ADVANCED SEMICONDUCTOR MANUFACTURING CORPORATION LIMITED

上 海 先 進 半 導 體 製 造 股 份 有 限 公 司

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

(Stock Code: 3355)

Announcement of Annual Results for the Year Ended 31 December 2007

ANNUAL RESULTS

The board (the "Board") of directors of Advanced Semiconductor Manufacturing Corporation Limited (the "Company") announces the audited results of the Company for the year ended 31 December 2007 as follows.

INCOME STATEMENT
Year ended 31 December

	Notes	**2007** *RMB'000*	**2006** *RMB'000*
Revenue	3	1,183,076	1,355,193
Cost of sales		(1,201,706)	(1,214,253)
Gross (loss)/profit		(18,630)	140,940
Selling and distribution costs		(8,006)	(9,016)
General and administrative expenses		(80,786)	(75,914)
Research and development costs		(40,829)	(32,001)
(Loss)/profit from operating activities		(148,251)	24,009
Other income	4	25,470	37,106
Other expenses	4	(674,181)	(224)
Finance costs		(35,220)	(57,922)
(Loss)/profit before income tax	5	(832,182)	2,969
Income tax (expense)/credit	6	(8,017)	974
Net (loss)/profit attributable to ordinary equity holders of the Company		(840,199)	3,943
Dividends	7	—	—
(Loss)/earnings per share attributable to ordinary equity holders of the Company -Basic	8	(54.76) cents	0.28 cents

BALANCE SHEET
31 December

	Notes	2007 RMB'000	2006 RMB'000
Non-current assets			
Property, plant and equipment		926,022	1,941,434
Construction in progress		3,101	1,929
Land lease prepayments		35,085	35,854
Intangible assets		14,530	17,559
Deferred tax assets		—	7,795
Total non-current assets		978,738	2,004,571
Current assets			
Inventories		234,507	261,829
Accounts and notes receivables	9	83,778	137,802
Prepayments, deposits and other receivables		42,108	21,736
Due from related companies		35,812	35,894
Cash and cash equivalents		206,995	396,987
Total current assets		603,200	854,248
Total assets		1,581,938	2,858,819
Current liabilities			
Accounts payable	10	171,680	194,344
Accrued liabilities and other payables		81,056	95,433
Due to related companies		4,165	12,492
Interest-bearing borrowings	11	350,291	286,451
Total current liabilities		607,192	588,720
Net current (liabilities)/assets		(3,992)	265,528
Non-current liabilities			
Interest-bearing borrowings	11	—	455,376
Deferred tax liability		222	—
Total non-current liabilities		222	455,376
Net assets		974,524	1,814,723
Capital and reserves			
Registered and paid-up capital		1,534,227	1,534,227
Reserves		(559,703)	280,496
Shareholders' equity		974,524	1,814,723

STATEMENT OF CHANGES IN EQUITY
Year ended 31 December

	2007	**2006**
	RMB'000	*RMB'000*
Registered and paid-up capital		
Ordinary shares of RMB1.00 each:		
At beginning of year	1,534,227	1,109,080
Global offering of shares	—	425,147
At end of year	1,534,227	1,534,227
Capital reserve		
At beginning of year	205,363	39
Global offering of shares	—	205,324
At end of year	205,363	205,363
Statutory surplus reserve		
At beginning of year	19,353	12,902
Increase: Transferred from statutory public welfare fund	—	6,451
At end of year	19,353	19,353
Statutory public welfare fund		
At beginning of year	—	6,451
Decrease: Transferred to statutory surplus reserve	—	(6,451)
At end of year	—	—
(Accumulated losses)/retained earnings		
At beginning of year	55,780	51,837
Net (loss)/profit for the year	(840,199)	3,943
At end of year	(784,419)	55,780
Reserves	(559,703)	280,496
Shareholders' equity	974,524	1,814,723

CASH FLOW STATEMENT
Year ended 31 December

	2007 *RMB'000*	2006 *RMB'000*
Net cash inflow from operating activities	226,381	322,816
Net cash outflow from investing activities	(24,141)	(218,390)
Net cash (outflow)/inflow from financing activities	(392,232)	186,675
Net (decrease)/increase in cash and cash equivalents	(189,992)	291,101
Cash and cash equivalents at beginning of year	396,987	105,886
Cash and cash equivalents at end of year	206,995	396,987
Analysis of balances of cash and cash equivalents		
Cash and bank balances	77,495	149,546
Non-pledged time deposits	129,500	247,441
	206,995	396,987

NOTES TO FINANCIAL STATEMENTS

1.1 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. They have been prepared under the historical cost convention, except as disclosed in this summary of significant accounting policies.

