ADVANCED SEMICONDUCTOR MANUFACTURING CORPORATION LIMITED
上 海 先 進 半 導 體 製 造 股 份 有 限 公 司

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

Announcement of Annual Results for the Year Ended 31 December 2010

ANNUAL RESULTS

The board of directors (the "Board") of Advanced Semiconductor Manufacturing Corporation Limited (the "Company") is pleased to announce the audited results of the Company for the year ended 31 December 2010 as follows:

Statement of Comprehensive Income
Year ended 31 December 2010

	Notes	2010 RMB'000	2009 RMB'000
Revenue	3	**978,493**	645,638
Cost of sales		**(758,095)**	(630,097)
Gross profit		**220,398**	15,541
Other income and gains	4	**12,862**	5,067
Selling and distribution costs		**(4,882)**	(5,436)
General and administrative expenses		**(61,951)**	(51,071)
Research and development costs		**(29,153)**	(41,842)
Other expenses	4	**(10,730)**	(15,913)
Finance costs	5	**(6,846)**	(9,253)
Profit/(loss) before tax	5	**119,698**	(102,907)
Income tax	6	**—**	92
Profit/(loss) for the year		**119,698**	(102,815)
Other comprehensive income for the year		**—**	—
Total comprehensive income/(loss) for the year attributable to ordinary equity holders of the Company		**119,698**	(102,815)
Earnings/(loss) per share attributable to ordinary equity holders of the Company			
– Basic	8	**7.80 cents**	(6.70) cents

Details of the dividends proposed for the year are disclosed in note 7.

Statement of Financial Position
31 December 2010

	Notes	2010 RMB'000	2009 RMB'000
Non-current assets			
Property, plant and equipment		**337,681**	436,511
Construction in progress		**26,161**	646
Prepaid land lease payments		**32,774**	33,543
Intangible assets		**6,968**	10,017
Total non-current assets		**403,584**	480,717
Current assets			
Inventories		**161,832**	92,680
Accounts and notes receivables	9	**72,931**	63,444
Prepayments, deposits and other receivables		**25,393**	12,880
Due from related companies		**31,201**	15,558
Cash and cash equivalents		**403,377**	317,996
Total current assets		**694,734**	502,558
Total assets		**1,098,318**	983,275
Current liabilities			
Accounts payable	10	**157,265**	86,329
Other payables and accruals		**46,899**	45,656
Due to related companies		**4,795**	25,282
Government grants		**4,772**	13,100
Interest-bearing bank borrowings	11	**116,227**	178,282
Total current liabilities		**329,958**	348,649
Net current assets		**364,776**	153,909
Non-current liabilities			
Government grants		**14,036**	—
Net assets		**754,324**	634,626
Equity attributable to equity holders of the Company			
Share capital		**1,534,227**	1,534,227
Reserves		**(779,903)**	(899,601)
Total equity		**754,324**	634,626

Statement of Changes in Equity
Year ended 31 December 2010

	2010 RMB'000	2009 RMB'000
Share capital		
Ordinary shares of RMB1.00 each:		
At beginning and end of year	**1,534,227**	1,534,227
Capital reserve		
At beginning and end of year	**205,363**	205,363
Statutory surplus reserve		
At beginning and end of year	**19,353**	19,353
Accumulated losses		
At beginning of year	**(1,124,317)**	(1,021,502)
Total comprehensive income/(loss) for the year	**119,698**	(102,815)
At end of year	**(1,004,619)**	(1,124,317)
Reserves	**(779,903)**	(899,601)
Total equity attributable to equity holders of the Company	**754,324**	634,626

Statement of Cash Flows
Year ended 31 December 2010

	2010 RMB'000	2009 RMB'000
Net cash flows from operating activities	**185,771**	61,108
Net cash flows (used in)/from investing activities	**(28,142)**	5,317
Net cash flows used in financing activities	**(62,055)**	(10,316)
Net increase in cash and cash equivalents	**95,574**	56,109
Cash and cash equivalents at beginning of year	**317,996**	261,887
Effect of exchange rate changes on cash and cash equivalents	**(10,193)**	—
Cash and cash equivalents at end of year	**403,377**	317,996
Analysis of balances of cash and cash equivalents		
Cash and bank balances	**69,683**	59,460
Non-pledged time deposits with original maturity of less than three months	**333,694**	258,536
Cash and cash equivalents as stated in the statement of financial position and statement of cash flows	**403,377**	317,996

NOTES TO FINANCIAL STATEMENTS

1. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise standards and interpretations approved by the International Accounting Standards Board, and International Accounting Standards and Interpretations of the Standing Interpretation Committee approved by the International Accounting Standards Committee that remain in effect and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements have been prepared under the historical cost convention, except as disclosed in this summary of significant accounting policies. The financial statements are prepared in Renminbi ("RMB") and all values are rounded to the nearest thousand ("RMB'000") except when otherwise stated.

