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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)

**2010 Third Quarter Results Announcement**

**QUARTERLY RESULTS**

The board of directors (the "Board") of Advanced Semiconductor Manufacturing Corporation Limited (the "Company") is pleased to announce the unaudited results of the Company for the three months and the nine months ended 30 September 2010 together with unaudited comparative figures for the corresponding periods of last year as follows:

**Condensed Statement of Comprehensive Income**

		<b>3 months ended</b> <b>30 September</b> <b>2010</b> <b>(Unaudited)</b> <b>RMB'000</b>	<b>9 months ended</b> <b>30 September</b> <b>2010</b> <b>(Unaudited)</b> <b>RMB'000</b>	3 months ended 30 September 2009 (Unaudited) RMB'000	9 months ended 30 September 2009 (Unaudited) RMB'000
	<i>Notes</i>				
<b>Revenue</b>	4	<b>276,461</b>	<b>708,373</b>	178,875	474,674
Cost of sales		<b>(202,735)</b>	<b>(546,270)</b>	(165,244)	(469,059)
<b>Gross profit</b>		<b>73,726</b>	<b>162,103</b>	13,631	5,615
Other income and gains	5	<b>5,694</b>	<b>9,402</b>	2,354	4,901
Operating expenses		<b>(23,162)</b>	<b>(65,905)</b>	(28,427)	(71,930)
Other expenses	5	<b>(5,377)</b>	<b>(7,026)</b>	(20,389)	(22,751)
Finance costs	6	<b>(1,789)</b>	<b>(5,561)</b>	(2,224)	(7,099)
<b>Profit/(loss) before tax</b>	6	<b>49,092</b>	<b>93,013</b>	(35,055)	(91,264)
Income tax	7	—	—	—	92
<b>Profit/(loss) for the period</b>		<b>49,092</b>	<b>93,013</b>	(35,055)	(91,172)
Other comprehensive income for the period		—	—	—	—
<b>Total comprehensive income/ (loss) for the period attributable to ordinary equity holders of the Company</b>		<b>49,092</b>	<b>93,013</b>	(35,055)	(91,172)
<b>Earnings/(loss) per share attributable to ordinary equity holders of the Company</b>					
-Basic	9	<b>3.20 cents</b>	<b>6.06 cents</b>	(2.28) cents	(5.94) cents

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

## Condensed Statement of Financial Position

	30 September 2010 (Unaudited) <i>RMB'000</i>	31 December 2009 (Audited) <i>RMB'000</i>
	<i>Notes</i>	
<b>Non-current assets</b>		
Property, plant and equipment	350,889	436,511
Construction in progress	8,962	646
Other non-current assets	41,315	43,560
	<hr/>	<hr/>
Total non-current assets	401,166	480,717
	<hr/>	<hr/>
<b>Current assets</b>		
Inventories	159,221	92,680
Accounts and notes receivables	99,866	63,444
Other current assets	38,017	28,438
Cash and cash equivalents	390,739	317,996
	<hr/>	<hr/>
Total current assets	687,843	502,558
	<hr/>	<hr/>
Total assets	1,089,009	983,275
	<hr/>	<hr/>
<b>Current liabilities</b>		
Accounts payable	156,283	86,329
Other current liabilities	49,590	70,938
Government grants	3,096	13,100
Interest-bearing bank borrowings	10 137,011	178,282
	<hr/>	<hr/>
Total current liabilities	345,980	348,649
	<hr/>	<hr/>
<b>Net current assets</b>	341,863	153,909
	<hr/>	<hr/>
<b>Total assets less current liabilities</b>	743,029	634,626
	<hr/>	<hr/>
<b>Non-current liabilities</b>		
Government grants	15,390	—
	<hr/>	<hr/>
<b>Net assets</b>	727,639	634,626
	<hr/>	<hr/>
<b>Equity attributable to equity holders of the Company</b>		
Share capital	1,534,227	1,534,227
Reserves	(806,588)	(899,601)
	<hr/>	<hr/>
<b>Total equity</b>	727,639	634,626
	<hr/>	<hr/>