At 31 December 2007, the current liabilities of the Company exceed its current assets by RMB3,992,000. The financial statements of the Company for the year ended 31 December 2007 have been prepared on a going concern basis because the Company believes that the Company has sufficient cash inflow from operations, available banking facilities and continuing financial support from the bankers 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 the balance sheet date.

The Company has adopted the following amended and new IFRS and IFRIC interpretations during the year which are generally effective for accounting periods on or after 1 January 2007 that are relevant to its operations.

IAS 1 Amendment	Capital Disclosures
IFRS 7	Financial Instruments: Disclosures
IFRIC-Int 10	Interim Financial Reporting and Impairment

The adoption of the above standards and interpretations has no material impact on the financial performance or position of the Company, except for the additional or revised disclosures where appropriate.

1.2 IMPACT OF ISSUED BUT NOT YET EFFECTIVE IFRS

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

IAS 1 (revised)	Presentation of Financial Statements
IFRS 8	Operating Segments
IAS 23 (revised)	Borrowing Costs

IAS 1 (revised) separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, the Standard introduces the statement of comprehensive income: it presents all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Company is still evaluating whether it will have one or two statements.

IFRS 8 will affect the disclosures about the Company's operating segments, the Company's products and services, the geographical areas in which it operates, and its major customers.

IAS 23 (revised) removes the option of immediately recognising as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale.

IFRS 8 supersedes IAS 14, and is effective for periods beginning on or after 1 January 2009. IAS 1 (revised) and IAS 23 (revised) shall be applied for annual periods beginning on or after 1 January 2009.

Except as stated above, the Company expects that the adoption of the pronouncements listed above will not have any significant impact on the Company's financial statements in the period of initial application.

2. 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:

	2007	**2006**
	RMB'000	*RMB'000*
United States of America	642,742	696,869
Europe	308,154	347,337
Asia	232,180	310,987
	1,183,076	1,355,193

3. REVENUE

	2007	**2006**
	RMB'000	*RMB'000*
Sale of goods	1,182,667	1,354,399
Others	409	794
	1,183,076	1,355,193

4. OTHER INCOME AND OTHER EXPENSES

	2007 *RMB'000*	2006 *RMB'000*
Other income		
Interest income	11,644	11,104
Scrap sales	562	7,622
Compensation received	—	4,801
Net foreign exchange gains and others	13,264	13,579
	25,470	37,106

	2007 *RMB'000*	2006 *RMB'000*
Other expenses		
Loss arising from power failure(1)	(17,667)	—
Fair value loss on interest rate swaps	(3,018)	(224)
Impairment losses on property, plant and equipment(2)	(653,496)	—
	(674,181)	(224)

(1) *Power failure*

The Company suffered a two-hour power outage on 27 October 2007 which caused serious damage to certain plant and equipment and to the wafers in the process of fabrication of the 5- and 6-inch fabs and, to a lesser extent, of the 8-inch fab. The Company is in the process of claiming the loss resulting from this damage from the insurance company.

(2) *Impairment losses on property, plant and equipment*

The Company recognised an impairment loss of RMB651,294,000 for the 8-inch plant and machinery during the year. The recognition of this loss was in accordance with principles of International Accounting Standards 36 "*Impairment of Assets*" based on the recoverable amounts of these assets which were determined by reference to the present value of estimated future cash flows expected to arise from the use of the plant and machinery.

The Company also recognised an impairment loss of RM2,202,000 for the idle tools included in the plant and machinery during the year as the Company considered it is unlikely to recover these idle tools at their present carrying amount.

All the above assets are located in Shanghai, the PRC.

5. (LOSS)/PROFIT BEFORE INCOME TAX

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

	2007	2006
	RMB'000	*RMB'000*
Staff costs (including Directors', supervisors' and senior executives' emoluments):		
Retirement benefits		
- defined contribution fund	16,789	13,180
Accommodation benefits		
- defined contribution fund	4,327	4,055
Salaries and other staff costs	164,222	146,377
	185,338	163,612
Interest on bank loans	35,220	58,153
Less: Interest capitalised	—	(231)
Finance costs	35,220	57,922
Average interest rate capitalised	—	4.93%
Depreciation	384,153	382,801
Amortisation of intangible assets	3,837	3,491
Amortisation of land lease prepayments	769	769
Auditors' remuneration	1,550	2,400
Loss on disposal of property, plant and equipment	520	1,392
Impairment losses on property, plant and equipment	653,496	—
Reversal of impairment losses on construction in progress	—	(1,299)
Reversal of impairment on accounts receivable	—	(22)
Construction in progress written off	—	10
Provision for inventories	7,523	13,186

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 2006 and 2007.

