



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)

**Preliminary Announcement of 2008 Interim Results
For the six months ended 30 June 2008**

Interim Results

The board of directors (the “Board”) of Advanced Semiconductor Manufacturing Corporation Limited (the “Company”) is pleased to announce the unaudited interim results of the Company for the six months ended 30 June 2008 as follows:

INCOME STATEMENT

for the six months ended 30 June 2008

		3 months ended 30 June 2008	6 months ended 30 June 2008	3 months ended 30 June 2007	6 months ended 30 June 2007
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	4	260,584	518,892	271,189	579,452
Cost of sales		<u>(255,697)</u>	<u>(502,840)</u>	<u>(291,052)</u>	<u>(603,106)</u>
Gross profit/(loss)		4,887	16,052	(19,863)	(23,654)
Selling and distribution expenses		(2,061)	(3,248)	(2,278)	(4,250)
General and administrative expenses		(18,221)	(38,024)	(20,069)	(36,245)
Research and development costs		<u>(2,021)</u>	<u>(8,800)</u>	<u>(9,016)</u>	<u>(20,294)</u>

		3 months ended 30 June 2008 (Unaudited) RMB'000	6 months ended 30 June 2008 (Unaudited) RMB'000	3 months ended 30 June 2007 (Unaudited) RMB'000	6 months ended 30 June 2007 (Unaudited) RMB'000
	<i>Notes</i>				
Loss from operating activities		(17,416)	(34,020)	(51,226)	(84,443)
Other income	5	45,325	48,427	8,404	15,936
Other expenses	5	(3,497)	(10,590)	—	—
Finance costs	6	(4,522)	(10,391)	(10,593)	(24,161)
Profit/(loss) before income tax	6	19,890	(6,574)	(53,415)	(92,668)
Income tax credit	7	—	—	17,969	19,713
Net profit/(loss) attributable to ordinary equity holders of the Company		<u>19,890</u>	<u>(6,574)</u>	<u>(35,446)</u>	<u>(72,955)</u>
Dividends	8	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Earnings/(loss) per share attributable to ordinary equity holders of the Company (RMB)					
-Basic	9	<u>1.30 cents</u>	<u>(0.43) cents</u>	<u>(2.31) cents</u>	<u>(4.76) cents</u>

BALANCE SHEET**30 June 2008**

		30 June 2008 (Unaudited) RMB'000	31 December 2007 (Audited) RMB'000
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment		818,346	926,022
Construction in progress		2,122	3,101
Land lease prepayments		34,698	35,085
Intangible assets		<u>12,609</u>	<u>14,530</u>
Total non-current assets		<u>867,775</u>	<u>978,738</u>
Current assets			
Inventories		175,883	234,507
Accounts and notes receivables	10	113,079	83,778
Prepayments, deposits and other receivables		16,380	42,108
Due from related companies		29,848	35,812
Cash and cash equivalents		<u>229,797</u>	<u>206,995</u>
Total current assets		<u>564,987</u>	<u>603,200</u>
Total assets		<u>1,432,762</u>	<u>1,581,938</u>
Current liabilities			
Accounts payable	11	115,135	171,680
Accrued liabilities and other payables		71,086	81,056
Due to related companies		9,218	4,165
Interest-bearing borrowings		<u>269,151</u>	<u>350,291</u>
Total current liabilities		<u>464,590</u>	<u>607,192</u>
Net current assets/(liabilities)		<u>100,397</u>	<u>(3,992)</u>
Non-current liability			
Deferred tax liability		<u>222</u>	<u>222</u>
Net assets		<u>967,950</u>	<u>974,524</u>
Capital and reserves			
Registered and paid-up capital		1,534,227	1,534,227
Reserves		<u>(566,277)</u>	<u>(559,703)</u>
Shareholders' equity		<u>967,950</u>	<u>974,524</u>

STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 June 2008

	For the six months	
	ended 30 June	
	2008	2007
	(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 and end of period	<u>1,534,227</u>	<u>1,534,227</u>
Capital reserve		
At beginning and 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>19,353</u>
Accumulated losses		
At beginning of period	(784,419)	55,780
Net loss for the period	<u>(6,574)</u>	<u>(72,955)</u>
At end of period	<u>(790,993)</u>	<u>(17,175)</u>
Reserves	<u>(566,277)</u>	<u>207,541</u>
Shareholders' equity	<u>967,950</u>	<u>1,741,768</u>

CONDENSED CASH FLOW STATEMENT
for the six months ended 30 June 2008

	For the six months	
	ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
Net cash inflow from operating activities	109,881	38,481
Net cash outflow from investing activities	(5,939)	(1,492)
Net cash outflow from financing activities	<u>(81,140)</u>	<u>(371,439)</u>
Net increase/(decrease) in cash and cash equivalents	22,802	(334,450)
Cash and cash equivalents at beginning of period	<u>206,995</u>	<u>396,987</u>
Cash and cash equivalents at end of period	<u><u>229,797</u></u>	<u><u>62,537</u></u>
Analysis of balances of cash and cash equivalents		
Cash and bank balances	162,735	32,207
Non-pledged time deposits	<u>67,062</u>	<u>30,330</u>
	<u><u>229,797</u></u>	<u><u>62,537</u></u>

NOTES TO CONDENSED FINANCIAL STATEMENTS

30 June 2008

1. CORPORATE INFORMATION

Advanced Semiconductor Manufacturing Corporation Limited (the “Company”) was initially established in the People’s Republic of China (the “PRC”) on 4 October 1988 as a Sino-foreign joint venture company with limited liability under the Law of the PRC on Joint Ventures Using Chinese and Foreign Investment with a tenure of operation of 30 years from 4 October 1988 to 3 October 2019.

On 2 March 2004, the Company was re-registered as a foreign invested joint stock company with limited liability by the issuance of 1,109,080,000 fully paid shares with a nominal value of RMB1.00 each to the then shareholders. The tenure of operation of the Company was revised to infinite. On 7 April 2006, the Company’s H shares were successfully listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The registered office and principal place of business of the Company is located at 385 Hongcao Road, Shanghai 200233, the PRC.

The Company is principally engaged in the manufacture and sale of 5-inch, 6-inch and 8-inch wafers.

2. BASIS OF PREPARATION

The unaudited interim condensed financial statements are prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange and with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” promulgated by the International Accounting Standards Board.

The unaudited interim condensed financial statements of the Company for the six months ended 30 June 2008 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 30 June 2008.

The unaudited interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company’s annual financial statements as at 31 December 2007 (“2007 financial statements”).

The accounting policies and method of computation used in the preparation of these unaudited interim condensed financial statements are consistent with those used in the 2007 financial statements, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) under the historical cost convention, except as disclosed in the summary of significant accounting policies in the 2007 financial statements.

Impact of issued but not yet effective IFRSs

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 unaudited interim condensed financial statements. The following IFRSs are effective for annual periods beginning on or after 1 January 2009:

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 regarding 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.

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:

	3 months ended 30 June 2008 (Unaudited) RMB'000	6 months ended 30 June 2008 (Unaudited) RMB'000	3 months ended 30 June 2007 (Unaudited) RMB'000	6 months ended 30 June 2007 (Unaudited) RMB'000
United States of America	136,019	250,483	169,063	307,195
Europe	69,673	163,779	64,463	135,459
Asia	<u>54,892</u>	<u>104,630</u>	<u>37,663</u>	<u>136,798</u>
	<u>260,584</u>	<u>518,892</u>	<u>271,189</u>	<u>579,452</u>

4. REVENUE

	3 months ended 30 June 2008 (Unaudited) RMB'000	6 months ended 30 June 2008 (Unaudited) RMB'000	3 months ended 30 June 2007 (Unaudited) RMB'000	6 months ended 30 June 2007 (Unaudited) RMB'000
Revenue				
Sale of goods	260,498	518,776	270,880	579,129
Others	<u>86</u>	<u>116</u>	<u>309</u>	<u>323</u>
	<u>260,584</u>	<u>518,892</u>	<u>271,189</u>	<u>579,452</u>