## Statement of Changes in Equity

	For the nine months ended 30 September	
	2010 (Unaudited) RMB'000	2009 (Unaudited) RMB'000
<b>Share 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	(1,124,317)	(1,021,502)
Total comprehensive income/(loss) for the period	<u>93,013</u>	<u>(91,172)</u>
At end of period	<u>(1,031,304)</u>	<u>(1,112,674)</u>
<b>Reserves</b>	<u>(806,588)</u>	<u>(887,958)</u>
<b>Total equity attributable to equity holders of the Company</b>	<u>727,639</u>	<u>646,269</u>

## Condensed Statement of Cash Flows

	For the nine months ended 30 September	
	2010	2009
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Net cash flows from operating activities	135,685	60,158
Net cash flows used in investing activities	(21,671)	(3,712)
Net cash flows used in financing activities	(41,271)	(10,308)
<b>Net increase in cash and cash equivalents</b>	<b>72,743</b>	46,138
Cash and cash equivalents at beginning of period	317,996	261,887
Cash and cash equivalents at end of period	390,739	308,025
<b>Analysis of balances of cash and cash equivalents</b>		
Cash and bank balances	69,613	39,010
Non-pledged time deposits	321,126	269,015
	390,739	308,025

## NOTES TO CONDENSED FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION

The unaudited condensed financial statements of the Company for the three months and the nine months ended 30 September 2010 (the "Third Quarter Results") are prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" promulgated by the International Accounting Standards Board.

The Third Quarter Results do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the audited financial statements of the Company for the year ended 31 December 2009 ("2009 financial statements") dated 10 March 2010.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of these interim condensed financial statements are consistent with those used in the 2009 financial statements, except for the adoption of new standards and interpretations as of 1 January 2010, which are set out below:

The Company has adopted the following new and revised IFRSs for the first time in these interim condensed financial statements.

IFRS 1 (Revised)	<i>First-time Adoption of International Financial Reporting Standards</i>
IFRS 1 Amendments	<i>Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards - Additional Exemptions for First-time Adopters</i>
IFRS 2 Amendments	<i>Amendments to IFRS 2 Share-based Payment - Group Cash-settled Share-based Payment Transactions</i>
IFRS 3 (Revised)	<i>Business Combinations</i>
IAS 27 (Revised)	<i>Consolidated and Separate Financial Statements</i>
IAS 39 Amendment	<i>Amendment to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items</i>
IFRIC 17	<i>Distributions of Non-cash Assets to Owners</i>
Amendments to IFRS 5 included in Improvements to IFRSs issued in May 2008	<i>Amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations – Plan to Sell the Controlling Interest in a Subsidiary</i>
Improvements to IFRSs (issued in April 2009)*	Amendments to a number of IFRSs

\* Improvements to IFRSs 2009 contain amendments to IFRS 2, IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 18, IAS 36, IAS 38, IAS 39, IFRIC 9 and IFRIC 16.

The adoption of these new and revised IFRSs has had no significant financial effect on these interim condensed financial statements and there have been no significant changes to the accounting policies applied in these interim condensed financial statements.

### 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 2010 (Unaudited) RMB'000</b>	<b>9 months ended 30 September 2010 (Unaudited) RMB'000</b>	3 months ended 30 September 2009 (Unaudited) RMB'000	9 months ended 30 September 2009 (Unaudited) RMB'000
United States of America	154,724	383,255	91,507	269,633
Europe	71,516	205,542	52,822	107,627
Asia	50,221	119,576	34,546	97,414
	<u>276,461</u>	<u>708,373</u>	<u>178,875</u>	<u>474,674</u>

#### *Information about major customers*

The Company's revenue of approximately RMB461,861,000 (30 September 2009: RMB294,540,000) was derived from sales to four customers (30 September 2009: four) which individually accounted for more than 10% of the Company's total revenue during the nine months ended 30 September 2010. Sales to a particular customer include sales to a group of entities which are known to be under common control with that customer.