The Company is located at Caohejing High-Tech Park of Shanghai, the PRC, and its applicable corporate income tax rate is 15%. In accordance with the prevailing tax laws in the PRC, the Company is entitled to full exemption from corporate income tax for the first and second profitable years (after offsetting accumulated tax losses, which can be carried forward for utilisation for a maximum period of five years), and a further 50% exemption for the succeeding three years.

As an integrated circuits manufacturer capable of manufacturing wafers with line widths equal to or below 0.25 micron, and pursuant to an approval document of the relevant tax authorities dated 17 June 2004, the Company is entitled to a 50% reduction in the PRC corporate income tax for an additional five years from 2004 to 2008. Accordingly, the Company was subject to the PRC corporate income tax at an applicable income tax rate of 7.5% for the years ended 31 December 2006 and 2007.

Major components of income tax expense/(credit) are as follows:

	2007	**2006**
	RMB'000	*RMB'000*
Provision for income tax in respect of profit for the year	—	—
Over provision of income tax in respect of prior years	—	—
Deferred tax expense/(credit)	8,017	(974)
Income tax expense/(credit)	8,017	(974)

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

	2007	**2006**
	RMB'000	*RMB'000*
(Loss)/profit before income tax	(832,182)	2,969
Tax at applicable tax rate of 7.5%	(62,414)	223
Tax effect of:		
- Expenses not deductible for tax purpose	50,815	3
- Additional deductible expenses for tax purpose	—	(1,200)
- Temporary difference not recognised for the current period	1	—
- Taxable loss not recognised for the current period	11,820	—
- Reversal of previously recognised deferred tax assets	7,795	—
Income tax expense/(credit)	8,017	(974)

The additional deductible expenses for tax purpose in 2006 refer to additional 50% deduction for research and development costs according to PRC tax law.

During the 5th Session of the 10th National People's Congress, which was concluded on 16 March 2007, the PRC Corporate Income Tax Law ("New CIT Law") was approved and became effective on 1 January 2008. The New CIT Law introduces a wide range of changes including, but are not limited to, the unification of the income tax rate for domestic-invested and foreign-invested enterprises at 25%. The new CIT Law has been announced, pursuant to which, enterprises currently entitled to certain preferential tax rates will gradually turn to statutory corporate tax rate of 25% within 5 years from 2008.

7. DIVIDENDS

The Board of Directors does not recommend the payment of dividend to the ordinary equity holders of the Company for the year ended 31 December 2007 (31 December 2006: Nil).

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

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

	2007	**2006**
(Loss)/profit attributable to ordinary equity holders of the Company (RMB'000)	(840,199)	3,943
Weighted average number of ordinary shares in issue ('000)	1,534,227	1,421,800

Diluted (loss)/earnings per share has not been disclosed as there were no dilutive options and other potential dilutive ordinary shares in issue during the years ended 31 December 2006 and 2007.

9. ACCOUNTS AND NOTES RECEIVABLES

	2007	**2006**
	RMB'000	*RMB'000*
Accounts receivable	82,300	137,802
Notes receivables	1,478	—
	83,778	137,802

Credit terms granted by the Company to its customers generally range from 30 to 60 days.

An aged analysis of the accounts receivable as at 31 December 2007 is as follows:

	2007	**2006**
	RMB'000	*RMB'000*
Outstanding balances with ageing:		
Within 30 days	55,485	79,462
Between 31 and 90 days	16,947	57,567
Between 91 and 180 days	7,333	557
Between 181 and 365 days	2,535	216
	82,300	137,802
Less: Impairment of accounts receivable	—	—
	82,300	137,802

As at 31 December 2007, there were no accounts and notes receivables which were impaired and required to be fully provided for. Movements in the provision for impairment of receivables were as follows:

	Individually impaired
	RMB'000
At 1 January 2007	—
Charged for the year	—
At 31 December 2007	—

As at 31 December 2006 and 2007, the analysis of trade receivables that were past due but not impaired is as follows:

			Past due but not impaired			
	Total	**Neither past due nor impaired**	**<60 days**	**61-180 days**	**181-365 days**	**>365 days**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2007	82,300	61,383	11,070	9,683	164	—
31 December 2006	137,802	84,104	52,935	547	216	—

The Directors are of the opinion that no allowance for impairment at accounts receivables as at 31 December 2007 is needed.

