latest Practicable Date, ASMC did not own any shares in GTA. ASMC had not dealt in the shares of GTA during the Disclosure Period.

(ii) As at the Latest Practicable Date, none of the ASMC Directors had any interest in the shares of GTA. None of the ASMC Directors had dealt for value in any such shares of GTA during the Disclosure Period.

(3) Other interests

As at the Latest Practicable Date:

(i) no benefit is to be given to any ASMC Director as compensation for loss of office or otherwise in connection with the Proposal;

(ii) no agreement, arrangement or understanding, including any compensation arrangement, existed between GTA or any person acting in concert with GTA and any of the ASMC Directors, recent ASMC Directors, ASMC Shareholders or recent ASMC Shareholders having any connection with or dependence upon the Proposal;

(iii) no agreement or arrangement existed between any ASMC Director and any other person which is conditional on or dependent upon the outcome of the Proposal or otherwise connected with the Proposal;

(iv) no agreement, arrangement or understanding between GTA and any other person in relation to the transfer, charge or pledge of the ASMC Shares to be acquired pursuant to the Proposal and GTA had no intention to transfer, charge or pledge any ASMC Shares to be acquired pursuant to the Proposal to any other person which may result in the transfer of voting rights attaching to such ASMC Shares;

(v) no material contract had been entered into by GTA in which any of the ASMC Directors has a material personal interest;

(vi) none of the ASMC Directors has a service contract with ASMC in force which (including both continuous and fixed term contracts) have been entered into or amended during the Disclosure Period; which are continuous contracts with a notice period of 12 months or more; or which are fixed term contracts with more than 12 months to run irrespective of the notice period; and

(vii) save from the Conditions contained in the Merger Agreement, there is no agreement or arrangement to which GTA is party which relates to the circumstances in which it may or may not invoke or seek to invoke a condition to the Proposal.

5. RIGHTS OF ASMC SHAREHOLDERS

The ASMC Shareholders, inter alia, enjoy the following rights:

- (1) the right to dividends and other distributions in proportion to the number of shares held by them;
- (2) the right to attend or appoint a proxy to attend shareholders' meetings of ASMC and to vote thereat;
- (3) the right of supervisory management over the Company's business operations and the right to present proposals or to raise queries;
- (4) the right to transfer ASMC Shares in accordance with laws, regulations and provisions of the ASMC Articles;
- (5) the right to obtain relevant information in accordance with the provisions of the ASMC Articles;
- (6) in the event of termination or liquidation of ASMC, to participate in the distribution of the remaining assets of ASMC in accordance with the number of ASMC Shares held; and
- (7) the rights of the holders of ASMC Domestic Shares and ASMC H Shares rank pari passu to each other, including voting rights and the right to receive divided payment, except that payment of dividends will be made in RMB to ASMC Domestic Shareholders and in Hong Kong dollars to ASMC H Shareholders and only ASMC H Share will be publicly traded in the Stock Exchange.

6. PROCEDURES FOR DEMANDING A POLL BY SHAREHOLDERS

Set out below is the procedure by which ASMC Shareholders and the chairman of any ASMC Shareholders' meeting may demand a poll pursuant to Article 73 of ASMC Articles.

According to the ASMC Articles, a poll may be demanded by:

- (1) the chairman of the meeting;
- (2) at least two shareholders present in person or by proxy entitled to vote thereat;
- (3) one or more shareholders (including proxies) representing 10% or more of the shares (held solely or in combination) carrying the right to vote at the meeting, before or after a vote is carried out by a show of hands.

Unless a poll is demanded, a declaration by the chairman that a resolution has been passed on a show of hands and the record of such in the minutes of the meeting shall be conclusive evidence of the fact that such resolution has been passed. There is no need to provide evidence of the number or proportion of votes in favour of or against such resolution.

7. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the ASMC Directors had entered into any service contract with ASMC or any of its subsidiaries or associated companies (i) which (including both continuous and fixed term contracts) had been entered into or amended within the Disclosure Period; (ii) which were continuous contracts with a notice period of 12 months or more; or (iii) which were fixed term contracts with more than 12 months to run irrespective of the notice period.

