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Advanced Semiconductor Manufacturing Corporation Limited

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



2016
INTERIM
REPORT

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CORPORATE INFORMATION

DIRECTORS

Executive Director

NIL

Non-executive Directors

Mr. ZHU Jian (*Chairman*)

Mr. David Damian FRENCH (*Vice Chairman*)

Ms. SHEN Qing (*Vice Chairman*)

Mr. Steven Daryl FREZON

Mr. KANG Hui

Mr. LU Ning

Independent Non-executive Directors

Mr. Jesse Bright Riggs PARKER JR.

Dr. CHEN Enhua

Dr. JIANG Qingtang

Mr. PU Hanhu

BOARD COMMITTEES

Audit Committee

Dr. CHEN Enhua (*Chairman*)

Ms. SHEN Qing

Mr. Steven Daryl FREZON

Mr. Jesse Bright Riggs PARKER JR.

Dr. JIANG Qingtang

Remuneration Committee

Mr. PU Hanhu (*Chairman*)

Mr. KANG Hui

Mr. Jesse Bright Riggs PARKER JR.

Nomination Committee

Mr. ZHU Jian (*Chairman*)

Mr. David Damian FRENCH

Mr. Jesse Bright Riggs PARKER JR.

Dr. CHEN Enhua

Mr. PU Hanhu

Strategic Development Committee

Mr. LU Ning (*Chairman*)

Mr. David Damian FRENCH

Ms. SHEN Qing

Mr. KANG Hui

Dr. JIANG Qingtang

SUPERVISORS

Mr. Eric WANG (*Chairman*)

Mr. SUN Biyuan

Mr. DAI Kun

Ms. CHEN Yan

Mr. ZHOU Chengjie

Mr. QIN Shihui

COMPANY SECRETARY

Mr. XIAO Weiming

AUTHORIZED REPRESENTATIVES

Mr. XIAO Weiming

Mr. KANG Hui

EXTERNAL AUDITORS

Ernst & Young

INVESTORS AND MEDIA RELATIONS CONSULTANT

Hill+Knowlton Strategies

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SHAREHOLDERS' ENQUIRIES

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Services Limited
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17th Floor, Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong

SHARE INFORMATION

Listing Place

Main Board of The Stock Exchange of
Hong Kong Limited (the "Stock Exchange")

Listing Date

7 April 2006

Stock Code

03355

Number of H-shares Issued

1,131,333,472 H-shares

Year-end Date

31 December

INDEPENDENT AUDITORS' REVIEW REPORT



To the Board of Directors of
Advanced Semiconductor Manufacturing Corporation Limited
(Established in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the accompanying interim condensed financial statements of Advanced Semiconductor Manufacturing Corporation Limited (the "Company") set out on pages 6 to 22, which comprise the interim statement of financial position as at 30 June 2016 and the interim statement of profit or loss and other comprehensive income, the interim statement of changes in equity and the interim statement of cash flows for the six months then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") require the preparation of interim financial statements to be in compliance with the relevant provisions thereof and International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") issued by International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these interim condensed financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements ("HKSRE") 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim condensed financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing. Consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements of the Company are not prepared, in all material respects, in accordance with IAS 34.

Without qualifying our conclusion above, we draw attention to the fact that the unaudited interim statements of profit or loss and other comprehensive income of the Company for the three months ended 30 June 2015 and 30 June 2016 and the relevant notes were presented for management purpose. We have not audited or reviewed such financial information and accordingly express no assurance thereon.

