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**ADVANCED SEMICONDUCTOR MANUFACTURING CORPORATION LIMITED**  
**上海先進半導體製造股份有限公司**

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

**2009 Third Quarter Results Announcement**

**QUARTERLY RESULTS**

The board of directors (the "Board") of Advanced Semiconductor Manufacturing Corporation Limited (the "Company") announces the unaudited results of the Company for the three months and the nine months ended 30 September 2009 together with unaudited comparative figures for the corresponding periods of last year as follows:

**CONDENSED INCOME STATEMENT**

		<b>3 months ended</b>	<b>9 months ended</b>	3 months ended	9 months ended
		<b>30 September</b>	<b>30 September</b>	30 September	30 September
		<b>2009</b>	<b>2009</b>	2008	2008
		<b>(Unaudited)</b>	<b>(Unaudited)</b>	(Unaudited)	(Unaudited)
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Revenue</b>	4	<b>178,875</b>	<b>474,674</b>	255,036	773,928
Cost of sales		<b>(165,244)</b>	<b>(469,059)</b>	(235,755)	(738,595)
<b>Gross profit</b>		<b>13,631</b>	<b>5,615</b>	19,281	35,333
Operating expenses		<b>(28,427)</b>	<b>(71,930)</b>	(34,437)	(84,509)
<b>Loss from operating activities</b>		<b>(14,796)</b>	<b>(66,315)</b>	(15,156)	(49,176)
Other income	5	<b>2,354</b>	<b>4,901</b>	6,975	55,223
Other expenses	5	<b>(20,389)</b>	<b>(22,751)</b>	(511)	(10,922)
Finance costs	6	<b>(2,224)</b>	<b>(7,099)</b>	(3,468)	(13,859)
<b>Loss before income tax</b>	6	<b>(35,055)</b>	<b>(91,264)</b>	(12,160)	(18,734)
Income tax	7	<b>—</b>	<b>92</b>	—	—
<b>Net loss</b>		<b>(35,055)</b>	<b>(91,172)</b>	(12,160)	(18,734)
Dividends	8	<b>—</b>	<b>—</b>	—	—
<b>Loss per share attributable to ordinary equity holders of the Company (RMB)</b>					
-Basic	9	<b>(2.28) cents</b>	<b>(5.94) cents</b>	(0.79) cents	(1.22) cents

## CONDENSED STATEMENT OF FINANCIAL POSITION

	30 September 2009 (Unaudited) <i>RMB'000</i>	31 December 2008 (Audited) <i>RMB'000</i>
	<i>Notes</i>	
<b>Non-current assets</b>		
Property, plant and equipment	464,488	579,405
Construction in progress	5,750	731
Other non-current assets	44,662	45,003
Total non-current assets	<u>514,900</u>	<u>625,139</u>
<b>Current assets</b>		
Inventories	105,509	156,220
Accounts and notes receivables	63,447	41,168
Other current assets	23,430	54,800
Cash and cash equivalents	308,025	261,887
Total current assets	<u>500,411</u>	<u>514,075</u>
Total assets	<u>1,015,311</u>	<u>1,139,214</u>
<b>Current liabilities</b>		
Accounts payable	87,094	122,108
Other current liabilities	103,658	90,975
Interest-bearing borrowings	10 178,290	188,598
Total current liabilities	<u>369,042</u>	<u>401,681</u>
<b>Net current assets</b>	<u>131,369</u>	<u>112,394</u>
<b>Non-current liability</b>		
Deferred tax liability	—	92
<b>Net assets</b>	<u>646,269</u>	<u>737,441</u>
<b>Capital and reserves</b>		
Registered and paid-up capital	1,534,227	1,534,227
Reserves	(887,958)	(796,786)
<b>Shareholders' equity</b>	<u>646,269</u>	<u>737,441</u>

## STATEMENT OF CHANGES IN EQUITY

	9 months ended 30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Registered and paid-up capital</b>		
<i>Ordinary shares of RMB1.00 each:</i>		
At beginning and end of period	<u>1,534,227</u>	<u>1,534,227</u>
<b>Capital reserve</b>		
At beginning and end of period	<u>205,363</u>	<u>205,363</u>
<b>Statutory surplus reserve</b>		
At beginning and end of period	<u>19,353</u>	<u>19,353</u>
<b>Accumulated losses</b>		
At beginning of period	(1,021,502)	(784,419)
Net loss for the period	<u>(91,172)</u>	<u>(18,734)</u>
At end of period	<u>(1,112,674)</u>	<u>(803,153)</u>
<b>Reserves</b>	<u>(887,958)</u>	<u>(578,437)</u>
<b>Shareholders' equity</b>	<u>646,269</u>	<u>955,790</u>