Changes in accounting policy and disclosures

The Company has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

- IFRS 1 (Revised) First-time Adoption of International Financial Reporting Standards
- IFRS 2 Share-based Payment: Group Cash-settled Share-based Payment Transactions effective 1 January 2010
- IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended) effective 1 July 2009, including consequential amendments to IFRS 2, IFRS 5, IFRS 7, IAS 7, IAS 21, IAS 28, IAS 31 and IAS 39
- IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items effective 1 July 2009
- IFRIC 17 Distributions of Non-cash Assets to Owners effective 1 July 2009
- Improvements to IFRSs (May 2008)
- Improvements to IFRSs (April 2009)

The principal effects of adopting these new and revised IFRSs are as follows:

<u>IFRS 1 (Revised) First-time Adoption of International Financial Reporting Standards</u>

IFRS 1 (Revised) was issued with an aim to improve the structure of the standard. The revised version of the standard does not make any changes to the substance of accounting by first-time adopters. As the Company is not a first-time adopter of IFRSs, the amendments did not have financial impact on the Company.

<u>IFRS 2 Share-based Payment (Revised)</u>

The IASB issued an amendment to IFRS 2 that clarified the scope and the accounting for group cash-settled share-based payment transactions. The Company adopted this amendment as of 1 January 2010. It did not have an impact on the financial position or performance of the Company.

<u>IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended)</u>

IFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after becoming effective. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

IAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes by IFRS 3 (Revised) and IAS 27 (Amended) affect acquisitions or loss of control of subsidiaries and transactions with non-controlling interests after 1 January 2010.

The change in accounting policy was applied prospectively and had no impact on earnings per share.

IAS 39 Financial Instruments: Recognition and Measurement - Eligible Hedged Items

The amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. This also covers the designation of inflation as a hedged risk or portion in particular situations. The Company has concluded that the amendment will have no impact on the financial position or performance of the Company, as the Company has not entered into any such hedges.

IFRIC 17 Distribution of Non-cash Assets to Owners

This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. The interpretation has no effect on either, the financial position nor performance of the Company.

Improvements to IFRSs

In May 2008 and April 2009, the IASB issued omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard.

The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Company.

Issued in May 2008

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations: clarifies that when a subsidiary is classified as held for sale, all its assets and liabilities are classified as held for sale, even when the entity remains a non-controlling interest after the sale transaction. The amendment is applied prospectively and has no impact on the financial position nor financial performance of the Company.

Issued in April 2009

IAS 7 Statement of Cash Flows: States that only expenditure that results in recognising an asset can be classified as a cash flow from investing activities. This amendment will impact amongst others, the presentation in the statement of cash flows of the contingent consideration on the business combination completed in 2010 upon cash settlement.

IAS 36 Impairment of Assets: The amendment clarifies that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in IFRS 8 before aggregation for reporting purposes. The amendment has no impact on the financial position nor financial performance of the Company as the Company does not record any goodwill.

Other amendments resulting from Improvements to IFRSs to the following standards did not have any impact on the accounting policies, financial position or performance of the Company:

Issued in April 2009

IFRS 2 Share-based Payment
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
IFRS 8 Operating Segments
IAS 1 Presentation of Financial Statements
IAS 17 Leases
IAS 34 Interim Financial Reporting
IAS 38 Intangible Assets
IAS 39 Financial Instruments: Recognition and Measurement
IFRIC 9 Reassessment of Embedded Derivatives
IFRIC 16 Hedge of a Net Investment in a Foreign Operation

Issued but not yet effective IFRSs

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective, in these financial statements.

IFRS 7 Financial Instruments: Disclosures - Transfers of Financial Assets (Amendment)

The IFRS 7 Amendments introduce more extensive quantitative and qualitative disclosure requirements regarding transfer transactions of financial assets (e.g., securitisations), including information for understanding the possible effects of any risks that may remain with the entity that transferred the assets. The Company expects to adopt the amendments from 1 January 2012 and comparative disclosures are not required for any period beginning before that date.