### 4. REVENUE

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

An analysis of revenue is as follows:

	<b>3 months ended 30 September 2010 (Unaudited) RMB'000</b>	<b>9 months ended 30 September 2010 (Unaudited) RMB'000</b>	3 months ended 30 September 2009 (Unaudited) RMB'000	9 months ended 30 September 2009 (Unaudited) RMB'000
Sale of goods	276,382	708,009	178,797	474,431
Others	79	364	78	243
	<u>276,461</u>	<u>708,373</u>	<u>178,875</u>	<u>474,674</u>

## 5. OTHER INCOME AND GAINS AND OTHER EXPENSES

	3 months ended 30 September 2010 (Unaudited) RMB'000	9 months ended 30 September 2010 (Unaudited) RMB'000	3 months ended 30 September 2009 (Unaudited) RMB'000	9 months ended 30 September 2009 (Unaudited) RMB'000
<b>Other income and gains</b>				
Subsidy income	4,049	4,639	1,929	3,929
Interest income	922	2,017	269	972
Sale of scrap materials	697	2,135	—	—
Others	26	611	156	—
	<u>5,694</u>	<u>9,402</u>	<u>2,354</u>	<u>4,901</u>
<b>Other expenses</b>				
Loss arising from a leakage incident	—	(261)	(19,744)	(19,744)
Loss on interest rate swaps	—	—	(94)	(250)
Net foreign exchange loss	(5,377)	(6,765)	(551)	(2,093)
Others	—	—	—	(664)
	<u>(5,377)</u>	<u>(7,026)</u>	<u>(20,389)</u>	<u>(22,751)</u>

## 6. PROFIT/(LOSS) BEFORE TAX

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

	3 months ended 30 September 2010 (Unaudited) RMB'000	9 months ended 30 September 2010 (Unaudited) RMB'000	3 months ended 30 September 2009 (Unaudited) RMB'000	9 months ended 30 September 2009 (Unaudited) RMB'000
Cost of inventories sold	202,735	546,270	165,244	469,059
Depreciation	32,125	102,814	38,081	120,493
Interest on bank loans	1,789	5,561	2,224	7,099
Employee benefits expense:				
Retirement benefits	3,298	10,014	3,425	9,824
Accommodation benefits	1,072	3,286	1,658	3,699
Salaries and other staff costs	34,636	99,200	28,489	78,978
	<u>39,006</u>	<u>112,500</u>	<u>33,572</u>	<u>92,501</u>
Reversal of allowance for doubtful debts	(65)	(6,699)	(470)	(1,687)
Provision/(reversal) of allowance for inventories	1,123	670	(326)	(22,014)
Loss/(gain) on disposal of property, plant and equipment	—	238	1	(5)

## 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 2010.

In accordance with the PRC Corporate Income Tax Law (the "New CIT Law") which was approved and became effective on 1 January 2008, the provision for Mainland China current income tax has been based on a statutory rate of 25% of the assessable profits of the Company for the year. However, the Company qualifies as "High and New Technology Enterprise" and thus was granted a preferential rate of 15% from 1 January 2008 to 31 December 2010.

Major components of income tax are as follows:

	<b>3 months ended 30 September 2010 (Unaudited) RMB'000</b>	<b>9 months ended 30 September 2010 (Unaudited) RMB'000</b>	<b>3 months ended 30 September 2009 (Unaudited) RMB'000</b>	<b>9 months ended 30 September 2009 (Unaudited) RMB'000</b>
Provision for income tax in respect of profit for the period	—	—	—	—
Deferred tax credit	—	—	—	(92)
Income tax credit	—	—	—	(92)

## 8. DIVIDENDS

The Board does not recommend the payment of an interim dividend to the ordinary equity holders of the Company for the nine months ended 30 September 2010 (30 September 2009: Nil).