8. MATERIAL CONTRACTS

No material contracts have been entered into by ASMC or any of its subsidiaries, not being contracts entered into during the ordinary course of business carried on or intended to be carried on by ASMC or any of its subsidiaries, after the date two years preceding the date of this Composite Document, save and except for the Merger Agreement.

9. LITIGATION

As at the Latest Practicable Date, neither ASMC nor any of its subsidiaries was engaged in any litigation or arbitration or claim of material importance and no litigation or claim of material importance was known to the ASMC Directors to be pending or threatened by or against ASMC or any of its subsidiaries.

10. CONSENT AND QUALIFICATIONS

The following are the names and qualifications of the expert whose letter, opinions or advice are contained or referred to in this Composite Document:

Name	Qualifications
Anglo Chinese Corporate Finance, Limited	the Independent Financial Adviser to the Independent Board Committee, a corporation licensed to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
China International Capital Corporation Hong Kong Securities Limited	the financial adviser to GTA, in connection with the Proposal, a corporation licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities
Ernst & Young	Certified public accountants

Each of Anglo Chinese, CICC and Ernst & Young has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion therein of its opinions, and the references to its name and opinions in the form and context in which it respectively appears.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (1) on the website of ASMC at www.asmc.com; (2) on the website of the SFC at www.sfc.hk; and (3) at the principal place of business of ASMC in Hong Kong at 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m. on any weekday (public holidays excepted) until the Conditions to the implementation of the Merger have been fulfilled (or waived, if applicable) or the date on which the Proposal lapses or is withdrawn, whichever is the earliest:

- (1) the articles of association of GTA;
- (2) the articles of association of ASMC;
- (3) the Merger Agreement;
- (4) the agreement on consideration arrangement dated 26 October 2018 entered into between Huada and GTA;
- (5) the 2018 Third Quarter Results containing the unaudited financial statements of ASMC for the three months ended 30 September 2018;
- (6) the annual reports containing the financial statements of ASMC for each of the three years ended 31 December 2015, 2016 and 2017;
- (7) the interim report containing the unaudited condensed financial statements of ASMC for the six months ended 30 June 2018;
- (8) the letter from the GTA Director, the text of which is set out on pages 6 to 17 of this Composite Document;
- (9) the letter from the ASMC Board, the text of which is set out on pages 18 to 33 of this Composite Document;
- (10) the letter from the Independent Board Committee, the text of which is set out on pages 34 to 35 of this Composite Document;
- (11) the letter from Anglo Chinese, the text of which is set out on pages 36 to 59 of this Composite Document;
- (12) the report from Anglo Chinese on the 2018 Third Quarter Results which is set out in Appendix II of this Composite Document;
- (13) the report from Ernst & Young on the 2018 Third Quarter Results which is set out in Appendix III of this Composite Document;
- (14) the letters of consent referred to in the section headed "10. Consent and Qualifications" of this Appendix IV; and
- (15) this Composite Document.

12. MISCELLANEOUS

- (1) The registered office of GTA is at Building C, No. 888 West No.2 Huanhu Road, Nanhui New Town of Pudong New Area, Shanghai, the PRC. The directors of the immediate parent company, Huada, are Mr. Chen Xu, Ms. Jia Haiying, Mr. Dong Haoran, Mr. Li Rongxin, Mr. Li Jun and Mr. Zhu Lifeng.
- (2) GTA is directly and beneficially wholly-owned by Huada.
- (3) The sole director of GTA is Mr. Dong Haoran.
- (4) The principal members of GTA's concert group include Huada, China Electronics Corporation Limited, and CEC. Details of the principal members of GTA's concert group are as follows:

Name of the principal member	Address	Director(s)
Huada	Room 303-304, Block A, 112 Liangxiu Road, China (Shanghai) Pilot Free Trade Zone, the PRC	Mr. Chen Xu Ms. Jia Haiying Mr. Dong Haoran Mr. Li Rongxin Mr. Li Jun Mr. Zhu Lifeng
China Electronics Corporation Limited	15th Floor South, Sangda Technology Building, No.1 Keji Road, Aohai Avenue, Nanshan District, Shenzhen, the PRC	Ms. Jia Haiying
CEC	19th Floor, Building A, Tri-tower, No.66-1,Zhongguancun East Road, Haidian District, Beijing, the PRC	<i>Directors</i> Mr. Rui Xiaowu Mr. Zhang Dongchen <i>Outside Directors</i> Mr. Wang Zuoran Mr. Song Ning Mr. Chen Jie Mr. Geng Ruguang <i>Employee Representative Director</i> Mr. Li Zhaoming