IAS 24 Related Party Disclosures (Amendment)

The amended standard is effective for annual periods beginning on or after 1 January 2011. It clarified the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government-related entities. Early adoption is permitted for either the partial exemption for government-related entities or for the entire standard. The Company does not expect any impact on its financial position or performance.

IAS 32 Financial Instruments: Presentation - Classification of Rights Issues (Amendment)

The amendment to IAS 32 is effective for annual periods beginning on or after 1 February 2010 and amended the definition of a financial liability in order to classify rights issues (and certain options or warrants) as equity instruments in cases where such rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, or to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. This amendment will have no impact on the financial statements of the Company after initial application.

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2013. In subsequent phases, the IASB will address classification and measurement of financial liabilities, hedge accounting and derecognition. The completion of this project is expected in early 2011. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Company's financial assets. The Company will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

IFRIC 14 Prepayments of a minimum funding requirement (Amendment)

The amendment to IFRIC 14 is effective for annual periods beginning on or after 1 January 2011 with retrospective application. The amendment provides guidance on assessing the recoverable amount of a net pension asset. The amendment permits an entity to treat the prepayment of a minimum funding requirement as an asset. The amendment is deemed to have no impact on the financial statements of the Company.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

IFRIC 19 is effective for annual periods beginning on or after 1 July 2010. The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value. In case that this cannot be reliably measured, the instruments are measured at the fair value of the liability extinguished. Any gain or loss is recognised immediately in profit or loss. The adoption of this interpretation will have no effect on the financial statements of the Company.

Improvements to IFRSs (issued in May 2010)

The IASB issued Improvements to IFRSs, an omnibus of amendments to its IFRS standards. The amendments have not been adopted as they become effective for annual periods on or after either 1 July 2010 or 1 January 2011. The amendments listed below, are considered to have a reasonable possible impact on the Company:

IFRS 3 Business Combinations
IFRS 7 Financial Instruments: Disclosures
IAS 1 Presentation of Financial Statements
IAS 27 Consolidated and Separate Financial Statements
IFRIC 13 Customer Loyalty Programmes

The Company is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Company considers that these new and revised IFRSs are unlikely to have a significant impact on the Company's results of operations and financial position.

2. 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 PRC. Therefore, no segment information based on the geographical location of the Company's assets is presented.

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

	2010	2009
	RMB'000	RMB'000
United States of America	**538,910**	368,545
Europe	**277,837**	148,162
Asia	**161,746**	128,931
	978,493	645,638

Information about major customers

Revenue from continuing operations of approximately RMB634,610,000 (2009: RMB409,841,000) was derived from sales to four customers (2009: four) which individually accounted for more than 10% of the Company's total revenue during the year. Sales to a particular customer include sales to a group of entities which are known to be under common control with that customer.

3. REVENUE

Revenue, which is also the Company's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts, and the value of services rendered during the year.

An analysis of revenue is as follows:

	2010	2009
	RMB'000	RMB'000
Sale of goods	**977,982**	645,184
Others	**511**	454
	978,493	645,638

4. OTHER INCOME AND GAINS AND OTHER EXPENSES

	2010 RMB'000	2009 RMB'000
Other income and gains		
Subsidy income	**5,393**	3,930
Interest income	**3,270**	1,137
Sale of scrap materials	**2,702**	—
Others	**1,497**	—
	12,862	5,067
Other expenses		
Loss arising from a leakage incident	**(260)**	(13,445)
Loss on interest rate swaps	**—**	(250)
Net foreign exchange loss	**(10,470)**	(2,082)
Others	**—**	(136)
	(10,730)	(15,913)

5. PROFIT/(LOSS) BEFORE TAX

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

	2010 RMB'000	2009 RMB'000
Cost of inventories sold	**758,095**	630,097
Depreciation	**133,902**	157,371
Amortisation of intangible assets	**5,384**	4,066
Amortisation of prepaid land lease payments	**769**	773
Research and development costs	**29,153**	41,842
Auditors' remuneration	**1,620**	1,600
Employee benefits expense (including directors', supervisors' and senior executives' remuneration):		
Retirement benefits		
– defined contribution fund	**13,527**	13,214
Accommodation benefits		
– defined contribution fund	**4,367**	4,780
Salaries and other staff costs	**144,123**	116,722
Reversal of welfare payable	**—**	(7,831)
	162,017	126,885
Interest on bank borrowings	**6,846**	9,253
Reversal of allowance for doubtful debts	**(6,710)**	(1,789)
Allowance/(reversal of allowance) for inventories	**525**	(20,397)
Loss/(gain) on disposal of property, plant and equipment	**237**	(5)

6. 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 years ended 31 December 2009 and 2010.