10. ACCOUNTS PAYABLE

	2007	**2006**
	RMB'000	*RMB'000*
Outstanding balances with ageing:		
Within 30 days	146,669	144,646
Between 31 and 90 days	12,978	33,790
Between 91 and 180 days	6,361	7,245
Between 181 and 365 days	1,147	3,461
Over 365 days	4,525	5,202
	171,680	194,344

11. INTEREST-BEARING BORROWINGS

	2007		
	Effective interest rate *(%)*	**Maturity**	**RMB'000**
Current:			
Bank loans:			
Unsecured	5.02~6.90	2008	164,003
Secured	6.14~6.58	2008	186,288
Total			350,291
Repayable:			
Within one year			350,291
In the second year			—
Total			350,291

	2006		
	Effective interest rate *(%)*	**Maturity**	**RMB'000**
Current:			
Bank loans:			
Unsecured	3.96~6.30	2007	23,426
Secured	4.93~7.08	2007	263,025
			286,451
Non-current:			
Secured	4.93~7.08	2008	455,376
Total			741,827
Repayable:			
Within one year			286,451
In the second year			234,702
Between the third and fifth years, inclusive			220,674
Total			741,827

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

The Company has repaid the bank loan of US$33,000,000 (equivalent to approximately RMB241,052,000) in accordance with a supplementary agreement dated on 27 June 2007 to the US$ 100 million credit facility term loan agreement (the "Term Loan Agreement") dated on 31 March 2005. The supplementary agreement revised certain financial covenants, and adjusted the last testing date to 30 September 2008.

On 31 December 2007, the Company complied with the revised financial covenants set out in the Term Loan Agreement and its supplementary agreements.

The Company's buildings, plant and machinery, construction in progress, and land lease prepayments with a net book value of RMB898,922,000, RMB3,101,000 and RMB35,854,000, respectively, at 31 December 2007 were pledged to banks as security for the bank loans amounting to US$25,502,800 (equivalent to approximately RMB186,288,000).

As at 31 December 2007, the Company had unutilised credit facilities of approximately RMB80,000,000 which will expire on 24 November 2008. Subsequent to 31 December 2007, the Company was granted the extension of the maturity date to 15 February 2009 and 17 March 2009 for the short term loans amounting to USD 5,500,000 (equivalent to approximately RMB40,175,000) and USD 3,000,000 (equivalent to approximately RMB21,914,000), respectively.

12. RELATED PARTY TRANSACTIONS

The companies controlled by or under the significant influence of NXP B.V. are considered to be related to the Company.

The Company had the following material transactions with the companies controlled by or under the significant influence of NXP B.V. during the year ended 31 December 2007:

		2007	**2006**
		RMB'000	*RMB'000*
Sales	(i)	160,128	245,450
Purchases	(i)	—	1,016
Technology transfer fees	(ii)	13,130	21,530
Information technology ("IT") related service fees	(iii)	2,058	2,613

Notes:

(i) Sales to and purchases from 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. 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 parties 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").

13. COMMITMENTS

The Company had the following capital commitments as at 31 December 2007:

	2007 *RMB'000*	2006 *RMB'000*
Capital commitments in respect of property, plant and equipment:		
- contracted, but not provided for	3,843	6,584
- authorised, but not contracted for	20,989	46,182
	24,832	52,766

14. CONTINGENT LIABILITIES

(a) Reference is made to the disclosures in the Annual Report of the Company for the year ended 31 December 2006 regarding the litigation Monolithic Power Systems, Inc. ("MPS") v. O2 Micro International Limited ("O2 Micro") where the Company was involved as one of the defendants.

The court trial began on 30 April 2007 and was limited to whether the United States Patent No. 6396722 (the "722 patent") was invalid, whether the Company and other defendants infringed the 722 patent, and should the 722 patent be found valid and enforceable, whether O2 Micro was entitled to an injunction.

On 8 May 2007, the Company filed a motion for judgment as a matter of law seeking to be dismissed from the case due to a lack of infringement evidence presented by O2 Micro. On 10 May 2007, the judge orally granted the motion and on 14 May, the judge instructed the jury that the Company was no longer a party to the action. On 15 May 2007, the jury rendered a verdict finding the 722 patent claims invalid, no claims literally infringed by MPS and its customer ASUSTek Computer Inc., and two claims infringed under the doctrine of equivalents. Since one cannot infringe an invalid claim, the jury's finding of infringement under the doctrine of equivalents is superseded by the invalidity finding.

On 30 October 2007, the Court denied all post-trial motions and entered judgment in favour of the Company. On 29 November 2007, O2 Micro filed a notice of appeal with the Federal Circuit. On 6 December 2007, the Company filed a cross-appeal. O2 Micro's opening appeal brief is currently due 27 March 2008.