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

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) for the period 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 2010 (Unaudited)</b>	<b>9 months ended 30 September 2010 (Unaudited)</b>	<b>3 months ended 30 September 2009 (Unaudited)</b>	<b>9 months ended 30 September 2009 (Unaudited)</b>
Profit/(loss) attributable to ordinary equity holders of the Company (RMB'000)	<b>49,092</b>	<b>93,013</b>	(35,055)	(91,172)
Weighted average number of ordinary shares in issue ('000)	<b>1,534,227</b>	<b>1,534,227</b>	1,534,227	1,534,227

No adjustment has been made to the basic earnings/(loss) per share amounts presented for the three months and the nine months ended 30 September 2009 and 2010 in respect of a dilution as the Company had no potentially dilutive ordinary shares in issue during those periods.

## 10. INTEREST-BEARING BANK BORROWINGS

	<b>Effective interest rate</b>	<b>30 September 2010 Maturity</b>	<b>RMB'000 (Unaudited)</b>
Unsecured bank borrowings repayable within one year	<u>2.64%-5.31%</u>	<u>2011</u>	<u>137,011</u>
	Effective interest rate	31 December 2009 Maturity	RMB'000 (Audited)
Unsecured bank borrowings repayable within one year	<u>3.66%-5.31%</u>	<u>2010</u>	<u>178,282</u>

## 11. COMMITMENTS

	<b>30 September 2010 (Unaudited) RMB'000</b>	31 December 2009 (Audited) RMB'000
Capital commitments in respect of property, plant and equipment:		
- contracted, but not provided for	<u>71,407</u>	9,810
- authorised, but not contracted for	<u>58,558</u>	97,291
	<u><b>129,965</b></u>	<u>107,101</u>

## 12. RELATED PARTY TRANSACTIONS

The Company is under the significant influence of NXP B.V., which holds 27.47% of the equity interest of the Company. The companies controlled by or under the significant influence of NXP B.V. were considered to be the Company's related parties during the three months and the nine months ended 30 September 2009 and 2010.

The Company had the following material transactions with the related parties during the three months and the nine months ended 30 September 2009 and 2010:

	<b>3 months ended 30 September 2010 (Unaudited) RMB'000</b>	<b>9 months ended 30 September 2010 (Unaudited) RMB'000</b>	3 months ended 30 September 2009 (Unaudited) RMB'000	9 months ended 30 September 2009 (Unaudited) RMB'000
	<i>Notes</i>			
Sales	(i) <b>39,874</b>	<b>100,629</b>	21,318	53,200
Technology transfer fees	(ii) <b>1,698</b>	<b>4,415</b>	1,095	3,314
Information technology ("IT") related service fees	(iii) —	<b>13</b>	593	1,873
Compensation paid/payable to key management personnel (including directors, supervisors and senior executives)	<u><b>1,826</b></u>	<u><b>5,652</b></u>	<u>1,021</u>	<u>3,611</u>

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.

- (iii) IT related service fees were charged by the related companies based on service 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 party transactions set out in Notes (i) to (iii) also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

## OPERATING RESULTS REVIEW

### Summary:

(Amount: RMB'000)	3Q'10	2Q'10	3Q'09	QoQ% Change	YoY % Change
Revenue	276,461	245,764	178,875	12%	55%
Gross Profit	73,726	58,892	13,631	25%	441%
Other income and gains	5,694	2,659	2,354	–	–
Operating expenses	(23,162)	(15,710)	(28,427)	47%	-19%
Other expenses	(5,377)	(1,409)	(20,389)	–	–
Finance costs	(1,789)	(1,759)	(2,224)	–	–
Income tax credit/(expense)	–	–	–	–	–
Net income/(loss)	49,092	42,673	(35,055)	15%	–
EPS/(loss)	3.20cents	2.78cents	(2.28)cents	–	–

Sales for the three months ended 30 September 2010 were RMB276.5 million, an increase of 12.5% from RMB245.8 million for the three months ended 30 June 2010. Such increase was primarily attributable to the improvement in sales of 5-inch wafers, 6-inch wafers and 8-inch wafers.