In accordance with the PRC Corporate Income Tax Law (the "New CIT 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 "High and New Technology Enterprise" and thus was granted a preferential rate of 15% from 1 January 2008 to 31 December 2010.

Major components of income tax are as follows:

	2010	2009
	RMB'000	RMB'000
Provision for income tax in respect of profit for the year	**—**	—
Deferred tax credit	**—**	(92)
Income tax expense/(credit)	**—**	(92)

A numerical reconciliation between income tax credit and profit/(loss) before tax multiplied by the applicable tax rate is as follows:

	2010	2009
	RMB'000	RMB'000
Profit/(loss) before tax	**119,698**	(102,907)
Tax at the applicable tax rate of 15%	**17,955**	(15,436)
Tax effect of:		
- Expenses not deductible for tax purpose	**188**	154
- Temporary difference not recognised	**(25,203)**	(27,073)
- Tax loss not recognised	**7,060**	42,263
Income tax expense/(credit)	**—**	(92)

7. DIVIDENDS

The Board does not recommend the payment of dividend to the ordinary equity holders of the Company for the year ended 31 December 2010 (31 December 2009: Nil).

8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2010	2009
Profit/(loss) attributable to ordinary equity holders of the Company (RMB'000)	**119,698**	(102,815)
Weighted average number of ordinary shares in issue ('000)	**1,534,227**	1,534,227

No adjustment has been made to the basic earnings/(loss) per share amounts presented for the years ended 31 December 2009 and 2010 in respect of a dilution as the Company had no potentially dilutive ordinary shares in issue during those years.

9. ACCOUNTS AND NOTES RECEIVABLES

	2010	2009
	RMB'000	RMB'000
Accounts receivable	**62,821**	67,336
Notes receivable	**10,667**	3,375
	73,488	70,711
Impairment	**(557)**	(7,267)
	72,931	63,444

The Company's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. Credit terms granted by the Company to its customers generally range from 30 to 60 days. The Company seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. Accounts receivable are non-interest-bearing.

An aged analysis of the accounts and notes receivables as at the end of the reporting period, based on the invoice date, is as follows:

	2010	2009
	RMB'000	RMB'000
Outstanding balances with ageing:		
Within 30 days	**46,547**	52,165
Between 31 and 90 days	**21,934**	11,154
Between 91 and 180 days	**4,322**	29
Between 181 and 365 days	**46**	14
Over 365 days	**82**	82
	72,931	63,444

The movements in provision for impairment of accounts and notes receivables were as follows:

	2010	2009
	RMB'000	RMB'000
At beginning of year	**7,267**	9,056
Impairment losses reversed	**(6,710)**	(1,789)
At end of year	**557**	7,267

The analysis of accounts and notes receivables that were past due but not impaired at the end of the reporting period is as follows:

			Past due but not impaired			
	Total RMB'000	**Neither past due nor impaired RMB'000**	**<60 days RMB'000**	**61-180 days RMB'000**	**181-365 days RMB'000**	**>365 days RMB'000**
31 December 2010	**72,931**	**54,950**	**17,577**	**276**	**46**	**82**
31 December 2009	63,444	53,981	9,341	26	14	82

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Company. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality of those customers and that the balances are still considered fully recoverable. The Company does not hold any collateral or other credit enhancements over these balances.

10. ACCOUNTS PAYABLE

An aged analysis of the accounts payable at the end of the reporting period, based on the invoice date, is as follows:

	2010 RMB'000	2009 RMB'000
Outstanding balances with ageing:		
Within 30 days	**112,246**	76,007
Between 31 and 90 days	**30,135**	5,445
Between 91 and 180 days	**8,531**	1,415
Between 181 and 365 days	**4,018**	1,160
Over 365 days	**2,335**	2,302
	157,265	86,329

11. INTEREST-BEARING BANK BORROWINGS

		2010	
	Effective interest rate (%)	**Maturity**	**RMB'000**
Unsecured bank borrowings repayable within one year	**2.64~5.31**	**2011**	**116,227**

		2009	
	Effective interest rate (%)	Maturity	RMB'000
Unsecured bank borrowings repayable within one year	3.66~5.31	2010	178,282

The carrying amounts of the Company's current borrowings approximate to their fair values.