5. OTHER INCOME AND OTHER EXPENSES

	3 months ended 30 June 2008 (Unaudited) RMB'000	6 months ended 30 June 2008 (Unaudited) RMB'000	3 months ended 30 June 2007 (Unaudited) RMB'000	6 months ended 30 June 2007 (Unaudited) RMB'000
Other income				
Power outage compensation received	43,500	43,500	—	—
Interest income (on historical basis)	7	2,089	3,726	9,150
Net foreign exchange (loss)/gain	(284)	384	3,381	5,795
Fair value gain/(loss) on interest rate swap	826	(415)	245	(281)
Others	<u>1,276</u>	<u>2,869</u>	<u>1,052</u>	<u>1,272</u>
	<u>45,325</u>	<u>48,427</u>	<u>8,404</u>	<u>15,936</u>
Other expenses				
Replacement of the spare parts for the fixed assets damaged by the power outage in the fourth quarter of 2007	(2,997)	(10,090)	—	—
Donation	<u>(500)</u>	<u>(500)</u>	<u>—</u>	<u>—</u>
	<u>(3,497)</u>	<u>(10,590)</u>	<u>—</u>	<u>—</u>

6. PROFIT/(LOSS) BEFORE INCOME TAX

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

	3 months ended 30 June 2008 (Unaudited) RMB'000	6 months ended 30 June 2008 (Unaudited) RMB'000	3 months ended 30 June 2007 (Unaudited) RMB'000	6 months ended 30 June 2007 (Unaudited) RMB'000
Interest on bank loans	4,522	10,391	10,593	24,161
Depreciation	56,679	113,999	95,788	194,023
(Reversal)/allowance for inventories	(848)	(5,627)	8,114	12,725
Loss on disposal of property, plant and equipment	191	917	—	697
Reversal of impairment loss on property, plant and equipment	<u>—</u>	<u>(322)</u>	<u>—</u>	<u>—</u>

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 six months ended 30 June 2008 and 2007.

Major components of income tax credit are as follows:

	3 months ended 30 June 2008 (Unaudited) RMB'000	6 months ended 30 June 2008 (Unaudited) RMB'000	3 months ended 30 June 2007 (Unaudited) RMB'000	6 months ended 30 June 2007 (Unaudited) RMB'000
Provision for income tax in respect of profit for the period				
- Current	—	—	—	—
- Deferred tax credit	<u>—</u>	<u>—</u>	<u>(17,969)</u>	<u>(19,713)</u>
Income tax credit	<u>—</u>	<u>—</u>	<u>(17,969)</u>	<u>(19,713)</u>

8. DIVIDENDS

The Board of Directors does not recommend the payment of dividend to the ordinary equity holders of the Company for the three months and six months ended 30 June 2008 (30 June 2007: Nil).

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

Basic earnings/(loss) per share is calculated by dividing the net profit/(loss) 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 June 2008 (Unaudited)	6 months ended 30 June 2008 (Unaudited)	3 months ended 30 June 2007 (Unaudited)	6 months ended 30 June 2007 (Unaudited)
Profit/(loss) attributable to ordinary equity holders of the Company (RMB'000)	<u>19,890</u>	<u>(6,574)</u>	<u>(35,446)</u>	<u>(72,955)</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,534,227</u>	<u>1,534,227</u>	<u>1,534,227</u>	<u>1,534,227</u>

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

10. ACCOUNTS AND NOTES RECEIVABLES

	30 June 2008 (Unaudited) RMB'000	31 December 2007 (Audited) RMB'000
Accounts receivable	104,290	82,300
Notes receivable	<u>8,789</u>	<u>1,478</u>
	<u><u>113,079</u></u>	<u><u>83,778</u></u>

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

The carrying amount of the accounts and notes receivables of the Company approximated to their fair values.