Gross profit for the three months ended 30 September 2010 amounted to RMB73.7 million, representing an increase of 25.1% from RMB58.9 million for the three months ended 30 June 2010. Gross margin for the three months ended 30 September 2010 was 26.7%, compared to 24.0% for the three months ended 30 June 2010. Such improvement was primarily due to an increase in fab utilization.

Other income and gains for the three months ended 30 September 2010 were RMB5.7 million, compared to RMB2.7 million for the three months ended 30 June 2010. Other income and gains in the second quarter and the third quarter of 2010 were mainly comprised of subsidy income, interest income, sale of scrap materials and others.

Operating expenses for the three months ended 30 September 2010 amounted to RMB23.2 million, compared to RMB15.7 million for the three months ended 30 June 2010, due mainly to a significant increase in general and administrative expenses and, to a lesser extent, in research and development as well as selling and distribution expenses. For the three months ended 30 June 2010, approximately RMB6.5 million reversal of allowance for doubtful debts were recorded in general and administrative expenses.

Other expenses for the three months ended 30 September 2010 were RMB5.4 million, compared to RMB1.4 million for the three months ended 30 June 2010. Other expenses in the second quarter and the third quarter of 2010 were mainly comprised of net foreign exchange loss.

Finance costs for the three months ended 30 September 2010 were RMB1.8 million. This is almost flat when compared to the second quarter of 2010.

As a result, the Company recorded a net income of RMB49.1 million for the three months ended 30 September 2010, compared to RMB42.7 million for the three months ended 30 June 2010. The Company's net margin in the current quarter was 17.8%, compared to 17.4% in the second quarter of 2010.

## I. Revenue Analysis

### By Application

For the three months ended 30 September 2010, sales derived from communication, computer and consumer products accounted for 34%, 32% and 34% of total revenue respectively, which were basically in line with those in the previous quarter.

	3Q'10	2Q'10	3Q'09
Communication	34%	33%	33%
Computer	32%	32%	33%
Consumer	34%	35%	34%

### By Geography

For the three months ended 30 September 2010, sales to the USA, Europe and Asia Pacific accounted for 56%, 26% and 18% of total revenue respectively, compared to 55% and 28% and 17% for the three months ended 30 June 2010.

	3Q'10	2Q'10	3Q'09
USA	56%	55%	51%
Europe	26%	28%	30%
Asia Pacific	18%	17%	19%

### By Customer Type

For the three months ended 30 September 2010, sales to IDM and fabless customers accounted for 27% and 73% of the total revenue respectively, compared to 32% and 68% in the second quarter of 2010.

	3Q'10	2Q'10	3Q'09
IDM	27%	32%	35%
Fabless	73%	68%	65%

### By Product

For the three months ended 30 September 2010, sales as a percentage of total revenue from 5-inch, 6-inch and 8-inch wafer was 21%, 40% and 39% respectively, compared to 20%, 41% and 38% in the previous quarter.

	3Q'10	2Q'10	3Q'09
5" wafers	21%	20%	19%
6" wafers	40%	41%	45%
8" wafers	39%	38%	35%
Others <sup>1</sup>	0%	1%	1%
Total	100%	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 2010 was 75%, compared to 68% for the three months ended 30 June 2010.

<b>Fab</b>	<b>3Q'10</b>	<b>2Q'10</b>	<b>3Q'09</b>
Fab 1/2			
5-inch wafers	73%	64%	43%
6-inch wafers	67%	59%	42%
Fab 3			
8-inch wafers	84%	79%	52%
Overall Capacity Utilization Rate	75%	68%	46%

- Note: 1. The capacity utilization rate represents the percentage of the actual number of processing steps (measured by the number of masks used) for the number of semiconductor wafers shipped in the reporting period divided by the total number of processing steps a fab is capable to produce during the corresponding period.
2. The capacity utilization rates stated in the table are calculated on the basis of the theoretical capacity of the Company's fabrication facilities, as discussed in Note 2 to paragraph II-2 below. In consequence, the utilization rates of actual operating capacity are higher than the figures stated in the above table.
3. After taking into account 6-inch wafers produced using equipment consigned under arrangements with a customer, the utilization rate of the Company's total 6-inch wafers equipment in 3Q2010 was 61%, compared to 53% in 2Q2010. As a result, the overall capacity utilization rate of the Company's total equipment in 3Q2010 was 72%, compared to 64% in 2Q2010.