12. COMMITMENTS

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

	2010 RMB'000	2009 RMB'000
Capital commitments in respect of property, plant and equipment:		
– contracted, but not provided for	**61,781**	9,810
– authorised, but not contracted for	**137,766**	97,291
	199,547	107,101

13. RELATED PARTY TRANSACTIONS

The companies controlled by NXP B.V. are considered to be related to the Company.

The Company had the following material transactions with the companies controlled by NXP B.V. during the year:

	Notes	2010 RMB'000	2009 RMB'000
Sales	(i)	**149,109**	81,248
Technology transfer fees	(ii)	**7,120**	4,094
Information technology ("IT") related service fees	(iii)	**—**	2,098

Notes:

(i) Sales to the related companies were carried out based on normal commercial terms and at market prices.

(ii) Royalties in the form of technology transfer fees and identification licensing fees paid/payable to a related company were determined at 3% or 10% of the net sales of certain specified products sold by agreement of the parties.

(iii) IT related service fees were charged by the related companies based on services rendered in accordance with the terms of agreements signed by the parties.

In the opinion of the directors, all transactions above were carried out in the ordinary course of business of the Company.

The above related party transactions also constitute continuing connected transactions as defined in Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

MANAGEMENT DISCUSSION AND ANALYSIS

In respect of the year 2010, we are proud of the remarkable accomplishment achieved by the Company through the dedicated employees' hardwork to seize the cyclical growth momentum presented by the semiconductor industry. As a result, the Company achieved a turnaround in the financial year of 2010 by recording a net profit of RMB119.7 million against a net loss of RMB102.8 million in 2009.

During the year under review, the Company, after the completion of final qualification, has been successfully putting some newly developed products, specially based on the special automotive-related manufacturing technology and process, into mass production in the first half of the year, and generating smooth production ramp-up in the latter part of the year. Moreover, the Company continued to emphasize on new business development both at home and abroad. As part of those efforts, the Company also initiated MEMS project construction and entered into a frame purchase agreement with a major foreign player in this sector with a view to establishing MEMS process manufacturing platform. These initiatives will further help pave the way for a more sustainable, profitable and competitive development model.

COMPARISON BETWEEN 2009 AND 2010 ENDED 31 DECEMBER

Sales

The sales of the Company increased by 51.6% from RMB645.6 million in 2009 to RMB978.5 million in 2010, resulting in a higher overall utilization rate increased from 43% in 2009 to 65% in 2010. The Company's throughput of 8-inch equivalent wafers increased by 54.6% from 285,499 pieces for the year ended 31 December 2009 to 441,511 pieces for the year ended 31 December 2010 and correspondingly the Company's shipment of 8-inch equivalent wafers improved by 55.4% from 284,486 pieces to 442,147 pieces.

Cost of sales and gross profit

The cost of sales was RMB758.1 million in 2010, an increase of 20.3% from RMB630.1 million in 2009. The gross profit was RMB220.4 million in 2010 compared to RMB15.5 million in 2009, while the Company's gross margin in 2010 was 22.5% compared to 2.4% in 2009. The improvement in gross profit and margin was mainly due to higher level of capacity utilization rate, which generated higher sales volume in 2010 and to a lesser extent, the decrease in depreciation charges as a result of certain assets being fully depreciated.

Other income and gains

Other income and gains was RMB12.9 million in 2010, compared to RMB5.1 million in 2009. In 2010, the Company's other income and gains mainly derived from interest income and subsidy income, sale of scrap materials and others. In 2009, the Company's other income and gains mainly comprised interest income and subsidy income.

Selling and distribution expenses

Selling and distribution expenses decreased by 9.3% from RMB5.4 million in 2009 to RMB4.9 million in 2010, primarily due to lower payroll-related expenses as a result of headcount reductions and the decrease in commission rate.

General and administrative expenses

General and administrative expenses increased by 21.3% from RMB51.1 million in 2009 to RMB62.0 million in 2010, primarily due to an increase in payroll related costs, partially offset by the reduction in doubtful debt.