According to the external legal advice sought by the Company, the Company considered that the liability arising from the 722 patent is possible but not probable and therefore no provision is being made in the financial statements.

(b) In September 2006, the Company received from a customer (the "Customer") an unsubstantiated allegation amounting to USD1.97 million (equivalent to approximately RMB15.4 million) for alleged breaches by the Company of certain terms of a foundry agreement dated 22 October 2004 (the "Foundry Agreement"). The Company has denied such allegation.

In November 2007, the Company filed for arbitration to pursue damages it had suffered as a result of the termination by the Customer of the Foundry Agreement. The Customer (respondent in the arbitration) in response currently raised conditional counter-claims estimated at about USD2.64 million (equivalent to approximately RMB19.28 million) excluding lost revenue and about USD16.14 million (equivalent to approximately RMB117.9 million) including the lost revenue to the extent that the Company is permitted to recover the cost of materials and equipment it purchased under the Foundry Agreement. Such counter-claims are not specified or supported by evidence. The arbitration is currently pending before a sole arbitrator.

According to the external legal advice sought by the Company, the Company considered that liability arising from such counter-claims is possible but not probable and therefore no provision is being made in the financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

The first half of 2007 saw soft market conditions due to continued inventory reductions, while the second half of the year saw slightly better market conditions.There has been an over-supply situation in the semiconductor industry, which has led to lower prices. In addition, the Company suffered a serious interruption to its business operations in October because of a two-hour power halt affecting a large part of the Shanghai municipality, causing damage to the Company's manufacturing plant and a loss of production. The Company additionally faced the loss of customer orders and increasing raw materials and staff costs. At the end of the year, the Company was obliged to recognise a significant impairment charge against its 8-inch fab plant. The combination of these factors contributed to a serious adverse impact on the Company's business operations and financial results in 2007.

Nevertheless, the Company took steps in 2007 to strengthen its management team by the appointment of Mr Hsueh Cheng Lu as the Company's President and Chief Executive Officer and Dr David Yi-Fang Sheng as its Chief Operating Officer. In addition the Company has embarked on a major strategic review of its operations, as described in more detail below. These developments, coupled with a likely improvement in the demand for its products, give the Company some optimism for an improvement in its trading and financial performance in 2008.

COMPARISON BETWEEN 2006 AND 2007 ENDING 31 DECEMBER

Sales

The sales of the Company decreased by 12.7% from RMB1,355.2 million in 2006 to RMB1,183.1 million in 2007, resulting in a lower overall utilization rate reduced from 70% in 2006 to 66% in 2007. However, the Company's throughput of 8-inch equivalent wafers increased by 5.2%, from 451,156 pieces for the year ended 31 December 2006 to 474,686 pieces for the year ended 31 December 2007 and correspondingly the Company's wafer shipments of 8-inch equivalent wafer increased by 3.2%, from 453,214 pieces to 467,754 pieces.

Cost of sales and gross profit

The cost of sales decreased slightly by 1.0% from RMB1,214.3 million in 2006 to RMB1,201.7 million in 2007. The gross profit was negative RMB18.6 million in 2007 compared to RMB140.9 million in 2006, while the Company's gross margin in 2007 was negative 1.6% compared to 10.4% in 2006. The decrease in gross profit and margin was mainly attributable to the substantial decline in sales of 5-inch wafer resulting from the loss of one major customer and a less favorable product mix in the 8-inch wafer and to a lesser extent in the 6-inch wafer.

Operating expenses and operating income

Selling and marketing expenses decreased by 11.1% from RMB9.0 million in 2006 to RMB8.0 million in 2007, mainly due to the decline of commission rate.

General and administrative expenses slightly increased by 6.5% from RMB75.9 million for the year ended 31 December 2006 to RMB80.8 million for the year ended 31 December 2007. Such increase was primarily attributable to the increase in transportation fee related to shuttle car service, and human resources cost.

Research and development costs were RMB40.8 million in 2007, up 27.5% from RMB32.0 million in 2006. This was primarily attributable to the increase in development activities associated with the improvement of the existing products.

In summary, the Company's operating expenses increased by 10.9% from RMB116.9 million in 2006 to RMB129.6 million in 2007.

Other income and finance Cost

The other income was RMB25.5 million in 2007, compared to RMB37.1 million in 2006. In 2007, the Company's other income mainly comprised interest income, scrap sales and exchange gain from Renminbi appreciation. In 2006, the Company's other income mainly was contributed by interest income, exchange gain from Renminbi appreciation, scrap sales and compensation from a supplier.