An aged analysis of the accounts receivable as at 30 June 2008 is as follows:

	30 June 2008 (Unaudited) RMB'000	31 December 2007 (Audited) RMB'000
Outstanding balances with ageing:		
Within 30 days	61,886	55,485
Between 31 days and 90 days	39,914	16,947
Between 91 days and 180 days	824	7,333
Between 181 days and 365 days	<u>1,666</u>	<u>2,535</u>
	104,290	82,300
Less: Impairment of accounts receivables	<u>—</u>	<u>—</u>
	<u><u>104,290</u></u>	<u><u>82,300</u></u>

As at 30 June 2008, the analysis of trade receivables that were past due but not impaired is as follows:

	Total	Neither past due nor impaired	Past due but not impaired		
			<60 days	60-180 days	181-365 days
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
30 June 2008	104,290	68,015	34,229	928	1,118
31 December 2007	82,300	61,383	11,070	9,683	164

11. ACCOUNTS PAYABLE

	30 June 2008 (Unaudited) RMB'000	31 December 2007 (Audited) RMB'000
Outstanding balances with ageing:		
Within 30 days	93,485	146,669
Between 31 days and 90 days	12,192	12,978
Between 91 days and 180 days	4,362	6,361
Between 181 days and 365 days	1,849	1,147
Over 365 days	<u>3,247</u>	<u>4,525</u>
	<u>115,135</u>	<u>171,680</u>

The carrying amount of the accounts payables of the Company approximated to their fair values.

MANAGEMENT DISCUSSION AND ANALYSIS

Six months ended 30 June 2008 compared to six months ended 30 June 2007

Sales

During the six months ended 30 June 2008, the Company's operations were negatively impacted by the slowdown of global economy and the traditional slow season, as well as the shutdown of its internal operation for normal annual maintenance. As a result, its sales for the six months ended 30 June 2008 were RMB518.9 million, a decrease of 10.5% from RMB579.5 million for the six months ended 30 June 2007. During the period, the wafer shipment declined by 4.9% to 210,597 pieces of 8-inch equivalent wafers for the six months ended 30 June 2008 from 221,514 pieces of 8-inch equivalent wafers for the six months ended 30 June 2007.

Cost of Sales and Gross Profit

The Company had a gross profit of RMB16.1 million for the six months ended 30 June 2008 compared to negative RMB23.7 million for the six months ended 30 June 2007. Gross margin was 3.1% for the six months ended 30 June 2008 compared to negative 4.1% for the same period last year, which was mainly attributable to the reduction of RMB75.2 million in depreciation charge after the recognition of its 8-inch wafer asset impairment for the financial year ended 31 December 2007, resulting in a decrease of RMB68.5 million in the cost of sales for the current period.

Operating Expenses and Operating Income

Selling and marketing expenses reduced from RMB4.3 million for the six months ended 30 June 2007 to RMB3.2 million for the six months ended 30 June 2008, mainly because of lower payroll-related expenses and decline of commission rate.

General and administrative expenses increased to RMB38.0 million for the six months ended 30 June 2008, representing an increase of 5.0% from RMB36.2 million for the six months ended 30 June 2007.

Research and development costs decreased by 56.7%, from RMB20.3 million for the six months ended 30 June 2007 to RMB8.8 million for the six months ended 30 June 2008. Such decrease is due mainly to the significant increase in the sales of engineering wafer lots during the reporting period which resulted in lower absorption of its related research and development costs.

As a result, the Company's operating loss was RMB34.0 million for the six months ended 30 June 2008 compared to the operating loss of RMB84.4 million for the six months ended 30 June 2007. The Company's operating margin was negative 6.6% for the six months ended 30 June 2008 compared to negative 14.6% for the six months ended 30 June 2007.