## CONDENSED STATEMENT OF CASH FLOW

	<b>9 months ended</b>	
	<b>30 September</b>	
	<b>2009</b>	2008
	<b>(Unaudited)</b>	(Unaudited)
	<b>RMB'000</b>	RMB'000
Net cash inflow from operating activities	<b>60,158</b>	189,838
Net cash outflow from investing activities	<b>(3,712)</b>	(18,990)
Net cash outflow from financing activities	<b>(10,308)</b>	(161,881)
	<hr/>	<hr/>
<b>Net increase in cash and cash equivalents</b>	<b>46,138</b>	8,967
Cash and cash equivalents at beginning of period	<b>261,887</b>	206,995
	<hr/>	<hr/>
Cash and cash equivalents at end of period	<b>308,025</b>	215,962
	<hr/>	<hr/>
<b>Analysis of balances of cash and cash equivalents</b>		
Cash and bank balances	<b>39,010</b>	55,510
Non-pledged time deposits	<b>269,015</b>	160,452
	<hr/>	<hr/>
	<b>308,025</b>	215,962
	<hr/>	<hr/>

## 1. BASIS OF PREPARATION

The unaudited condensed statement of financial position as at 30 September 2009 and the related unaudited condensed income statement for the three months and the nine months ended 30 September 2009, statement of changes in equity and condensed statement of cash flow for the nine months ended 30 September 2009 (collectively defined as "Third Quarter Results") of the Company are prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" promulgated by the International Accounting Standards Board.

The Third Quarter Results have been prepared on a going concern basis because the Company has sufficient cash flows from operations and banking facilities to enable the Company to meet its financial obligations as and when they fall due for a period of not less than twelve months from 30 September 2009.

The Third Quarter Results should be read in conjunction with the audited financial statements of the Company for the year ended 31 December 2008 ("2008 financial statements") dated 25 March 2009.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The Third Quarter Results have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The accounting policies used in the preparation of the Third Quarter Results are consistent with those used in the 2008 financial statements, except for the adoption of new standards and interpretations as of 1 January 2009, noted below:—

### ***Impact of new and revised IFRSs***

The Company has adopted the following new interpretations and amendments to IFRSs for the first time in the Third Quarter Results.

IAS 1 (Revised) Presentation of Financial Statements  
IAS 32 and IAS 1 Amendments Puttable Financial Instruments and Obligations Arising on Liquidation  
IFRS 2 Amendment Share-based Payment – Vesting Conditions and Cancellations  
IFRS 8 Operating Segments  
IAS 23 (Revised) Borrowing Costs  
Amendments to IFRS 7 Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments  
IFRIC-Int 13 Customer Loyalty Programmes  
IFRIC 15 Agreements for the Construction of Real Estate  
IFRIC 16 Hedges of a Net Investment in a Foreign Operation

Except for the adoption of IAS 1 (revised) which has resulted in amended disclosures, the adoption of these new interpretations and amendments has had no material effect on the Third Quarter Results.

### ***Impact of issued but not yet effective IFRSs***

The Company has not applied the following new and revised IFRSs, that have been issued and effective, in the Third Quarter Results.

Amendments to IFRIC 9 and IAS 39 – Embedded Derivatives <sup>1</sup>  
IFRS 3 (Revised) Business Combination <sup>2</sup>  
IAS 27 (Revised) Consolidated and Separate Financial Statements <sup>2</sup>  
IFRIC 17 Distributions of Non-cash Assets to Owners <sup>2</sup>  
IFRIC 18 Transfer of Asset from Customers <sup>2</sup>

<sup>1</sup> Effective for annual periods ending on or after 30 June 2009

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2009

The Directors anticipate that the application of these IFRSs will have no material impact on the results of operations and financial position of the Company.