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

The capacity for the three months ended 30 September 2010 was 154,000 8-inch equivalent wafers, which was the same as that of the previous quarter and the third quarter of 2009.

<b>Fab (wafers in thousand)</b>	<b>3Q'10</b>	<b>2Q'10</b>	<b>3Q'09</b>
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

- Note: 1. The Company estimated the capacities of its 5-inch, 6-inch and 8-inch on the basis of 9, 10 and 22 mask steps per wafer respectively and 5-inch, 6-inch wafers were converted to 8-inch equivalent wafers by dividing their wafer number using 2.56 and 1.78 respectively.
2. The installed capacity of the Company's fabrication facilities is calculated assuming continuous production of an optimum product mix, which in practice is unlikely ever to be achieved. In consequence, the actual operating capacity is less than the figures stated in the table.
3. After taking into account the 6-inch wafers equipment consignment arrangement with a customer described above, the installed quarterly capacity of 6-inch wafers of the Company's total equipment for the third quarter and second quarter of 2010 was 94K 8-inch equivalent wafers respectively. As a result, total installed quarterly capacity of the Company's total equipment of the second and third quarter of 2010 was 163K 8-inch equivalent wafers accordingly.

### III. Profit and Expense Analysis

#### III-1. Gross Profit Analysis

Gross profit for the three months ended 30 September 2010 amounted to RMB73.7 million, representing an increase of 25.1% from RMB58.9 million for the three months ended 30 June 2010. Gross margin for the three months ended 30 September 2010 was 26.7%, compared to 24.0% for the three months ended 30 June 2010. Such improvement was primarily due to an increase in fab utilization.

	3Q'10	2Q'10	3Q'09
(Amount: RMB'000)			
Cost of sales	(202,735)	(186,872)	(165,244)
Gross profit	73,726	58,892	13,631
Gross margin	26.7%	24.0%	7.6%

#### III-2. Other Income and Gains

Other income and gains for the three months ended 30 September 2010 were RMB5.7 million, compared to RMB2.7 million for the three months ended 30 June 2010. Other income and gains in the second quarter and the third quarter of 2010 were mainly comprised of subsidy income, interest income, sale of scrap materials and others.

	3Q'10	2Q'10	3Q'09
(Amount: RMB'000)			
Other income and gains	5,694	2,659	2,354

#### III-3. Operating Expenses Analysis

Operating expenses for the three months ended 30 September 2010 amounted to RMB23.2 million, compared to RMB15.7 million for the three months ended 30 June 2010, due mainly to a significant increase in general and administrative expenses and, to a lesser extent, in research and development as well as selling and distribution expenses. For the three months ended 30 June 2010, approximately RMB6.5 million reversal of allowance for doubtful debts were recorded in general and administrative expenses.

	3Q'10	2Q'10	3Q'09
(Amount: RMB'000)			
Selling and distribution costs	(1,023)	(861)	(1,394)
General and administrative expenses	(15,961)	(10,871)	(15,262)
Research and development costs	(6,178)	(3,978)	(11,171)

#### III-4. Other Expenses

Other expenses for the three months ended 30 September 2010 were RMB5.4 million, compared to RMB1.4 million for the three months ended 30 June 2010. Other expenses in the second quarter and the third quarter of 2010 were mainly comprised of net foreign exchange loss.

	3Q'10	2Q'10	3Q'09
(Amount: RMB'000)			
Other expenses	(5,377)	(1,409)	(20,389)

### III-5. Finance Costs

Finance costs for the three months ended 30 September 2010 were RMB1.8 million. This is almost flat when compared to the second quarter of 2010.

