



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 limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 3355)

2007 Third Quarter Results Announcement

QUARTERLY RESULTS

The board of directors (the “Board”) of Advanced Semiconductor Manufacturing Corporation Limited (the “Company”) announce the unaudited results of the Company for the three months and the nine months ended 30 September 2007 together with unaudited comparative figures for the corresponding periods of last year as follows:

CONDENSED INCOME STATEMENT

		3 months ended 30 September 2007 (Unaudited) RMB'000	9 months ended 30 September 2007 (Unaudited) RMB'000	3 months ended 30 September 2006 (Unaudited) RMB'000	9 months ended 30 September 2006 (Unaudited) RMB'000
	<i>Notes</i>				
Revenue	3	333,439	912,891	350,493	1,004,318
Cost of sales		<u>(325,373)</u>	<u>(928,479)</u>	<u>(310,934)</u>	<u>(858,235)</u>
Gross profit/(loss)		8,066	(15,588)	39,559	146,083
Operating expenses		<u>(29,386)</u>	<u>(90,175)</u>	<u>(23,543)</u>	<u>(84,673)</u>
(Loss)/profit from operating activities		(21,320)	(105,763)	16,016	61,410
Other income	3	3,104	19,040	6,406	17,420
Finance costs	4	<u>(6,967)</u>	<u>(31,128)</u>	<u>(12,252)</u>	<u>(44,650)</u>
(Loss)/ profit before income tax	4	(25,183)	(117,851)	10,170	34,180
Income tax credit/ (expense), net	5	<u>2,278</u>	<u>21,991</u>	<u>(762)</u>	<u>(2,641)</u>
Net (loss)/profit		<u><u>(22,905)</u></u>	<u><u>(95,860)</u></u>	<u><u>9,408</u></u>	<u><u>31,539</u></u>
Dividends	6	<u><u>—</u></u>	<u><u>—</u></u>	<u><u>—</u></u>	<u><u>—</u></u>
(Loss)/earnings per share attributable to ordinary equity holders of the Company (RMB)					
-Basic	7	<u><u>(0.01)</u></u>	<u><u>(0.06)</u></u>	<u><u>0.01</u></u>	<u><u>0.02</u></u>

CONDENSED BALANCE SHEET

		30 September 2007	31 December 2006
	<i>Notes</i>	(Unaudited) <i>RMB'000</i>	(Audited) <i>RMB'000</i>
Non-current assets			
Property, plant and equipment		1,658,468	1,941,434
Construction in progress		14,885	1,929
Other non-current assets		<u>80,554</u>	<u>61,208</u>
Total non-current assets		<u>1,753,907</u>	<u>2,004,571</u>
Current assets			
Inventories		218,924	261,829
Accounts and notes receivable		125,063	137,802
Other current assets		57,482	57,630
Cash and cash equivalents		<u>85,405</u>	<u>396,987</u>
Total current assets		<u>486,874</u>	<u>854,248</u>
Total assets		<u>2,240,781</u>	<u>2,858,819</u>
Current liabilities			
Accounts payable		152,749	194,344
Other current liabilities		91,248	107,925
Interest-bearing borrowings	8	<u>277,921</u>	<u>286,451</u>
Total current liabilities		<u>521,918</u>	<u>588,720</u>
Net current (liabilities)/assets		<u>(35,044)</u>	<u>265,528</u>
Non-current liabilities			
Interest-bearing borrowings	8	<u>—</u>	<u>455,376</u>
Net assets		<u>1,718,863</u>	<u>1,814,723</u>
Capital and reserves			
Registered and paid-up capital		1,534,227	1,534,227
Reserves		<u>184,636</u>	<u>280,496</u>
Shareholders' equity		<u>1,718,863</u>	<u>1,814,723</u>