### 3. SEGMENT INFORMATION

The Company's revenue and profit were mainly derived from the sale of wafers. The Company has only one business 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:

	<b>3 months ended 30 September 2009 (Unaudited) RMB'000</b>	<b>9 months ended 30 September 2009 (Unaudited) RMB'000</b>	3 months ended 30 September 2008 (Unaudited) RMB'000	9 months ended 30 September 2008 (Unaudited) RMB'000
United States of America	91,507	269,633	127,186	377,669
Europe	52,822	107,627	78,792	242,571
Asia	34,546	97,414	49,058	153,688
	<u>178,875</u>	<u>474,674</u>	<u>255,036</u>	<u>773,928</u>

### 4. REVENUE

	<b>3 months ended 30 September 2009 (Unaudited) RMB'000</b>	<b>9 months ended 30 September 2009 (Unaudited) RMB'000</b>	3 months ended 30 September 2008 (Unaudited) RMB'000	9 months ended 30 September 2008 (Unaudited) RMB'000
<b>Revenue</b>				
Sale of goods	178,797	474,431	254,933	773,709
Others	78	243	103	219
	<u>178,875</u>	<u>474,674</u>	<u>255,036</u>	<u>773,928</u>

## 5. OTHER INCOME AND OTHER EXPENSES

	3 months ended 30 September 2009 (Unaudited) RMB'000	9 months ended 30 September 2009 (Unaudited) RMB'000	3 months ended 30 September 2008 (Unaudited) RMB'000	9 months ended 30 September 2008 (Unaudited) RMB'000
<b>Other income</b>				
Insurance compensation received for power failure	—	—	—	43,500
Arbitration settlement received	—	—	5,132	5,132
Subsidy income	1,929	3,929	—	—
Interest income	269	972	1,122	3,319
Gain on interest rate swap	—	—	318	—
Others	156	—	403	3,272
	<u>2,354</u>	<u>4,901</u>	<u>6,975</u>	<u>55,223</u>
<b>Other expenses</b>				
Loss arising from power failure	—	—	—	(10,090)
Loss arising from the Incident (i)	(19,744)	(19,744)	—	—
Donation	—	—	—	(500)
Loss on interest rate swap	(94)	(250)	—	(205)
Foreign exchange loss	(551)	(2,093)	(511)	(127)
Others	—	(664)	—	—
	<u>(20,389)</u>	<u>(22,751)</u>	<u>(511)</u>	<u>(10,922)</u>

- (i) During the three months ended 30 September 2009, as a result of the Company's liquid and gas supplier incorrectly replacing and re-connecting one drum of silicon tetrachloride (SiCl<sub>4</sub>), some of this liquid was inadvertently released into the Company's production area at its 5-inch wafer fabrication facilities (the "Incident"). Subsequent to the balance sheet date, the Company carried out a maintenance overhaul of all of its clean room facilities at its 5-inch fabrication line and, to a lesser extent, its 6-inch fabrication line because the SiCl<sub>4</sub> liquid, when released into the air, might gradually result in these clean room facilities being compromised and damaged.

The loss resulting from wafer scraps, repair of tools and overhaul of the clean room facilities and other incidental costs as a result of the Incident amounting to RMB19,744,000 was recognised as other expenses for the three months ended 30 September 2009. The Company made a corresponding provision charge at the balance sheet date which involved management judgements and estimates. Where the actual outcome or expectation in future is different from the original estimate, such differences will have an impact on the carrying value of provision charge or write-back in the period in which such estimate has been changed.

The Company has notified the liquid and gas supplier that it reserves all its rights to claim compensation for all losses resulting from the Incident, which shall not be limited to the loss recognised for the three months ended 30 September 2009. Presently, the Company is not in a position to ascertain the amount that might be recoverable from the supplier. The compensation will not be recognised as income until it is received or otherwise there is reasonable assurance that it will be received.