Other Expenses, Other Income and Finance Costs

The other expenses for the six months ended 30 June 2008 amounted to RMB11.0 million. The other expenses in the current period comprised replacement of spare parts for the fixed assets damaged by the power outage in the fourth quarter of 2007 and fair value loss on interest rate swap as well as donation for Sichuan earthquake. The fair value loss of RMB0.3 million on interest rate swap for the six months ended 30 June 2007 was stated in other income instead of the other expenses.

The Company's other income for the six months ended 30 June 2008 increased to RMB48.8 million from RMB15.9 million for the six months ended 30 June 2007, due mainly to the substantial increase in power outage compensation received, which was partially offset by the decrease in interest income and net foreign exchange gain.

The Company's finance costs decreased by 57.0%, from RMB24.2 million for the six months ended 30 June 2007 to RMB10.4 million for the six months ended 30 June 2008, primarily due to lower interest expenses as a result of a continued decrease in the Company's bank loan balance.

Net Income

Collectively, the Company had a net loss of RMB6.6 million for the six months ended 30 June 2008 compared to a net loss of RMB73.0 million for the six months ended 30 June 2007.

Liquidity and Capital Resources

The Company had cash and cash equivalents of RMB229.8 million as at 30 June 2008 compared to RMB207.0 million as at 31 December 2007. The Company's net cash inflow from operating activities amounted to RMB109.9 million for the six months ended 30 June 2008, compared to RMB38.5 million for the six months ended 30 June 2007.

The Company's net cash outflow from investing activities was primarily allocated to the continuing investment on property, plant and equipment and construction in progress. Net expenditures were RMB5.9 million for the six months ended 30 June 2008 compared to RMB3.3 million for the six months ended 30 June 2007. Most of the spending in the current period was used to increase flexibility and improve the efficiency of both 6-inch and 8-inch wafer facilities.

The Company's net cash outflow from financing activities amounted to RMB81.1 million for the six months ended 30 June 2008 compared to net cash outflow of RMB371.4 million for the six months ended 30 June 2007. The net cash outflow of RMB81.1 million represented the net effect of RMB111.1 million for the repayment of bank loans and the new bank loans of RMB30.0 million in the first half of 2008. During the first six months of 2008 and 2007, the Company relied on only bank loans to finance its business activities.

As at 30 June 2008, the Company's short-term interest-bearing borrowings were RMB269.2 million, in which, the outstanding loan under the US\$100 million term loan facility was approximately US\$11.7 million (equivalent to approximately RMB80.3 million). Based on the Term Loan Agreement, the outstanding loan totaling US\$10.0 million was repaid in advance on 1 July 2008. As a result, the remaining US\$1.7 million loan will be fully paid by 30 September 2008. Amounts outstanding under the US\$100 million 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.

The financial covenants for the six months ended 30 June 2008 under the US\$100 million facility loan agreement have been fulfilled.

As at 30 June 2008, the Company's current ratio was 1.22 when compared to 0.99 as at 31 December 2007. The Company's debt to equity ratio improved from 14.7% as at 31 December 2007 to 4.1% as at 30 June 2008.

Employees

The Company had 1,734 employees as at 30 June 2008, a decrease of 6.1% from 1,847 employees as at 31 December 2007. The Company maintained a sound working relationship with its staff over the period, and the remuneration and benefits provided and paid to them were in accordance with PRC law and regulations.

Interest rate risks

The Company's interest-bearing loans and borrowings are subject to interest rate fluctuation of LIBOR plus margin. As the majority of the Company's debts are denominated in US Dollars, its profitability is subject to interest rate exposure arising from fluctuations of US Dollar LIBOR. The Company adopted an interest rate swap for the interest payable on the principal amount of US\$13.8 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 functional and reporting currency. A large amount of the Company's revenue and expenditures is now denominated in foreign 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 currencies deposit into Renminbi, which might result in exchange loss, ultimately leading to a negative impact on its cash flow. No derivative instruments and hedging activities against Renminbi appreciation currently were adopted by the Company during the period under review.

Capital Commitment

As at 30 June 2008, the Company had capital commitments for property, plant and equipment amounting to RMB46.0 million, of which RMB16.8 million was contracted but not provided for while the remaining of RMB29.2 million was authorized but not contracted for.