CONDENSED STATEMENT OF CHANGES IN EQUITY

	For the nine months ended 30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
Registered and paid-up capital		
<i>Ordinary shares of RMB1.00 each:</i>		
At beginning of period	1,534,227	1,109,080
Global offering of shares	<u>—</u>	<u>425,147</u>
At end of period	<u><u>1,534,227</u></u>	<u><u>1,534,227</u></u>
Capital reserve		
At beginning of period	205,363	39
Global offering of shares	<u>—</u>	<u>205,324</u>
At end of period	<u>205,363</u>	<u>205,363</u>
Statutory surplus reserve		
At beginning and end of period	<u>19,353</u>	<u>12,902</u>
Statutory public welfare fund		
At beginning and end of period	<u>—</u>	<u>6,451</u>
Retained earnings		
At beginning of period	55,780	51,837
Net (loss)/ profit for the period	<u>(95,860)</u>	<u>31,539</u>
At end of period	<u>(40,080)</u>	<u>83,376</u>
Reserves	<u>184,636</u>	<u>308,092</u>
Shareholders' equity	<u><u>1,718,863</u></u>	<u><u>1,842,319</u></u>

CONDENSED CASH FLOW STATEMENT

	For the nine months ended 30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Net cash inflow from operating activities	172,878	222,347
Net cash outflow from investing activities	(20,554)	(198,066)
Net cash (outflow)/inflow from financing activities	<u>(463,906)</u>	<u>259,280</u>
(Decrease)/increase in cash and cash equivalents	(311,582)	283,561
Cash and cash equivalents at beginning of period	<u>396,987</u>	<u>105,886</u>
Cash and cash equivalents at end of period	<u>85,405</u>	<u>389,447</u>
Analysis of balances of cash and cash equivalents		
Cash and bank balances	<u>85,405</u>	<u>389,447</u>

1. BASIS OF PREPARATION

The unaudited balance sheet as at 30 September 2007 and the related unaudited income statement for the three months ended 30 September 2007 and the nine months ended 30 September 2007, cash flow statement and statement of changes in equity for the nine months ended 30 September 2007 (the “periods”) (collectively defined as “Third Quarter Results”) of the Company are prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim Financial Reporting”.

At 30 September 2007, the current liabilities of the Company exceed its current assets by RMB35,044,000. The financial statements of the Company for the three months and the nine months ended 30 September 2007 have been prepared on a going concern basis because the Company has sufficient cash inflow from operations and sufficient unutilised 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 the date of 2007 Third Quarter Results.

The Third Quarter Results should be read in conjunction with the audited financial statements of the Company for the year ended 31 December 2006 (“2006 financial statements”) dated 19 March 2007.

Except for those mentioned below, the accounting policies and method of computation used in the preparation of these Third Quarter Results are consistent with those used in the 2006 financial statements, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) under the historical cost convention.

In 2007, the Company adopted the following amended and newly released IFRS, which are generally effective for accounting periods beginning 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 and the financial position and performance of the Company.

Impact of 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 Third Quarter Results. The following IFRSs are effective for annual periods beginning on or after 1 January 2008:

IFRS 8	Operating Segments
IAS 23 (revised)	Borrowing Costs

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 IAS14, and is effective for periods beginning on or after 1 January 2009. 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 financial position or performance of the Company.

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 People Republic of China. 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:

	3 months ended 30 September 2007 (Unaudited) RMB'000	9 months ended 30 September 2007 (Unaudited) RMB'000	3 months ended 30 September 2006 (Unaudited) RMB'000	9 months ended 30 September 2006 (Unaudited) RMB'000
United States of America	183,966	491,161	173,484	547,469
Europe	97,603	233,062	97,287	252,514
Asia	<u>51,870</u>	<u>188,668</u>	<u>79,722</u>	<u>204,335</u>
	<u>333,439</u>	<u>912,891</u>	<u>350,493</u>	<u>1,004,318</u>