## 6. LOSS BEFORE INCOME TAX

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

	<b>3 months ended 30 September 2009 (Unaudited) RMB'000</b>	<b>9 months ended 30 September 2009 (Unaudited) RMB'000</b>	3 months ended 30 September 2008 (Unaudited) RMB'000	9 months ended 30 September 2008 (Unaudited) RMB'000
Cost of inventories sold	165,244	469,059	235,755	738,595
Interest expense on bank loans	2,224	7,099	3,468	13,859
Depreciation	38,081	120,493	55,458	169,457
Reversal of provision for inventories	(326)	(22,014)	(10,923)	(16,550)
Reversal of allowance for doubtful debts	(470)	(1,687)	—	—
Loss/(gain) on disposal of property, plant and equipment	1	(5)	241	836

## 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 2009 and 2008.

In accordance with the PRC Corporate Income Tax Law, the provision for Mainland China current income tax has been based on a statutory rate of 25% of the assessable profits of the Company. 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. During the three months and the nine months ended 30 September 2009 and 2008, no provision for PRC corporate income tax has been made as the Company was still in a tax loss position.

Major components of income tax are as follows:

	<b>3 months ended 30 September 2009 (Unaudited) RMB'000</b>	<b>9 months ended 30 September 2009 (Unaudited) RMB'000</b>	3 months ended 30 September 2008 (Unaudited) RMB'000	9 months ended 30 September 2008 (Unaudited) RMB'000
Provision for income tax in respect of profit for the period	—	—	—	—
Deferred tax credit	—	92	—	—
Income tax	—	92	—	—

## 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 2009 (nine months ended 30 September 2008: Nil).

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

Basic loss per share is calculated by dividing the net loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the periods.

	<b>3 months ended 30 September 2009 (Unaudited)</b>	<b>9 months ended 30 September 2009 (Unaudited)</b>	3 months ended 30 September 2008 (Unaudited)	9 months ended 30 September 2008 (Unaudited)
Loss attributable to ordinary equity holders of the Company (RMB'000)	<u>(35,055)</u>	<u>(91,172)</u>	<u>(12,160)</u>	<u>(18,734)</u>
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>

Diluted loss per share has not been disclosed as there were no dilutive options and other potential dilutive ordinary shares in issue during the periods.

## 10. INTEREST-BEARING BORROWINGS

	<b>30 September 2009 (Unaudited) RMB'000</b>	31 December 2008 (Audited) RMB'000
Unsecured bank borrowings repayable within one year:	<u>178,290</u>	<u>188,598</u>

## 11. RELATED PARTY TRANSACTIONS

The companies controlled by or under the significant influence of NXP B.V., a shareholder of the Company, are considered to be the Company's related parties during the three months and the nine months ended 30 September 2009.

The Company had the following material transactions with the related parties during the three months and the nine months ended 30 September 2009:

		<b>3 months ended 30 September 2009 (Unaudited) RMB'000</b>	<b>9 months ended 30 September 2009 (Unaudited) RMB'000</b>	3 months ended 30 September 2008 (Unaudited) RMB'000	9 months ended 30 September 2008 (Unaudited) RMB'000
	<i>Notes</i>				
Sales	(i)	<b>21,318</b>	<b>53,200</b>	58,357	173,770
Technology transfer fees	(ii)	<b>1,095</b>	<b>3,314</b>	2,384	6,903
Information technology ("IT") related service fees	(iii)	<b>593</b>	<b>1,873</b>	753	1,783
Compensation paid/payable to key management personnel (including directors, supervisors and senior executives)		<b>1,021</b>	<b>3,611</b>	4,379	9,537

Notes:

- (i) Sales to 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 fee paid/payable to a related company were determined at 3% or 10% of the net sales of certain specified products sold by agreements of the parties, respectively.
- (iii) IT related service fees were charged by the related companies based on agreements signed by the parties, which have taken into account the prevailing market prices.

In the opinion of the Directors, all transactions above were carried out in the ordinary course of business of the Company. Such transactions were conducted on an arm's length basis and on normal commercial terms, and will continue as such in the future.

The above related party transactions set out in Notes (i) to (iii) 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.