- (5) The registered office and principal place of business of ASMC in the PRC is 385 Hong Cao Road, Shanghai 200233, PRC. The principal place of business of ASMC in Hong Kong has been changed to 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong
- (6) There is no controlling shareholder in ASMC. As at the Latest Practicable Date, the single largest shareholder of ASMC is Huada which is directly or indirectly (via Shanghai Belling) interested in 390,250,016 ASMC Domestic Shares and 37,540,000 ASMC H Shares, representing an aggregate of approximately 27.88% of the total issued share capital in ASMC.
- (7) The registered office of CICC is at 29th Floor, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong.
- (8) The business office of Anglo Chinese is at 40/F Two Exchange Square, 8 Connaught Place, Central, Hong Kong.
- (9) The H Share registrar of ASMC is Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
- (10) The Registers are open to inspection by ASMC Shareholders or any other person in accordance with ASMC Articles.
- (11) The English text of this Composite Document, the forms of proxy and reply slip shall prevail over the Chinese text.

**asmc****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 IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Advanced Semiconductor Manufacturing Corporation Limited (the “Company”) will be held at Advanced Semiconductor Manufacturing Corporation Limited, No. 385 Hong Cao Road, Shanghai, the PRC on Friday, 11 January 2019 at 9:00 a.m. to consider and, if appropriate, pass the following resolution by way of poll as special resolution (resolution approved by at least two-thirds of the votes attaching to the shares of the Company that are cast either in person or by proxy in the meeting):

SPECIAL RESOLUTION

1. **THAT** subject to the passing of this same resolution by the independent shareholders of H shares of the Company in a separate class meeting of the independent H shareholders of the Company, as approved by way of poll by at least 75% of the votes attaching to the H shares of the Company held by the independent shareholders of the Company that are cast either in person or by proxy at the meeting and with the number of votes cast against the resolution by the independent shareholders of the Company being not more than 10% of all the H shares held by the independent shareholders of the Company:
 - (a) the merger agreement entered into between the Company and GTA Semiconductor Co., Ltd. (“GTA”) dated 30 October 2018 (“**Merger Agreement**”), the execution of the Merger Agreement by or for and on behalf of the Company, and the merger and the other transactions conducted or to be conducted as contemplated thereunder be and are hereby approved, ratified and confirmed; and
 - (b) any director of the Company be and is hereby authorised to take such other action and execute such documents or deeds as he may consider necessary or desirable for the purpose of implementing the merger by absorption of the Company by GTA and all other transactions contemplated by the Merger Agreement.

On behalf of the board of directors of
Advanced Semiconductor Manufacturing Corporation Limited
上海先進半導體製造股份有限公司
Hong Feng
Executive Director

Hong Kong, 27 November 2018

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 Wednesday, 12 December 2018 to Friday, 11 January 2019 (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 Friday, 11 January 2019 are entitled to attend the EGM. Holders of the 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 Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Tuesday, 11 December 2018.

(2) Proxy

Any shareholder who is entitled to attend and vote at the EGM 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 authorisation 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 authorisation 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. 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, 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 or to the Company's Board Secretariat on or before Saturday, 22 December 2018.

(4) Vote on resolution by way of poll

The resolution of the EGM held on Friday, 11 January 2019 will demand the vote to be carried out by way of poll. Please refer to the section headed "Appendix IV — 6. Procedures for Demanding a Poll by Shareholders" of the composite document despatched by the Company on Tuesday, 27 November 2018.

(5) Other businesses

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.

As at the date of this notice, the board of directors of the Company comprises Dr. Hong Feng as executive director, Mr. Dong Haoran, Mr. David Damian French, Mr. Kang Hui, Mr. Xu Ding, Mr. Yuan Yipei and Mr. Lu Ning as non-executive directors, and Dr. Chen Enhua, Mr. Jiang Shoulei, Dr. Jiang Qingtang and Mr. Pu Hanhu as independent non-executive directors.