3. REVENUE AND OTHER INCOME

	3 months ended 30 September 2007 (Unaudited) RMB'000	9 months ended 30 September 2007 (Unaudited) RMB'000	3 months ended 30 September 2006 (Unaudited) RMB'000	9 months ended 30 September 2006 (Unaudited) RMB'000
Revenue				
Sales of goods	333,400	912,529	350,243	1,003,898
Others	<u>39</u>	<u>362</u>	<u>250</u>	<u>420</u>
	<u>333,439</u>	<u>912,891</u>	<u>350,493</u>	<u>1,004,318</u>
Other income				
Interest income	2,589	11,729	4,776	7,600
Government subsidies:				
Refund of value-added tax ("VAT")	18	40	—	—
Technology service income	299	1,559	—	266
Net foreign exchange gain and others	1,805	7,600	3,248	9,089
Fair value (loss)/gain on interest rate swap	<u>(1,607)</u>	<u>(1,888)</u>	<u>(1,618)</u>	<u>465</u>
	<u>3,104</u>	<u>19,040</u>	<u>6,406</u>	<u>17,420</u>
	<u>336,543</u>	<u>931,931</u>	<u>356,899</u>	<u>1,021,738</u>

4. (LOSS)/ PROFIT BEFORE INCOME TAX

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

	3 months ended 30 September 2007 (Unaudited) RMB'000	9 months ended 30 September 2007 (Unaudited) RMB'000	3 months ended 30 September 2006 (Unaudited) RMB'000	9 months ended 30 September 2006 (Unaudited) RMB'000
Interest on bank loans	6,967	31,128	12,252	44,881
Less: Interest capitalised	<u>—</u>	<u>—</u>	<u>—</u>	<u>(231)</u>
Finance costs	<u>6,967</u>	<u>31,128</u>	<u>12,252</u>	<u>44,650</u>
Depreciation	91,463	285,486	99,699	286,105
Allowance for inventories	2,610	15,335	894	10,283
Reversal of impairment loss on construction in progress	<u>—</u>	<u>—</u>	<u>—</u>	<u>(1,299)</u>

5. INCOME TAX

No provision for Hong Kong profits tax has been made as the Company had no assessable profits arising in Hong Kong for the three months and the nine months ended 30 September 2006 and 2007.

Major components of tax (credit)/expense for the periods are as follows:

	3 months ended 30 September 2007 (Unaudited) RMB'000	9 months ended 30 September 2007 (Unaudited) RMB'000	3 months ended 30 September 2006 (Unaudited) RMB'000	9 months ended 30 September 2006 (Unaudited) RMB'000
Provision for income tax in respect of profit for the period:				
- Current	—	—	—	—
- Overprovision in prior years	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Deferred tax expense/(credit)	<u>(2,278)</u>	<u>(21,991)</u>	<u>762</u>	<u>2,641</u>
Income tax (credit)/expense	<u>(2,278)</u>	<u>(21,991)</u>	<u>762</u>	<u>2,641</u>

6. DIVIDENDS

The Board of Directors does not recommend the payment of dividend to the ordinary shareholders for the nine months ended 30 September 2007 (30 September 2006: Nil).

7. (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.

	3 months ended 30 September 2007 (Unaudited)	9 months ended 30 September 2007 (Unaudited)	3 months ended 30 September 2006 (Unaudited)	9 months ended 30 September 2006 (Unaudited)
(Loss)/profit attributable to ordinary equity holders of the Company (RMB'000)	<u>(22,905)</u>	<u>(95,860)</u>	<u>9,408</u>	<u>31,539</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>1,383,912</u>

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 periods.

8. INTEREST-BEARING BORROWINGS

	30 September 2007 (Unaudited) RMB'000	31 December 2006 (Audited) RMB'000
Bank loans:		
- Unsecured	174,272	23,426
- Secured	<u>103,649</u>	<u>718,401</u>
	<u>277,921</u>	<u>741,827</u>
Bank loans repayable:		
- Within one year	277,921	286,451
- In the second year	—	234,702
- Between third and fifth years	<u>—</u>	<u>220,674</u>
	<u>277,921</u>	<u>741,827</u>
Bank loans:		
- Current portion	277,921	286,451
- Non-current portion	<u>—</u>	<u>455,376</u>
	<u>277,921</u>	<u>741,827</u>

9. RELATED PARTY TRANSACTIONS

The Company had the following material transactions with the companies controlled by or under the significant influence of NXP B.V. during the nine-month period ended 30 September 2007:

		For the nine months ended 30 September	
		2007 (Unaudited) RMB'000	2006 (Unaudited) RMB'000
	<i>Notes</i>		
Sales	(i)	112,231	183,483
Purchases	(i)	—	1,003
Technology transfer fees	(ii)	11,933	14,185
Information technology (“IT”) related service fees	(iii)	1,513	3,945

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 fee 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 agreements signed by the parties.