Research and development costs

Research and development costs were RMB29.2 million in 2010, down 30.1% from RMB41.8 million in 2009. Such decrease reflected lower cost of engineering wafers as a result of the increase of the overall wafer input, and to a lesser extent, the relative low levels of development activities related to 6-inch wafers.

Other expenses

Other expenses amounted to RMB10.7 million in 2010, compared to RMB15.9 million in 2009. Other expenses in 2010 were primarily comprised of net foreign exchange loss, while in 2009, other expenses were mainly composed of loss arising from a leakage incident, loss on interest rate swap, net foreign exchange loss and others.

Finance costs

Finance costs decreased by 26.9% from RMB9.3 million in 2009 to RMB6.8 million in 2010. The substantial decrease in finance costs was primarily attributable to lower interest expense as a result of a continued decrease in the Company's bank loan balance.

Net income

As a result of the foregoing factors, the Company had a net income of RMB119.7 million for the year ended 31 December 2010, compared to a net loss of RMB102.8 million for the year ended 31 December 2009.

Liquidity and capital resources

The Company's cash and cash equivalents were RMB403.4 million as at 31 December 2010, compared to RMB318.0 million as at 31 December 2009. The Company's net cash inflow from operating activities showed an increase of 204.1% from RMB61.1 million for the year ended 31 December 2009 to RMB185.8 million for the year ended 31 December 2010.

The Company's net cash outflow from investing activities was RMB28.1 million in 2010, which represented the net effect of RMB35.4 million for purchase of items of property, plant and equipment, and construction in progress and intangible assets, and receipt of government grants of RMB7.3 million, compared to net cash inflow of RMB5.3 million from investing activities in 2009. The total capital expenditures amounted to RMB63.2 million for the year ended 31 December 2010, compared to RMB17.8 million for the year ended 31 December 2009. The automotive chip business related projects accounted for the majority of the capital expenditure spending in 2010.

The Company's net cash outflow from financing activities amounted to RMB62.1 million in 2010, compared to net cash outflow of RMB10.3 million in 2009. The net cash outflow of RMB62.1 million represented the net effect of RMB229.3 million for the repayment of bank loans and the new bank loans of RMB167.3 million in 2010.

As at 31 December 2010, the Company's short-term interest-bearing borrowings were RMB116.2 million, of which approximately 43% was denominated in Renminbi ("RMB"), and the remaining 57% was denominated in US dollars.

As at 31 December 2010, the Company's current ratio was 2.11 when compared to 1.44 as at 31 December 2009. The Company's debt to equity ratio as at 31 December 2010 was 45.6%, compared to 54.9% as at 31 December 2009.

Employees

As at 31 December 2010, the Company had 1,548 employees. The remuneration and employment benefits were provided for and paid in accordance with PRC law and regulations.

Interest rate risks

The Company's exposure to market risk for changes in interest rate relates primarily to its interest-bearing bank borrowings. As at 31 December 2010, the Company's total borrowings were working capital loans. The interest rate on the Company's US dollar-denominated loans is linked to LIBOR. The Company has not executed interest rate swaps to hedge its exposure to interest rate risk since 1 April 2010.

RMB fluctuation risks

RMB is the Company's functional and reporting currency. A large amount of the Company's revenue and expenditures are now denominated in foreign currency. In the event that the Company's RMB revenue is not sufficient to meet its RMB expenditure, the Company will be required to meet the difference by conversion of its foreign currencies deposit into RMB, which might result in exchange loss, ultimately leading to a negative impact on its cash flow. Whilst the Company did not engage in forward foreign exchange transactions or other hedging activities, it took steps to minimise its exposure to exchange risk by the early sale of foreign exchange balances.

Capital commitment

As at 31 December 2010, the Company had capital commitments for property, plant and equipment amounting to RMB199.5 million, of which RMB61.8 million was contracted but not provided for, while the remaining balance of RMB137.8 million was authorized but not contracted for.

OPERATING RESULTS FOR THE THREE MONTHS ENDED 31 DECEMBER 2010

Sales for the three months ended 31 December 2010 were RMB270.1 million, down 2.3% from RMB276.5 million for the three months ended 30 September 2010, due mainly to the lower wafer shipments as a result of decreased order intake from the Company's major customers.

Gross profit decreased from RMB73.7 million for the three months ended 30 September 2010 to RMB58.3 million for the three months ended 31 December 2010. Gross margin for the three months ended 31 December 2010 was 21.6%, compared to 26.7% for the three months ended 30 September 2010. The decline in gross margin was primarily attributable to the lower level of capacity utilization rate and the increase in labor costs.