## 12. COMMITMENTS

The Company had the following commitments as at 30 September 2009:

	<b>30 September 2009 (Unaudited) RMB'000</b>	31 December 2008 (Audited) RMB'000
Capital commitments in respect of property, plant and equipment:		
- contracted, but not provided for	<b>9,339</b>	10,615
- authorised, but not contracted for	<b>3,645</b>	12,322
	<b>12,984</b>	22,937

## OPERATING RESULTS REVIEW

### Summary:

<i>(Amount: RMB'000)</i>	<b>3Q09</b>	2Q09	3Q08	QoQ % Change	YoY %Change
Revenue	<b>178,875</b>	178,466	255,036	0%	-30%
Gross profit	<b>13,631</b>	42,477	19,281	-68%	-29%
Operating expenses	<b>(28,427)</b>	(22,326)	(34,437)	27%	-17%
Other income and finance costs	<b>130</b>	(1,970)	3,507	—	—
Other expenses	<b>(20,389)</b>	(308)	(511)		
Income tax credit/(expense)	—	—	—	—	—
Net income/(loss)	<b>(35,055)</b>	17,873	(12,160)	—	—
EPS	<b>(2.28)cents</b>	1.16cents	(0.79)cents	—	

Sales increased by 0.2% from RMB178.5 million for the three months ended 30 June 2009 to RMB 178.9 million for the three months ended 30 September 2009.

Gross profit for the three months ended 30 September 2009 was RMB13.6 million, compared to RMB42.5 million for the three months ended 30 June 2009. Gross margin for the three months ended 30 September 2009 was 7.6%, compared to 23.8% for the three months ended 30 June 2009. For the three months ended 30 June 2009, there was a reversal of total of RMB23.3 million associated with accrued inventory provision and the decrease of adjustment for inventory amount as a result of decrease in unit cost per wafer as well as an improvement in fab utilization.

Operating expenses amounted to RMB28.4 million for the three months ended 30 September 2009, an increase of 27.4% compared to RMB22.3 million for the three months ended 30 June 2009. The increase in operating expenses was mainly due to the substantial increase in general and administrative expenses and to a lesser extent in research and development costs, partially offset by the decrease in selling and distribution expenses. For the three months ended 30 June 2009, the accrual of retirement benefits of RMB7.8 million carried forward from previous years was reversed to general and administration expenses.

The other income for the three months ended 30 September 2009 was RMB2.4 million, compared to RMB0.4 million for the three months ended 30 June 2009. The other income in the third quarter of 2009 was mainly generated from interest income and subsidy income, while the other income in the second quarter of 2009 was mainly derived from interest income. The finance costs for the three months ended 30 September 2009 amounted to RMB2.2 million, a decrease of 8.3% compared to RMB2.4 million for the three months ended 30 June 2009, primarily due to lower interest expenses.

The other expenses for the three months ended 30 September 2009 were RMB20.4 million, compared to RMB0.3 million for the three months ended 30 June 2009, largely attributable to the loss of RMB19.7 million resulting from wafer scraps and repair of tools and overhaul of the clean room as a result of the Incident, details of which are set out in note 5(i) to the condensed statement.

As a result, the Company recorded a net loss of RMB35.1 million for the three months ended 30 September 2009, compared to RMB17.9 million for the three months ended 30 June 2009. The Company's net margin in the current quarter was negative 19.6%, compared to 10.0% in the previous quarter.

## I. Revenue Analysis

### By Application

For the three months ended 30 September 2009, sales derived from communication, computer and consumer products accounted for 33%, 33% and 34% of total revenue respectively, which were in line with those in the previous quarter.

	<b>3Q09</b>	2Q09	3Q08
Communication	<b>33%</b>	33%	32%
Computer	<b>33%</b>	33%	33%
Consumer	<b>34%</b>	34%	35%

### By Geography

For the three months ended 30 September 2009, sales to the USA accounted for 51% of total revenue, compared to 53% in the previous quarter. The percentage of sales to Europe increased from 26% in the previous quarter to 30% in the current quarter, while sales as a percentage of total revenue from Asia Pacific was 19% when compared to 21% in the second quarter of 2009.

	<b>3Q09</b>	2Q09	3Q08
USA	<b>51%</b>	53%	50%
Europe	<b>30%</b>	26%	31%
Asia Pacific	<b>19%</b>	21%	19%

### By Customer Type

For the three months ended 30 September 2009, sales to IDM and fabless customers accounted for 35% and 65% of the total revenue respectively, compared to 26% and 74% in the second quarter of 2009.

	<b>3Q09</b>	2Q09	3Q08
IDM	<b>35%</b>	26%	43%
Fabless	<b>65%</b>	74%	57%

### By Product

For the three months ended 30 September 2009, sales as a percentage of total revenue from 5-inch, 6-inch and 8-inch wafer was 19%, 45% and 35% respectively, compared to 20%, 39% and 40% in the previous quarter.