Ernst & Young

Certified Public Accountants

22nd Floor

CITIC Tower

1 Tim Mei Avenue, Central

Hong Kong

10 August 2016

INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2016

		3 months ended 30 June 2016 (Unaudited and unreviewed) RMB'000	6 months ended 30 June 2016 (Unaudited) RMB'000	3 months ended 30 June 2015 (Unaudited and unreviewed) RMB'000	6 months ended 30 June 2015 (Unaudited) RMB'000
	<i>Notes</i>				
Revenue	5	200,085	347,365	212,212	385,899
Cost of sales		<u>(164,782)</u>	<u>(316,207)</u>	<u>(169,865)</u>	<u>(327,049)</u>
Gross profit		35,303	31,158	42,347	58,850
Other income and gains	6	9,061	11,675	4,499	10,947
Selling and distribution expenses		(1,885)	(3,802)	(1,805)	(3,818)
General and administrative expenses		(15,617)	(30,392)	(16,576)	(32,821)
Research and development costs		<u>(8,828)</u>	<u>(19,338)</u>	<u>(5,701)</u>	<u>(11,218)</u>
Profit/(loss) before tax	7	18,034	(10,699)	22,764	21,940
Income tax	8	—	—	—	—
Profit/(loss) for the period		18,034	(10,699)	22,764	21,940
Other comprehensive income for the period		<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total comprehensive income/(loss) for the period attributable to ordinary equity holders of the Company		<u>18,034</u>	<u>(10,699)</u>	<u>22,764</u>	<u>21,940</u>
Earnings/(loss) per share attributable to ordinary equity holders of the Company					
– Basic and diluted	10	<u>1.18 cents</u>	<u>(0.70) cent</u>	<u>1.48 cents</u>	<u>1.43 cents</u>

No dividends are proposed for the six months ended 30 June 2016 (the “Reporting Period”) as disclosed in note 9 to the interim condensed financial statements.

INTERIM STATEMENT OF FINANCIAL POSITION

30 June 2016

		30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment	11	329,721	323,198
Construction in progress		28,541	25,528
Prepaid land lease payments		28,540	28,925
Intangible assets		3,521	4,681
Total non-current assets		<u>390,323</u>	<u>382,332</u>
Current assets			
Inventories		118,442	99,207
Accounts and note receivables	12	74,487	70,544
Prepayments, deposits and other receivables		14,344	12,784
Due from related companies		14,719	10,927
Cash and cash equivalents		520,858	534,847
Total current assets		<u>742,850</u>	<u>728,309</u>
Total assets		<u>1,133,173</u>	<u>1,110,641</u>
Current liabilities			
Accounts payable	13	131,565	89,557
Other payables and accruals		51,798	59,473
Due to related companies		2,798	2,397
Government grants		2,979	2,963
Total current liabilities		<u>189,140</u>	<u>154,390</u>
Net current assets		<u>553,710</u>	<u>573,919</u>
Total assets less current liabilities		<u>944,033</u>	<u>956,251</u>
Non-current liabilities			
Government grants		9,461	10,980
Net assets		<u>934,572</u>	<u>945,271</u>
Equity attributable to equity holders of the Company			
Share capital		1,534,227	1,534,227
Reserves		(599,655)	(588,956)
Total equity		<u>934,572</u>	<u>945,271</u>

The interim condensed financial statements on pages 6 to 22 were approved and signed on behalf of the Board of Directors (the "Board") by:

Zhu Jian
Director

Chen Enhua
Director

INTERIM STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2016

	For the six months ended 30 June 2016 (Unaudited) RMB'000	For the six months ended 30 June 2015 (Unaudited) RMB'000
Share 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	(813,672)	(847,778)
Total comprehensive income/(loss) for the period	<u>(10,699)</u>	<u>21,940</u>
At end of period	<u>(824,371)</u>	<u>(825,838)</u>
Reserves	<u>(599,655)</u>	<u>(601,122)</u>
Total equity attributable to equity holders of the Company	<u><u>934,572</u></u>	<u><u>933,105</u></u>