Other income and gains for the three months ended 31 December 2010 were RMB3.5 million, compared to RMB5.7 million for the third quarter of 2010. Other income and gains in the third quarter and the fourth quarter of 2010 were primarily comprised of subsidy income, interest income, sale of scrap materials and others.

Selling and distribution costs for the three months ended 31 December 2010 amounted to RMB1.3 million, compared to RMB1.0 million for the three months ended 30 September 2010, primarily attributable to the increase in payroll related costs.

General and administrative expenses for the three months ended 31 December 2010 were RMB20.2 million, compared to RMB16.0 million for the three months ended 30 September 2010, which were primarily due to the increase in payroll related costs and logistics charges.

Research and development costs for the three months ended 31 December 2010 were RMB8.6 million, compared to RMB6.2 million for the three months ended 30 September 2010. This was largely due to the increase in research and development activities.

Other expenses for the three months ended 31 December 2010 were RMB3.7 million, compared to RMB5.4 million for the three months ended 30 September 2010. Other expenses in the third quarter and the fourth quarter of 2010 were only comprised of net foreign exchange loss.

Finance costs for the three months ended 31 December 2010 amounted to RMB1.3 million, compared to RMB1.8 million for the three months ended 30 September 2010.

Collectively, the Company recorded a net income of RMB26.7 million for the three months ended 31 December 2010, compared to a net income of RMB49.1 million for the three months ended 30 September 2010.

1. Revenue Analysis

For the three months ended 31 December 2010, sales from communication, computer and consumer products were basically in line with the prior quarter.

By Application	4Q10	3Q10	4Q09
Communication	33%	34%	32%
Computer	33%	32%	33%
Consumer	34%	34%	35%

For the three months ended 31 December 2010, sales to the USA, Europe and Asia Pacific accounted for 58%, 27% and 15% of total revenue respectively, compared to 56%, 26% and 18% in the previous quarter.

By Geography	4Q10	3Q10	4Q09
USA	58%	56%	58%
Europe	27%	26%	24%
Asia Pacific	15%	18%	18%

For the three months ended 31 December 2010, sales to IDM and fabless customers accounted for 28% and 72% of total revenue respectively, and remained almost flat sequentially.

By Customer Type	4Q10	3Q10	4Q09
IDM	28%	27%	27%
Fabless	72%	73%	73%

For the three months ended 31 December 2010, sales as a percentage of total revenue from 5-inch, 6-inch and 8-inch wafer were 19%, 42% and 38% respectively, compared to 21%, 40% and 39% in the previous quarter.

By Product	4Q10	3Q10	4Q09
5″ wafers	19%	21%	22%
6″ wafers	42%	40%	46%
8″ wafers	38%	39%	31%
Others[1]	1%	0%	1%

Note: 1. Consist of probing services and provision of masks

2. Utilization and Capacity (8" equivalent)

2-1 Utilization

Overall capacity utilization decreased by three percentage points from 75% in the previous quarter to 72% for the three months ended 31 December 2010.

Fab	4Q10	3Q10	4Q09
Fab 1/2			
5-inch wafers	63%	73%	47%
6-inch wafers	65%	67%	37%
Fab 3			
8-inch wafers	83%	84%	51%
Overall Capacity Utilization Rate	72%	75%	44%

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 to produce 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 2-2 below. In consequence, the utilization rates of actual operating capacity are higher than the figures stated in the above table.

3. After taking into account 6-inch wafers produced using equipment consigned under arrangements with a customer, the utilization rate of the Company's total 6-inch wafers equipment in the fourth quarter of 2010 was 59%, compared to 61% in the third quarter of 2010. As a result, the overall capacity utilization rate of the Company's total equipment in the fourth quarter of 2010 was 69%, compared to 72% in the third quarter of 2010.

2-2 Capacity (8" Equivalent)

The capacity for the three months ended 31 December 2010 was 154,000 8-inch equivalent wafers, which was the same as that of the previous quarter and that of the fourth quarter of 2009.