In the opinion of the Directors, all transaction 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 in the futher.

The above related parties transaction also constitute continuing connected transaction as defined in Chapter 14A of the Listing rules.

10. COMMITMENTS

The Company had the following commitments as at 30 September 2007:

	30 September 2007 (Unaudited) RMB'000	30 September 2006 (Unaudited) RMB'000
Capital commitments in respect of: property, plant and equipment:		
- contracted, but not provided for	5,225	12,529
- authorised, but not contracted for	<u>23,789</u>	<u>46,893</u>
	<u>29,014</u>	<u>59,422</u>

11. CONTINGENT LIABILITIES

- (a) Reference is made to the disclosures in the interim condensed financial statements of the Company for the six months ended 30 June 2007 regarding the litigation Monolithic Power Systems, Inc. ("MPS") v. O2 Micro International Limited ("O2 Micro") where the Company was involved as one of the counter defendants. There is no further adverse development during the three months ended 30 September 2007.
- (b) Reference is made to the disclosures in the interim condensed financial statements of the Company for the six months ended 30 June 2007 regarding the unsubstantiated allegation amounting to USD1.97 million for alleged breaches of certain terms of a foundry agreement dated 22 October 2004. There is no further adverse development during the three months ended 30 September 2007.

Operating Results Review

Summary:

(Amount: RMB'000)	3Q07	2Q07	3Q06	QoQ % Change	YoY % Change
Revenue	333,439	271,189	350,493	23%	-5%
Gross profit	8,066	(19,863)	39,559	141%	-80%
Operating expenses	(29,386)	(31,363)	(23,543)	-6%	25%
Other income and finance costs	(3,863)	(2,189)	(5,846)	—	—
Income tax Credit/(expense)	2,278	17,969	(762)	—	—
Net income/(loss)	(22,905)	(35,446)	9,408	35%	—
EPS	(1.49) cents	(2.31) cents	0.61 cents	—	—

Sales increased by 23% from RMB 271.2 million for the three months ended 30 June 2007 to RMB 333.4 million for the three months ended 30 September 2007. This was mainly due to the improved production volume and 8-inch equivalent wafer shipment, driven mainly by seasonal demand.

Gross profit for the three months ended 30 September 2007 was RMB 8.1million, compared to negative RMB 19.9 million for the three months ended 30 June 2007. Gross margin for the three months ended 30 September 2007 was 2.4%, compared to negative 7.3 % for the three months ended 30 June 2007, which was mainly attributable to the higher sales volume of the 6-inch and 8-inch wafers.

Operating expenses amounted to RMB 29.4 million for the three months ended 30 September 2007, a decrease of 6.4% compared to RMB 31.4 million for the three months ended 30 June 2007. The decrease in operating expenses was mainly due to the decrease in both selling and distribution expenses and research & development costs, which was partially offset by the slight increase in general and administrative expenses.

For the three months ended 30 September 2007, other income and finance costs were negative RMB 3.9 million, an increase of 77.3% from negative RMB 2.2 million for the three months ended 30 June 2007, which was mainly due to the substantial decrease in other income. The reduction in other income was largely attributable to the decrease in interest income, net foreign exchange gain and the loss of the fair value on interest rate swap and there were about RMB 1.0 million from compensation and other service included in the other income for the second quarter of 2007.

As a result, the net income for the three months ended 30 September 2007 was negative RMB 22.9 million, compared to negative RMB 35.4 million for the three months ended 30 June 2007. The Company's net margin in the current quarter was negative 7%, compared to negative 13% in the previous quarter.

I. Revenue Analysis

By Application	3Q07	2Q07	3Q06
Communication	33%	33%	32%
Computer	33%	33%	33%
Consumer	34%	34%	35%

For the three months ended 30 September 2007, sales derived from communication, computer and consumer products accounted for 33%, 33% and 34% of total revenue respectively, which were essentially flat compared to those in the previous quarter.