The Company's finance costs decreased by 39.2% from RMB57.9 million in 2006 to RMB35.2 million in 2007. The substantial decrease in finance cost was attributable to lower interest expense as a result of a continued decrease in the Company's bank loan balance after the repayment of long-term bank loan.

Other Expenses

The other expenses amounted to RMB674.2 million in 2007, compared to RMB0.2 million in 2006, primarily due to the significant impairment charge against the Company's 8-inch fabrication facilities, the property damage loss resulting from power outage incident and the fair value loss on the interest rate swap. In 2006, the Company's other expenses derived only from the fair value loss on the interest rate swap.

In accordance with International Accounting Standards ("IAS"), in preparing its final accounts for the year ended 31 December 2007, the Company reviewed the carrying value of its 8-inch wafer production facilities ('the Assets") in order to determine whether there had been any impairment of value. The review was based on the Company's projections of forecast future cash flow generated by the Assets and its cash flow estimates were based on the historical results of the Assets adjusted to reflect the Company's best estimate of the future market and the effective operating conditions. The result of the Company's determinations was that the net book value of the Assets exceeded the fair value of the Assets, as so determined, by a figure of RMB651.3 million. Accordingly, the Company has been obliged to recognise an impairment charge of that amount against the Assets, which has significantly decreased the Company's net income in 2007. Management believes that the new value more accurately reflects the current status and fair value of the Assets, which will enable management to create a more competitive business model and improve the Company's competitiveness and profitability for the future.

Net income

As a result of the foregoing factors, the Company had a net loss of RMB840.2 million for the year ended 31 December 2007, compared to a net income of RMB3.9 million for the year ended 31 December 2006.

Liquidity and capital resources

The Company's cash and cash equivalents were RMB 207.0 million as at 31 December 2007, compared to RMB397.0 million as at 31 December 2006. The Company's net cash inflow from operating activities showed a decrease of 29.9% from RMB322.8 million for the year ended 31 December 2006 to RMB226.3 million for the year ended 31 December 2007.

The Company's net cash outflow from investing activities was primarily attributable to the continuing investment in property, plant and equipment, and construction in progress. These expenditures amounted to RMB27.9 million for the year ended 31 December 2007, compared to RMB209.2 million for the year ended 31 December 2006. The capital expenditure incurred in 2007 was mostly allocated to the production facilities and equipment associated with both 6-inch and 8-inch wafers.

The Company's net cash outflow from financing activities amounted to RMB392.2 million in 2007, compared to net cash inflow of RMB186.7 million in 2006. The net cash outflow of RMB392.2 million mainly represented the net effect of RMB646.6 million for the repayment of bank loans, the new bank loans of RMB255.1 million in 2007. The Company financed its business activities by both bank loans and fund raising from its IPO transaction in 2006. During the 2007, its activities were only financed by bank loans.

As at 31 December 2007, the Company's short-term interest-bearing borrowings were RMB350.3 million, in which, the outstanding loan under the US$100 million club term loan facility was approximately RMB186.3 million, which is payable in installments, and will be fully repaid by 30 September 2008 based on the supplement loan agreement ("the Agreement") entered into between the Company and a group of banks ("Lenders") in June 2007. The outstanding amounts under the US$100 million club term loan facility dated 31 March 2005 are secured by a pledge on the Company's property, plant and equipment, construction in progress and land lease prepayments. As part of the Agreement, Net Debt to Tangible Net Worth ratio remains as a financial covenant, and is applicable until 30 September 2008, while the Agreement was amended to exclude both the Net Debt to EBITDA and Debt Service Coverage from financial covenants. In addition, the Company's capital expenditure may not exceed US$5.6 million and US$10.0 million in 2007 and 2008 respectively. During the period under the reporting, the Company was in compliance with the financial covenants stipulated in the terms of the US$ 100 million club term loan facility.

As at 31 December 2007, the Company's current ratio was 0.99 when compared to 1.45 as at 31 December 2006. The Company's debt to equity ratio improved from 19.0% as at 31 December 2006 to 14.7% as at 31 December 2007.

Employees

As at 31 December 2007, the Company had 1,847 employees; remuneration and employment benefits were provided for and paid in accordance with PRC law and regulations.

Interest rate risk

The Company's interest-bearing loans and borrowings are subject to the interest rate fluctuation of LIBOR plus a margin. As the majority of the Company's debts are denominated in US Dollar LIBOR, its profitability is exposed to interest rate risk arising from the fluctuations of LIBOR. Of the US$25.5 million under the US$100 million club term-loan facility, the Company has adopted an interest rate swap for the interest payable on the principal amount of US$17.5 million to hedge interest rate fluctuation.