	<b>3Q09</b>	2Q09	3Q08
5" wafers	<b>19%</b>	20%	16%
6" wafers	<b>45%</b>	39%	54%
8" wafers	<b>35%</b>	40%	29%
Others <sup>1</sup>	<b>1%</b>	1%	1%
Total	<b>100%</b>	100%	100%

Note: 1. Consist 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 2009 was 46%, compared to 49% in the second quarter of 2009.

<b>Fab</b>	<b>3Q09</b>	<b>2Q09</b>	<b>3Q08</b>
Fab 1/2			
5-inch wafers	<b>43%</b>	55%	59%
6-inch wafers	<b>42%</b>	40%	77%
Fab 3			
8-inch wafers	<b>52%</b>	56%	54%
Overall Capacity Utilization Rate	<b>46%</b>	49%	65%

Note: 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.

### II-2 Capacity (8" Equivalent)

The capacity for the three months ended 30 September 2009 was 154,000 8-inch equivalent wafers, which was the same as that of the previous quarter and the third quarter of 2008.

<b>Fab (wafers in thousand)</b>	<b>3Q09</b>	<b>2Q09</b>	<b>3Q08</b>
Fab1/2			
5-inch wafers	<b>33</b>	33	33
6-inch wafers	<b>85</b>	85	85
Fab-3			
8-inch wafers	<b>36</b>	36	36
Total Capacity	<b>154</b>	154	154

Note: 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, 6-inch wafers were converted to 8-inch equivalent wafers by dividing their wafer number using 2.56 and 1.78 respectively.

### III. Profit and Expense Analysis

#### III-1. Gross Profit Analysis

Gross profit for the three months ended 30 September 2009 was RMB13.6 million, compared to RMB42.5 million for the three months ended 30 June 2009. Gross margin for the three months ended 30 September 2009 was 7.6%, compared to 23.8% for the three months ended 30 June 2009. For the three months ended 30 June 2009, there was a reversal of total of RMB23.3 million associated with accrued inventory provision and the decrease of adjustment for inventory amount as a result of decrease in unit cost per wafer as well as an improvement in fab utilization.

	3Q09	2Q09	3Q08
(Amount: RMB'000)			
Cost of sales	<b>165,244</b>	135,989	235,755
Gross profit	<b>13,631</b>	42,477	19,281
Gross margin	<b>7.6%</b>	23.8%	7.6%

#### III-2. Operating Expenses Analysis

Operating expenses amounted to RMB28.4 million for the three months ended 30 September 2009, an increase of 27.4% compared to RMB22.3 million for the three months ended 30 June 2009. The increase in operating expenses was mainly due to the substantial increase in general and administrative expenses and to a lesser extent in research and development costs, partially offset by the decrease in selling and distribution expenses. For the three months ended 30 June 2009, the accrual of retirement benefits of RMB7.8 million carried forward from previous years was reversed to general and administration expenses.

	3Q09	2Q09	3Q08
(Amount: RMB'000)			
Selling and distribution costs	<b>1,394</b>	1,602	1,904
General and administrative expenses	<b>15,262</b>	9,826	20,232
Research and development costs	<b>11,771</b>	10,898	12,301
Total	<b>28,427</b>	22,326	34,437

#### III-3. Other Income and Finance Costs

The other income for the three months ended 30 September 2009 was RMB2.4 million, compared to RMB0.4 million for the three months ended 30 June 2009. The other income in the third quarter of 2009 was mainly generated from interest income and subsidy income, while the other income in the second quarter of 2009 was mainly derived from interest income. The finance costs for the three months ended 30 September 2009 amounted to RMB2.2 million, a decrease of 8.3% compared to RMB2.4 million for the three months ended 30 June 2009, primarily due to lower interest expenses.

	3Q09	2Q09	3Q08
(Amount: RMB'000)			
Other income	<b>2,354</b>	398	6,975
Finance costs	<b>(2,224)</b>	(2,368)	(3,468)
Total income/(expense)	<b>130</b>	(1,970)	3,507

### III-4. Other Expenses

The other expenses for the three months ended 30 September 2009 were RMB20.4 million, compared to RMB0.3 million for the three months ended 30 June 2009, largely attributable to the loss of RMB19.7 million resulting from wafer scraps and repair of tools and overhaul of the clean room as a result of the Incident, details of which are set out in note 5(i) to the condensed statement.