By Geography	3Q07	2Q07	3Q06
USA	55%	62%	50%
Europe	30%	24%	28%
Asia Pacific	15%	14%	22%

For the three months ended 30 September 2007, sales to the USA accounted for 55% of total revenue, compared to 62% in the previous quarter. The percentage of sales to Europe increased from 24% in the previous quarter to 30% in the current quarter, while sales as a percentage of total revenue from Asia Pacific was almost the same as that in the previous quarter.

By Customer Type	3Q07	2Q07	3Q06
IDM	38%	34%	43%
Fabless	62%	66%	57%

For the three months ended 30 September 2007, sales to IDM and fabless customers accounted for 38% and 62% of the total revenue respectively, compared to 34% and 66% in the second quarter of 2007.

By Product	3Q07	2Q07	3Q06
5" wafers	16%	12%	19%
6" wafers	51%	55%	44%
8" wafers	32%	32%	36%
Others ¹	1%	1%	1%
Total	100%	100%	100%

For the three months ended 30 September 2007, sales as a percentage of total revenue from 5-inch, 6-inch and 8-inch wafer was 16%, 51% and 32% respectively, compared to 12%, 55% and 32% in the previous quarter.

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

II. Utilization and Capacity (8" equivalent)

II-1 Utilization

Fab	3Q07	2Q07	3Q06
Fab 1/2			
5-inch wafers	72%	43%	81%
6-inch wafers	87%	74%	71%
Fab 3			
8-inch wafers	65%	55%	68%
Overall Capacity Utilization Rate	76%	62%	71%

Overall capacity utilization increased by fourteen percentage points from 62% in the previous quarter to 76% for the three months ended 30 September 2007.

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)

Fab (wafers in thousand)	3Q07	2Q07	3Q06
Fab1/2			
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

The capacity for the three months ended 30 September 2007 was 154,000 8-inch equivalent wafers, which was the same as that of the previous quarter and the third quarter of 2006.

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

	3Q07	2Q07	3Q06
(Amount: RMB'000)			
Cost of sales	325,373	291,052	310,934
Gross profit	8,066	(19,863)	39,559
Gross margin	2%	-7%	11%

Gross profit for the three months ended 30 September 2007 was RMB 8.1 million, compared to negative RMB 19.9 million for the three months ended 30 June 2007. Gross margin for the three months ended 30 September 2007 was 2.4%, compared to negative 7.3 % for the three months ended 30 June 2007, which was mainly attributable to higher utilization rate.

III-2. Operating Expenses Analysis

	3Q07	2Q07	3Q06
(Amount: RMB'000)			
Selling and distribution costs	2,055	2,278	2,953
General and administrative expenses	20,454	20,069	19,137
Research and development costs	6,877	9,016	1,453
Total	29,386	31,363	23,543

Operating expenses amounted to RMB 29.4 million for the three months ended 30 September 2007, a decrease of 6.4% compared to RMB 31.4 million for the three months ended 30 June 2007. The decrease in operating expenses was mainly due to the decrease in both selling and distribution expenses and research & development costs, which was partially offset by the slight increase in general and administrative expenses.

III-3. *Other Income and Financial Costs*

	3Q07	2Q07	3Q06
(Amount: RMB'000)			
Other income	3,104	8,404	6,406
Financial costs	(6,967)	(10,593)	(12,252)
Total (expense)/ income	(3,863)	(2,189)	(5,846)

For the three months ended 30 September 2007, other income and finance costs were negative RMB 3.9 million, an increase of 77.3% from negative RMB 2.2 million for the three months ended 30 June 2007, which was mainly due to the substantial decrease in other income. Lower other income was largely attributable to the decrease in interest income, net foreign exchange gain and the loss of the fair value on interest rate swap, plus the other income in the second quarter of 2007 also included about RMB 1.0 million from compensation and other service income.