Fab (wafers in thousand)	4Q10	3Q10	4Q09
Fab 1/2			
5-inch wafers	33	33	33
6-inch wafers	85	85	85
Fab 3			
8-inch wafers	36	36	36
Total Capacity	154	154	154

Notes: 1. The Company estimated the capacities of its 5-inch, 6-inch and 8-inch on the basis of 9, 10 and 22 mask steps per wafer respectively and 5-inch and 6-inch wafers were converted to 8-inch equivalent wafers by dividing their wafer numbers using 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. After taking into account the 6-inch wafers equipment consignment arrangement with a customer described above, the installed capacity of 6-inch wafers of the Company's total equipment for the fourth quarter and third quarter of 2010 was 94K 8-inch equipment wafers respectively. As a result, total installed quarterly capacity of the Company's total equipment of the fourth and third quarter of 2010 was 163K 8-inch equivalent wafers.

3. Receivable/Inventory Turnover

Receivable turnover for the three months ended 31 December 2010 was 35 days, which was the same as that in the third quarter of 2010.

Inventory turnover increased from 80 days for the three months ended 30 September 2010 to 84 days for the three months ended 31 December 2010.

	4Q10	**3Q10**	**4Q09**
Trade & Notes Receivables Turnover (days)	35	35	45
Inventory Turnover (days)	84	80	75

4. Capital Expenditure

The capital expenditure for the three months ended 31 December 2010 amounted to RMB35.1 million, which was mainly spent in automotive chip business related projects and to a lesser extent, in operational efficiency improvement associated with production facilities.

	4Q10	**3Q10**	**4Q09**
(Amount: RMB'000)			
Capex	35,078	11,433	4,071

PROSPECTS AND FUTURE PLANS

The semiconductor industry is expected to enter into phase of moderated growth and return to normal seasonal patterns. The main challenges to the growth momentum are likely to come from different factors including the slow improvement in the global economy, high and persistent inflation rate in the People's Republic of China, as well as continuing appreciation of RMB against the US dollar, which in turn could cause some volatility in market sentiment.

In view of a slow-to-moderated growth environment, the Company is endeavoring to further maximize productivity and improve overall competitiveness by streamlining the production line, strengthening the quality control practice and reinforcing a cost control of variable costs. Moreover, the Company will address the following key initiatives to attain further growth and development:

- Continue to expand total investment in automative chip related business, an important driving force for the Company's medium- and long-term growth;
- Further increase production of automotive-related chips in cooperation with one of its strategic partners to create a new additional revenue stream;
- Accelerate the construction of MEMS process manufacturing platform, and successfully migrate from prototype to risk production, eventually beginning volume production; and
- Improve the product mix for broadening customer and revenue base by strengthening its research and development capabilities to develop new high-margin products.

In conclusion, the Company will not rest on past achievements but well address new challenges. Moreover, the Company, by leveraging the automotive industry designated as a pillar industry in the China's economy, combined with an accelerating IDM shift to the fab-lite business model, will continue to pursue strategic growth through meeting the needs of its customers and the provision of excellent levels of service and ultimately deliver quality earnings and sustainable growth for its shareholders in the coming year.

SUPPLEMENTARY INFORMATION

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of People's Republic of China which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

There was no purchase, sale or redemption by the Company of its listed securities during the year ended 31 December 2010.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance so as to ensure better transparency and protection of shareholders' interests.

During the year ended 31 December 2010, the Company complied with all the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules.

COMPLIANCE WITH THE CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the directors and supervisors of the Company.

The Board is pleased to confirm, after making specific enquiries with all directors and supervisors, that all directors and supervisors have fully complied with the standards required under the Model Code during the year ended 31 December 2010.

REVIEW AND AUDIT OF THE ANNUAL RESULTS

The Audit Committee of the Company consists of three independent non-executive directors, namely Mr. James Arthur Watkins (Chairman), Mr. Thaddeus Thomas Beczak and Dr. Shen Weijia, and two non-executive directors, namely Mr. Wilhelmus Jacobus Maria Joseph Josquin and Ms. Shen Qing. The annual results for the year ended 31 December 2010 have been reviewed by the Audit Committee and audited by Ernst & Young, the Company's external auditors.

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

Shanghai, the PRC, 9 March 2011

As at the date of this announcement, the executive directors of the Company are Zhou Weiping and Cheng Jianyu; the non-executive directors of the Company are Chen Jianming, Shen Qing, Zhu Jian, Li Zhi, Wilhelmus Jacobus Maria Joseph Josquin and Winfried Lodewijk Peeters; and the independent non-executive directors of the Company are Thaddeus Thomas Beczak, Shen Weijia and James Arthur Watkins.