Operating Results for the three months ended 30 June 2008

Sales for the three months ended 30 June 2008 were RMB260.6 million compared to RMB258.3 million for the first quarter of 2008, a sequential increase of 1.0%, primarily due to the substantial increase in sales of 8-inch wafer, partially offset by lower sales of both 5-inch and 6-inch wafer.

Gross profit for the three months ended 30 June 2008 was RMB4.9 million, compared to RMB11.2 million for the three months ended 31 March 2008. Gross margin declined by 2.4% sequentially to 1.9% in the second quarter of 2008, primarily attributable to higher repair and maintenance costs associated with both 5-inch and 6-inch facilities to sustain smooth operation.

Operating expenses for the three months ended 30 June 2008 were RMB22.3 million, representing a decrease of 19.8% from RMB27.8 million for the three months ended 31 March 2008, largely attributable to the decrease in research and development costs as well as a reduction in general and administrative expenses, which was partially offset by the increase in selling and distribution expenses.

The other income and finance costs for the three months ended 30 June 2008 were RMB40.0 million, compared to negative RMB1.5 million for the three months ended 31 March 2008, largely attributable to higher other income and lower finance costs. Other income for the three months ended 30 June 2008 amounted to RMB44.5 million compared to RMB4.3 million in the first quarter of 2008, due mainly to the increase in power outage compensation received, partially offset by lower interest income and foreign exchange loss. Finance costs decreased sequentially because of lower interest expense for the three months ended 30 June 2008.

The other expenses for the three months ended 30 June 2008 amounted to RMB2.7 million, compared to RMB8.3 million for the three months ended 31 March 2008, largely attributable to the decrease in replacement of spare parts for the fixed assets damaged by the power outage in the fourth quarter of 2007, partially offset by fair value gain on interest rate swap.

As a result, the Company recorded a net income of RMB19.9 million for the three months ended 30 June 2008, compared to a net loss of RMB26.5 million for the three months ended 31 March 2008.

1. Revenue Analysis

By Application

Sales for the three months ended 30 June 2008 from communication, computer and consumer products accounted for 32%, 32% and 36% of total revenue respectively, mainly in line with the prior quarter.

	2Q08	1Q08	2Q07
Communication	32%	32%	33%
Computer	32%	33%	33%
Consumer	36%	35%	34%

By Geography

For the three months ended 30 June 2008, sales to the USA accounted for 52% of total revenue compared to 43% in the previous quarter mainly because of the fact that sales to a US-based customer sequentially increased by approximately 144%. The percentage of sales to Europe decreased from 36% in the previous quarter to 27% in the current quarter, while sales as a percentage of total revenue from Asia Pacific were 21%, flat with the previous quarter.

	2Q08	1Q08	2Q07
USA	52%	43%	62%
Europe	27%	36%	24%
Asia Pacific	21%	21%	14%

By Customer Type

For the three months ended 30 June 2008, sales from IDM and fables customers accounted for 37% and 63% of total revenue respectively.

	2Q08	1Q08	2Q07
IDM	37%	45%	34%
Fabless	63%	55%	66%

By Product

For the three months ended 30 June 2008, sales as a percentage of total revenue from 5-inch, 6-inch and 8-inch wafer were 18%, 50% and 31% respectively, compared to 23%, 54% and 22% in the previous quarter.

	2Q08	1Q08	2Q07
5" wafers	18%	23%	13%
6" wafers	50%	54%	53%
8" wafers	31%	22%	32%
Others ¹	1%	1%	2%
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 for the three months ended 30 June 2008 was 66%, compared to 59% in the first quarter of 2008.

Fab	2Q08	1Q08	2Q07
Fab 1/2			
5-inch wafers	64%	75%	43%
6-inch wafers	74%	73%	74%
Fab 3			
8-inch wafers	57%	37%	55%
Overall Capacity utilization Rate	66%	59%	62%

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.