INTERIM STATEMENT OF CASH FLOWS

for the six months ended 30 June 2016

	For the six months ended 30 June 2016 (Unaudited) RMB'000	For the six months ended 30 June 2015 (Unaudited) RMB'000
Cash flows from operating activities		
Profit/(loss) before tax	(10,699)	21,940
Adjustments for:		
Depreciation	32,797	31,764
Amortisation of intangible assets	1,160	1,324
Amortisation of prepaid land lease payments	385	385
Loss/(gain) on disposal of property, plant and equipment	(1,069)	47
Impairment/(reversal of impairment) of doubtful debts	9	(1)
Reversal of write-down of inventories to net realisable value	(799)	(657)
Exchange loss/(gain)	(3,681)	115
Government grants	(1,824)	(1,388)
Interest income	(4,244)	(4,904)
Operating profit before working capital changes	12,035	48,625
Increase in accounts and note receivables	(3,952)	(7,071)
Increase in inventories	(18,436)	(8,734)
Decrease/(increase) in prepayments, deposits and other receivables	(3,105)	1,044
Increase in balances with related companies	(3,391)	(3,650)
Increase in accounts payable	29,987	12,201
Decrease in other payables and accruals	(7,675)	(3,490)
Cash generated from operations	5,463	38,925
Interest received	5,789	5,219
Government grants received	321	90
Net cash flows from operating activities	11,573	44,234

INTERIM STATEMENT OF CASH FLOWS (Continued)

for the six months ended 30 June 2016

	For the six months ended 30 June 2016 (Unaudited) RMB'000	For the six months ended 30 June 2015 (Unaudited) RMB'000
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	1,069	—
Purchases of items of property, plant and equipment, construction in progress and intangible assets	(30,312)	(28,637)
Increase in non-pledged time deposits with original maturity of over three months when acquired	(22,798)	(14,956)
Net cash flows used in investing activities	(52,041)	(43,593)
Net increase/(decrease) in cash and cash equivalents	(40,468)	641
Cash and cash equivalents at beginning of period	201,249	184,966
Effect of exchange rate changes on cash and cash equivalents	3,681	(115)
Cash and cash equivalents at end of period	164,462	185,492
Analysis of balances of cash and cash equivalents		
Cash and cash equivalents as stated in the statement of cash flows	164,462	185,492
Cash and bank balances	164,462	185,492
Non-pledged time deposits with original maturity of over three months when acquired	356,396	309,620
Cash and cash equivalents as stated in the interim statement of financial position	520,858	495,112
Investing activities affecting both cash and non-cash items		
Addition of items of property, plant and equipment, construction in progress and intangible assets	(42,333)	(26,240)
Increase/(decrease) in the balance of payables for purchases of items of property, plant and equipment, construction in progress and intangible assets	12,021	(2,397)
Cash flows used in purchases of items of property, plant and equipment, construction in progress and intangible assets	(30,312)	(28,637)

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 2016

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 2018.

On 2 March 2004, the Company was re-registered as a foreign invested joint stock company with limited liability. 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.

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 interim condensed financial statements of the Company for the six months ended 30 June 2016 are prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” promulgated by the International Accounting Standards Board.

The 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 audited financial statements of the Company for the year ended 31 December 2015 (“2015 financial statements”) dated 16 March 2016.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company’s 2015 financial statements, except for the adoption of new standards and interpretations effective as of 1 January 2016. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The following standards and amendments became effective as of 1 January 2016:

- IFRS 14 Regulatory Deferral Accounts
- Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants
- Amendments to IAS 27: Equity Method in Separate Financial Statements

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

30 June 2016

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Annual Improvements Cycle - 2012-2014: IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, IFRS 7 Financial Instruments: Disclosures, IAS 19 Employee Benefits and IAS 34 Interim Financial Reporting
- Amendments to IAS 1 Disclosure Initiative
- Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

Although these new standards and amendments apply for the first time in 2016, they do not have a material impact on the interim condensed financial statements of the Company.

4. SEGMENT INFORMATION

The Company's revenue and profit were mainly derived from the sale of wafers. The Company has only one reportable operating segment.

The principal assets employed by the Company are located in Shanghai, the People's Republic of China (the "PRC"). Therefore, no segment information based on the geographical location of the Company's assets is presented.