**asmc****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 IS HEREBY GIVEN that a class meeting of the Independent H Shareholders (the “**Independent ASMC H Shareholders Class Meeting**”) of Advanced Semiconductor Manufacturing Corporation Limited (the “**Company**”) will be held at Advanced Semiconductor Manufacturing Corporation Limited, No. 385 Hong Cao Road, Shanghai, the PRC on Friday, 11 January 2019 at 10:00 a.m. to consider and, if appropriate, pass the following resolution by way of poll by at least 75% of the votes attaching to the H shares of the Company and held by the independent shareholders of the Company that are cast either in person or by proxy at the meeting, and with the number of votes cast against the resolution at the meeting amounting to not more than 10% of all the H shares of the Company held by the independent shareholders of the Company:

SPECIAL RESOLUTION1. **THAT**

- (a) the merger agreement entered into between the Company and GTA Semiconductor Co., Ltd. (“**GTA**”) dated 30 October 2018 (“**Merger Agreement**”), the execution of the Merger Agreement by or for and on behalf of the Company, and the merger and the other transactions conducted or to be conducted as contemplated thereunder be and are hereby approved, ratified and confirmed; and
- (b) any director of the Company be and is hereby authorised to take such other action and execute such documents or deeds as he may consider necessary or desirable for the purpose of implementing the merger by absorption of the Company by GTA and all other transactions contemplated by the Merger Agreement.

On behalf of the board of directors of
Advanced Semiconductor Manufacturing Corporation Limited
上海先進半導體製造股份有限公司

Hong Feng
Executive Director

Hong Kong, 27 November 2018

Notes:

(1) Closure of register of members and eligibility for attending the Independent ASMC H Shareholders Class Meeting

Independent shareholders for the purpose of the Independent ASMC H Shareholders Class Meeting mean shareholders other than GTA Semiconductor Co., Ltd. and parties acting in concert with it.

To determine the list of shareholders who have the right to attend the Independent ASMC H Shareholders Class Meeting, the register of members will be closed from Wednesday, 12 December 2018 to Friday, 11 January 2019 (both days inclusive) during which period, no transfer of shares will be effected. H Shareholders whose names appear on the register of members of the Company on Friday, 11 January 2019 are entitled to attend the Independent ASMC H Shareholders Class Meeting. Holders of the H Shares who wish to attend the Independent ASMC H Shareholders Class Meeting 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 Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Tuesday, 11 December 2018.

(2) Proxy

Any shareholder who is entitled to attend and vote at the Independent ASMC H Shareholders Class Meeting 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 authorisation 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 authorisation 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 person or by post not less than 24 hours before the time fixed for holding the Independent ASMC H Shareholders Class Meeting. The address of Computershare Hong Kong Investor Services Limited is 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

(3) Reply slip

If you intend to attend the Independent ASMC H Shareholders Class Meeting in person or by proxy, you are required to complete and return the reply slip to Computershare Hong Kong Investor Services Limited or to the Company's Board Secretariat on or before Saturday, 22 December 2018.

(4) Vote on resolution by way of poll

The resolution of the Independent ASMC H Shareholders Class Meeting held on Friday, 11 January 2019 will demand the vote to be carried out by way of poll. Please refer to the section headed "Appendix IV - 6. Procedures for Demanding a Poll by Shareholders" of the composite document despatched by the Company on Tuesday, 27 November 2018.

(5) Other businesses

The Independent ASMC H Shareholders Class Meeting is expected to last for half a day. Shareholders (in person or by proxy) attending the Independent ASMC H Shareholders Class Meeting are responsible for their own transportation and accommodation expenses. Shareholders or their proxies attending the Independent ASMC H Shareholders Class Meeting 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.

As at the date of this notice, the board of directors of the Company comprises Dr. Hong Feng as executive director, Mr. Dong Haoran, Mr. David Damian French, Mr. Kang Hui, Mr. Xu Ding, Mr. Yuan Yipei and Mr. Lu Ning as non-executive directors, and Dr. Chen Enhua, Mr. Jiang Shoulei, Dr. Jiang Qingtang and Mr. Pu Hanhu as independent non-executive directors.