	3Q09	2Q09	3Q08
(Amount: RMB'000)			
Other expenses	<b>20,389</b>	308	511

## IV. Financial Condition Review

### IV-1. Liquidity Analysis

Total current assets as at 30 September 2009 was RMB500.4 million, an increase of RMB29.9 million from RMB470.5 million as at 30 June 2009, due mainly to the increase in cash and cash equivalents and other current assets by RMB42.4 million and RMB2.0 million, which was also partially offset by the decrease in trade and notes receivable and inventories by RMB9.1 million and RMB5.3 million respectively. The increase in cash and cash equivalents was largely attributable to the Company's effective cash management during the quarter. The total current liabilities increased from RMB341.0 million as at 30 June 2009 to RMB369.0 million as at 30 September 2009, largely attributable to the increase in accounts payable and other current liabilities by RMB7.1 million and RMB21.0 million respectively.

	3Q09	2Q09	3Q08
(Amount: RMB'000)			
Cash and cash equivalents	<b>308,025</b>	265,636	215,962
Trade and notes receivable	<b>63,447</b>	72,583	86,473
Inventories	<b>105,509</b>	110,851	185,721
Other current assets	<b>23,430</b>	21,420	77,222
<b>Total current assets</b>	<b>500,411</b>	<b>470,490</b>	<b>565,378</b>
Interest-bearing borrowings	<b>178,290</b>	178,319	188,410
Accounts payable	<b>87,094</b>	79,977	132,578
Other current liabilities	<b>103,658</b>	82,705	112,352
<b>Total current liabilities</b>	<b>369,042</b>	<b>341,001</b>	<b>433,340</b>
<b>Net current assets</b>	<b>131,369</b>	<b>129,489</b>	<b>132,038</b>
<b>Current Ratio (x)</b>	<b>1.36</b>	1.38	1.30

#### IV-2. Receivable / Inventory Turnover

Receivable turnover for the three months ended 30 September 2009 was 43 days, compared to 35 days in the previous quarter.

Inventory turnover days decreased to 77 days in the third quarter of 2009 from 97 days in the second quarter of 2009.

	3Q09	2Q09	3Q08
Trade & Notes Receivables Turnover (days)	43	35	46
Inventory Turnover (days)	77	97	84

#### IV-3. Debt Service

Net cash reserve as at 30 September 2009 amounted to RMB129.7 million compared to RMB87.3 million as at 30 June 2009, representing a sequential increase by RMB42.4 million. This was mainly attributable to the increase in cash balance.

	3Q09	2Q09	3Q08
(Amount: RMB'000)			
Cash and cash equivalents	308,025	265,636	215,962
Interest-bearing borrowings	(178,290)	(178,319)	(188,410)
Net cash reserves	129,735	87,317	27,552

#### V. Capital Expenditure

The amount of capital expenditure for the three months ended 30 September 2009 was RMB2.3 million, compared to RMB7.3 million in the second quarter of 2009.

	3Q09	2Q09	3Q08
(Amount: RMB'000)			
Capex	2,300	7,331	13,051

## **VI. Outlook for the fourth quarter of 2009**

The global economy continues to show a sign of stabilizing. End market demand seems to be improving as emerging market led by China are seeing solid demand while developed market demand at least stabilizes. The Company's major customers remain relatively cautious about their inventory levels, which will be unlikely to return quickly to normal level in the short term despite evidence that the semiconductor industry is gradually returning to growth. Moreover, the Company has conducted a one-week maintenance overhaul of its 5-inch fabrication line and to a lesser extent of its 6-inch fabrication line in late October 2009 owing to the Incident (described in the Company's Announcement dated 9 October 2009 pursuant to Rule 13.09 of the Listing Rules), which may eventually have some minor adverse impact on the Company's business operation and financial performance. As a result, the Company's management expects its fourth quarter sales to be at best flat on a sequential quarterly basis.

By order of the Board

**Advanced Semiconductor Manufacturing Corporation Limited**

**Zhou Weiping**

*Executive Director, President & Chief Executive Officer*

Shanghai, the PRC, 17 November 2009

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