IV. **Financial Condition Review**

IV-1. *Liquidity Analysis*

	3Q07	2Q07	3Q06
(Amount: RMB'000)			
Cash and cash equivalents	85,405	62,537	389,447
Trade and notes receivable	125,063	147,844	144,333
Inventories	218,924	235,706	263,238
Other current assets	57,482	40,945	69,102
Total current assets	486,874	487,032	866,120
Interest-bearing borrowings	277,921	281,265	283,131
Accounts payable	152,749	124,569	212,264
Other current liabilities	91,248	79,658	150,690
Total current liabilities	521,918	485,492	646,085
Net current assets	-35,044	1,540	220,035
Current Ratio (x)	0.93	1.00	1.34

Total current assets as at 30 September 2007 was RMB 486.9 million, a decreased of RMB 0.1 million from RMB487.0 million as at 30 June 2007, due mainly to the decrease in trade and notes receivable and inventories by RMB 22.8 million and RMB 16.8 million respectively, which was also partially offset by the increase in cash and cash equivalents by RMB 22.9 million and other current assets by RMB 16.5 million from balances as at 30 June 2007 to 30 September 2007. The increase in cash and cash equivalents was largely due to more net cash inflow generated during the quarter. Lower inventory in the third quarter of 2007 was primarily attributable to the effective management of spare parts inventory level. The total current liabilities increased from RMB485.5 million as at 30 June 2007 to RMB 521.9 million as at 30 September 2007, largely attributable to the increase in accounts payable and other current liabilities by RMB 28.2 million and RMB 11.6 million respectively, which was partially offset by the decrease in interest-bearing borrowings.

IV-2. *Receivable/Inventory Turnover*

	3Q07	2Q07	3Q06
Trade & Notes Receivables Turnover (days)	45	54	45
Inventory Turnover (days)	63	73	71

Receivable turnover for the three months ended 30 September 2007 was 45 days, compared to 54 days in the previous quarter.

Inventory turnover days decreased to 63 days in the third quarter of 2007 from 73 days in the second quarter of 2007, due mainly to the effective management of spare parts inventory level.

IV-3. *Debt Service*

	3Q07	2Q07	3Q06
(Amount: RMB'000)			
Cash and cash equivalents	85,405	62,537	389,447
Interest-bearing borrowings	(277,921)	(370,388)	(751,326)
Net cash reserves	(192,516)	(307,851)	(361,879)

Net cash reserve as at 30 September 2007 amounted to negative RMB192.5 million as compared to negative RMB307.9 million as at 30 June 2007, representing a sequential increase by RMB 115.4 million or 37.5%. This was mainly due to the decrease in interest bearing borrowings by RMB 92.5 million, and increase in cash balance by RMB 22.9 million.

The financial covenants for the three months ended 30 September 2007 under the US\$100million facility loan agreement have been fulfilled.

V. Capital Expenditure

(Amount: RMB'000)	3Q07	2Q07	3Q06
Capex	20,407	1,445	8,049

The amount of capital expenditure for the three months ended 30 September 2007 was RMB 20.4 million, compared to RMB 1.4 million in the second quarter of 2007.

VI. Outlook for the fourth quarter of 2007

It is expected that the semiconductor industry will show the normal seasonal decline, which is a typical phenomenon due to the holidays at the year end. The company suffered a two-hour power outage on 27 October which caused serious damage to certain equipment and to the wafers in the process of fabrication of the 5- and 6-inch fab and, to a lesser extent, of the 8-inch. The accident brought about the suspension of the company's production and since then the company has been making endeavours to resume its production as soon as practicable. At the present date, both the 5-inch and 8-inch fab have almost resumed normal operations from the incident while the recovery of the 6-inch fab is well under way and is expected to be completed early in 2008. Management forecasts that the loss of wafers and production capacity will reduce revenues in the fourth quarter of 2007 by approximately RMB 100 million.

By Order of the Board
**ADVANCED SEMICONDUCTOR
MANUFACTURING CORPORATION LIMITED**
Lu, Hsueh Cheng

Executive Director, President & Chief Executive Officer

Shanghai, PRC, 19 November 2007

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, Ajit Manocha, Zhu Peiyi, Zhu Jian, Xiao Yongji and Petrus Antonius Maria van Bommel; and the independent non-executive directors of the Company are Thaddeus Thomas Beczak, Shen Weijia and James Arthur Watkins.