2.2 Capacity (8" Equivalent)

The capacity for the three months ended 30 June 2008 was 154,000 8-inch equivalent wafers, which was the same as that of the previous quarter and the second quarter of 2007.

Fab (wafers in thousand)	2Q08	1Q08	2Q07
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, 6-inch wafers were converted to 8-inch equivalent wafers by dividing their wafer number using 2.56 and 1.78 respectively.

3. Receivable/Inventory Turnover

Receivable turnover for the three months ended 30 June 2008 was 43 days, compared to 39 days from the last quarter.

Inventory turnover decreased to 67 days for three months ended 30 June 2008 from 80 days in the first quarter of 2008, primarily due to the decline in inventory level of raw materials and finished goods.

	2Q08	1Q08	2Q07
Trade & Notes Receivables Turnover (days)	43	39	54
Inventory Turnover (days)	67	80	73

4. Capital Expenditure

The amount of capital expenditure for the three months ended 30 June 2008 was RMB5.5million, compared to RMB 0.4 million in the first quarter of 2008.

	2Q08	1Q08	2Q07
	<i>(Amount: RMB'000)</i>		
Capex	5,546	393	1,445

Prospects and Future Plans

With the prospect of an economic recession in the U.S., the slowing global economy and the rising inflationary pressure resulting from global food and fuel price rises, coupled with the anticipated below-normal seasonal performance during the upcoming season, might further constrain world-wide consumers' spending on semiconductor related products. Therefore, the Management expects the near-term outlook for the industry will remain quite challenging.

In view of the unfavorable macro environment, the Company is endeavoring to further enhance its business fundamentals by devoting more efforts to developing new business particular to its 8-inch wafer and de-bottlenecking its existing production capacity. As part of its important business strategy, the 6-inch wafer capacity expansion project between the Company and NXP is progressing on schedule. Upon completion, this will enable the Company to further strengthen its 6-inch wafer capacity, and eventually generate new revenue streams. In addition, the

Company will continue to accelerate the process of prototyping, qualification, risk and mass production for the 8-inch wafer products by seamlessly collaborating with both its existing and new customers, and to better align with them in terms of development trend of future product technology so as to better create value for its customers and ultimately maximize its shareholder value.

Moving forward, the Company will be keeping an eye closely on the development of the semiconductor industry, and reshape its business strategy and future development plan quickly in response to changing market conditions and rapid technology advancement within the industry, thus enabling the Company to further enhance its competitiveness and attain sustainable growth and development, and consolidate its position as a leading dedicated analog foundry in future.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2008, there was no purchase, sale or redemption by the Company of its listed securities.

CORPORATE GOVERNANCE

Compliance with the Code on Corporate Governance Practices (the "Governance Code")

The Company is committed to maintaining high standards of corporate governance so as to ensure better transparency and protection of shareholders' interests. The Company has fully complied with the code provisions of the Governance Code in Appendix 14 of the Listing Rules for the six months ended 30 June 2008.

Model Code

The Company has adopted the Model Code as the Company's code of conduct regarding securities transactions by the directors and supervisors.

The Company, having made specific enquiry of all its directors and supervisors, confirms that its directors and supervisors have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2008.

Audit Committee Review

The Audit Committee of the Company consists of three independent non-executive directors, Mr. James Arthur Watkins (chairman), Mr. Thaddeus Thomas Beczak and Mr. Shen Weijia, and two non-executive directors, Mr. Petrus Antonius Maria Van Bommel and Mr. Zhu Peiyi. The interim results for the six months ended 30 June 2008 are unaudited, but have been reviewed by the Audit Committee and Ernst & Young, the Company's external auditors.

By Order of the Board
**ADVANCED SEMICONDUCTOR MANUFACTURING
CORPORATION LIMITED**
Cheng, Jianyu
Executive Director & CFO

Shanghai, the PRC, 22 August 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 Chen Jianming, Zhu Peiyi, Zhu Jian, Xiao Yongji, Hendricus Cornelis Maria van der Zeeuw 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.