Renminbi fluctuation risks

As Renminbi is the legal currency in PRC, in which the Company conducts its business operation, therefore, Renminbi is adopted as the Company's financial and reporting currency. In the event that the Company's Renminbi revenue is not sufficient to meet its Renminbi expenditure, the Company will be required to meet the difference by conversion of its foreign currency deposit to Renminbi, which might results in exchange loss, ultimately leading to a negative impact on its cash flow. No derivative instruments and hedging activities against Renminbi appreciation currently are adopted by the Company.

Capital commitment

As at 31 December 2007, the Company had capital commitments for property, plant and equipment amounting to RMB24.8 million, of which RMB3.8 million was contracted but not provided for, while the remaining balance of RMB21.0 million was authorized but not contracted for.

OPERATING RESULTS FOR THE THREE MONTHS ENDED 31 DECEMBER 2007

Sales for the three months ended 31 December 2007 was RMB270.2 million, down 19.0% from RMB333.4 million for the three months ended 30 September 2007, due mainly to lower sales of the 6-inch wafer arising from the unexpected serious power outage incident and, to a lesser extent, of the 8-inch wafer, combined with normal weak seasonal demand.

Gross profit decreased from RMB8.1 million for the three months ended 30 September 2007 to negative RMB 3.0 million for the three months ended 31 December 2007. Gross margin for the three months ended 31 December 2007 was negative 1.1%, compared to 2.4% for the three months ended 30 September 2007. The decline in gross margin was attributable to the lower level of capacity utilization rate.

Operating expenses were recorded at RMB39.4 million for the three months ended 31 December 2007, an increase of 34.0%, compared to RMB29.4 million for the third quarter of 2006. The increase in operating expenses was mainly attributable to the increase in research and development cost and general and administrative expenses, partially offset by the decrease in selling and distribution expenses.

The other income and finance costs for the three months ended 31 December 2007 were RMB2.3 million, compared to negative RMB3.9 million for the three months ended 30 September 2007. This was mainly due to lower finance cost. The other income for the three months ended 31 December 2007 was RMB6.4 million, compared to RMB3.1 million for the third quarter. The other income for the fourth quarter was mainly generated from larger foreign exchange gain from RMB appreciation, mask sales, while the other income in the third quarter was mainly driven by higher interest income and net foreign exchange gain from RMB appreciation. The finance costs decreased by 41.4%, from RMB7.0 million for the three months ended 30 September 2007 to RMB4.1 million for the three months ended 31 December 2007, which was mainly attributable to lower interest expense as a result of the Company's repayment of term loan.

The other expenses for the three months ended 31 December 2007 amounted to RMB674.2 million, compared to RMB1.6 million for the three months ended 30 September 2007, primarily due to the significant impairment charges against the Company's 8-inch fabrication facilities and the property damage loss resulting from power outage incident.

Collectively, the Company recorded a net loss of RMB744.3 million for the three months ended 31 December 2007, compared to net loss of RMB22.9 million for the three months ended 30 September 2007.

1. **Revenue Analysis**

For the three months ended 31 December 2007, sales from communications, computer and consumer products were basically in line with the prior quarter.

By Application

	4Q07	**3Q07**	**4Q06**
Communications	32%	33%	32%
Computer	34%	33%	33%
Consumer	34%	34%	35%

For the three months ended 31 December 2007, sales to the USA, Europe and Asia Pacific accounted for 56%, 28% and 16% of total revenue respectively, compared to 55%, 30% and 15% in the previous quarter.

By Geography

	4Q07	**3Q07**	**4Q06**
USA	56%	55%	43%
Europe	28%	30%	27%
Asia Pacific	16%	15%	30%

For the three months ended 31 December 2007, sales to IDM and fabless customers accounted for 36% and 64% of total revenue respectively.

By Customer Type

	4Q07	**3Q07**	**4Q06**
IDM	36%	38%	37%
Fabless	64%	62%	63%

For the three months ended 31 December 2007, sales as a percentage of total revenue from 5-inch, 6-inch and 8-inch wafer were 19%, 49% and 31% respectively, compared to 16%, 51% and 32% in the previous quarter

By Product

	4Q07	**3Q07**	**4Q06**
5” wafers	19%	16%	19%
6” wafers	49%	51%	42%
8” wafers	31%	32%	38%
Others[1]	1%	1%	1%
Total	100%	100%	100%

Note:

1. Consist of probing services and provision of masks

2. **Utilization and Capacity (8” equivalent)**

2-1 *Utilization*

Overall capacity utilization decreased by sixteen percentage points from 76% in the previous quarter to 60% for the three months ended 31 December 2007.