	3Q'10	2Q'10	3Q'09
(Amount: RMB'000)			
Finance costs	(1,789)	(1,759)	(2,224)

## IV. Financial Condition Review

### IV-1. Liquidity Analysis

Total current assets as at 30 September 2010 were RMB687.8 million, an increase of RMB67.1 million from RMB620.7 million as at 30 June 2010, due mainly to the increase in cash and cash equivalents, trade and notes receivable and inventories by RMB26.2 million, RMB16.2 million and RMB30.2 million, where were also partially offset by the decrease in other current assets by RMB5.5 million. Higher inventory was primarily attributable to the increase in the WIP inventory and the procurement of additional raw materials like silicon with specified size in response to the upward price trend and ongoing tight supply. The total current liabilities decreased from RMB352.3 million as at 30 June 2010 to RMB346.0 million as at 30 September 2010, largely attributable to a reduction of approximately RMB30.9 million in interest-bearing borrowings.

	3Q'10	2Q'10	3Q'09
(Amount: RMB'000)			
Cash and cash equivalents	390,739	364,482	308,025
Trade and notes receivable	99,866	83,697	63,447
Inventories	159,221	129,001	105,509
Other current assets	38,017	43,514	23,430
<b>Total current assets</b>	<b>687,843</b>	<b>620,694</b>	<b>500,411</b>
Interest-bearing borrowings	137,011	167,909	178,290
Accounts payable	156,283	135,221	87,094
Other current liabilities	52,686	49,195	103,658
<b>Total current liabilities</b>	<b>345,980</b>	<b>352,325</b>	<b>369,042</b>
<b>Net current assets</b>	<b>341,863</b>	<b>268,369</b>	<b>131,369</b>
<b>Current Ratio (x)</b>	1.99	1.76	1.36

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

Receivable turnover for the three months ended 30 September 2010 was 35 days, compared to 36 days in the previous quarter.

Inventory turnover days increased to 80 days in the third quarter of 2010 from 75 days in the second quarter of 2010.

	3Q'10	2Q'10	3Q'09
Trade & Notes Receivables Turnover (days)	35	36	43
Inventory Turnover (days)	80	75	77

#### IV-3. Debt Service

Net cash reserve as at 30 September 2010 amounted to RMB253.7 million compared to RMB196.6 million as at 30 June 2010, representing a sequential increase by RMB57.1 million. This was due primarily to the combined effect of an increase of RMB26.2 million in cash and cash equivalents and a decrease of RMB30.9 million in interest-bearing borrowings.

	3Q'10	2Q'10	3Q'09
(Amount: RMB'000)			
Cash and cash equivalents	390,739	364,482	308,025
Interest-bearing borrowings	(137,011)	(167,909)	(178,290)
Net cash reserves	253,728	196,573	129,735

#### V. Capital Expenditure

The amount of capital expenditure for the three months ended 30 September 2010 was RMB11.4 million, compared to RMB7.5 million in the second quarter of 2010.

	3Q'10	2Q'10	3Q'09
(Amount: RMB'000)			
Capex	11,433	7,523	2,300

## **VI. Outlook for the fourth quarter of 2010**

With the still recovering world economy, especially current high levels of unemployment in the U.S. and Europe, coupled with ongoing inventory digestion across the supply chain and a typical seasonal weakness in the semiconductor industry, those factors will conspire to cause a short-term softening in market demand for semiconductor related products. Moreover, the weaker-than-expected growth, along with the associated low consumer sentiment in major developed countries, will lead end-product makers to keep their inventory at a relatively low and manageable level, and will eventually translate into the Company's lower order intake numbers from some of the major customers, which will adversely affect the Company's business operations and financial performance going forward. As a result, the Company's management expects its fourth quarter sales to decrease on a sequential quarter-to-quarter basis.

By order of the Board

**Advanced Semiconductor Manufacturing Corporation Limited**

**Zhou Weiping**

*Executive Director, President & Chief Executive Officer*

Shanghai, the PRC, 11 November 2010

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