Fab	**4Q07**	**3Q07**	**4Q06**
Fab 1/2			
5-inch wafers	67%	72%	96%
6-inch wafers	67%	87%	74%
Fab 3			
8-inch wafers	49%	65%	71%
Overall Capacity Utilization Rate	60%	76%	77%

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 of producing during the corresponding period.

2-2 *Capacity (8” Equivalent)*

The capacity for the three months ended 31 December 2007 was 154,000 8-inch equivalent wafers, which was the same as that of both the previous quarter and that of the fourth quarter of 2006.

Fab (wafers in thousand)	**4Q07**	**3Q07**	**4Q06**
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

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 and 6-inch wafers were converted to 8-inch equivalent wafers by dividing their wafer numbers using 2.56 and 1.78 respectively.

3. **Receivable/Inventory Turnover**

Receivable turnover for the three months ended 31 December 2007 was 42 days as compared to 45 days in the third quarter of 2007.

Inventory turnover increased from 63 days for three months ended 30 September 2007 to 75 days for the three months ended 31 December 2007.

	4Q07	**3Q07**	**4Q06**
Trade & Notes Receivables Turnover (days)	42	45	44
Inventory Turnover (days)	75	63	67

4. **Capital Expenditure**

The amount of capital expenditure for the three months ended 31 December 2007 was RMB4.2 million, which was mainly associated with the improvement of overall operational and managerial efficiency, flexibility and related technology reform.

(Amount: RMB’000)	**4Q07**	**3Q07**	**4Q06**
Capex	4,183	20,407	11,107

SHARE TRANSFER

Pursuant to an approval of the PRC Ministry of Commerce dated 19 July 2007, the total amount of 408,806,888 H shares or 26.65% of the Company's total issued share capital originally held by Royal Philips through Philips Electronics China B.V. was approved to be transferred to NXP B.V. Such transfer was completed and became effective on 4 September 2007.

PROSPECTS AND FUTURE PLANS

The semiconductor industry is expected to grow at a moderate pace in 2008 as a result of a number of positive influences, including China's growing IC market, the 2008 Beijing Olympic Games, the continuing adoption of Windows Vista and the emerging 3G markets. It is expected that the growth in the analog market will likely continue to outpace the rest of the industry, with increasing demand for foundry products. On the other hand, the Company will face challenges from continued increasing competition and the expected slow-down in the global economy.

In order to address the issue of declining utilisation of its fabrication facilities, the Company has embarked on the implementation of a customer-focused strategic plan, emphasising the following components:

- customer support
- improved customer relationships
- organisational stability
- maintenance of high quality and reliability standards
- cost reductions
- enhanced product technology, and
- improved product mix.

In addition, the Company will seek to develop its existing markets for its products and will actively seek out new markets. In this context, the Company has been encouraged by a significant new order of 6-inch wafer products from one of its substantial shareholders, NXP, under the terms of the trading arrangements existing between them.

The Company is optimistic that, under the leadership of its new management team, the implementation of its strategic plan, coupled with the positive trading factors that 2008 is expected to provide, should contribute to an improvement in the Company's trading and financial performance in the current 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 2007.

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 2007, 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 (the "Model Code") for Securities Transactions by Directors of Listed Issuers 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 confirms, after making specific enquiries of all directors and supervisor, that all directors and supervisors have fully complied with the standards required under the Model Code during the year ended 31 December 2007.

REVIEW AND AUDIT OF THE ANNUAL RESULTS

The Audit Committee of the Company consists of three independent non-executive directors, Mr. James Arthur Watkins (Chairman), Mr. Thaddeus Thomas Beczak and Dr. Shen Weijia, and two non-executive directors, Mr. Petrus Antonius Maria van Bommel and Mr. Zhu Peiyi. The annual results for the year ended 31 December 2007 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
Lu Hsueh Cheng
Executive Director, President & Chief Executive Officer

Shanghai, PRC, 31 March 2008

As at the date of this announcement, the executive directors of the Company are Lu Hsueh Cheng and Cheng Jianyu; the non-executive directors of the Company are Ruan Yanhua, Zhu Jian, Petrus Antonius Maria van Bommel, Hendricus Cornelis Maria van der Zeeuw, Zhu Peiyi, and Xiao Yongji; and the independent non-executive directors of the Company are James Arthur Watkins, Thaddeus Thomas Beczak, and Shen Weijia.