The Company's revenue attributed to geographical areas based on the location of customers is presented as follows:

	3 months ended 30 June 2016 (Unaudited and unreviewed) RMB'000	6 months ended 30 June 2016 (Unaudited) RMB'000	3 months ended 30 June 2015 (Unaudited and unreviewed) RMB'000	6 months ended 30 June 2015 (Unaudited) RMB'000
United States of America	108,223	180,902	108,922	203,341
Europe	23,128	45,504	38,422	66,293
Asia	68,734	120,959	64,868	116,265
	<u>200,085</u>	<u>347,365</u>	<u>212,212</u>	<u>385,899</u>

Information about major customers

Revenue of approximately RMB183,462,000 (30 June 2015: RMB220,979,000) was derived from sales to three customers (30 June 2015: three) which individually accounted for more than 10% of the Company's total revenue during the six months ended 30 June 2016. Sales to a particular customer include sales to a group of entities which are known to be under common control with that customer.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

30 June 2016

5. REVENUE

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

An analysis of revenue is as follows:

	3 months ended 30 June 2016 (Unaudited and unreviewed) RMB'000	6 months ended 30 June 2016 (Unaudited) RMB'000	3 months ended 30 June 2015 (Unaudited and unreviewed) RMB'000	6 months ended 30 June 2015 (Unaudited) RMB'000
Sale of goods	<u>200,085</u>	<u>347,365</u>	<u>212,212</u>	<u>385,899</u>

6. OTHER INCOME AND GAINS

	3 months ended 30 June 2016 (Unaudited and unreviewed) RMB'000	6 months ended 30 June 2016 (Unaudited) RMB'000	3 months ended 30 June 2015 (Unaudited and unreviewed) RMB'000	6 months ended 30 June 2015 (Unaudited) RMB'000
Other income and gains				
Government grants	992	1,824	690	1,388
Interest income	2,001	4,244	2,439	4,904
Sale of scrap materials	345	702	357	1,616
Net foreign exchange gain	4,653	3,751	1,011	3,032
Gain on disposal of property, plant and equipment	1,069	1,069	2	2
Others	1	85	—	5
	<u>9,061</u>	<u>11,675</u>	<u>4,499</u>	<u>10,947</u>

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

30 June 2016

7. PROFIT/(LOSS) BEFORE TAX

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

	3 months ended 30 June 2016 (Unaudited and unreviewed) RMB'000	6 months ended 30 June 2016 (Unaudited) RMB'000	3 months ended 30 June 2015 (Unaudited and unreviewed) RMB'000	6 months ended 30 June 2015 (Unaudited) RMB'000
Cost of inventories sold	164,782	316,207	169,865	327,049
Depreciation	17,065	32,797	15,934	31,764
Amortisation of intangible assets	572	1,160	659	1,324
Amortisation of prepaid land lease payments	192	385	192	385
Research and development costs	8,828	19,338	5,701	11,218
Auditors' remuneration	376	721	345	690
Employee benefits expense (including directors', supervisors' and senior executives' remuneration):				
Retirement benefits – defined contribution fund	5,314	10,446	5,263	9,810
Accommodation benefits – defined contribution fund	1,691	3,395	1,552	3,068
Early retirement and termination benefits	528	580	49	95
Salaries and other staff costs	41,438	80,343	43,204	84,310
	48,971	94,764	50,068	97,283
Impairment/(reversal of impairment) of doubtful debts	(195)	9	—	(1)
Reversal of write-down of inventories to net realisable value	(2,531)	(799)	(1,732)	(657)

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

30 June 2016

8. 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 six months ended 30 June 2015 and 2016.

In accordance with the PRC Corporate Income Tax 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 obtained the renewal of "High and New Technology Enterprise" ("HNTE") status with a valid period from 1 January 2014 to 31 December 2016 and was recognized by the in-charge tax authority to enjoy the preferential Corporate Income Tax rate at 15%, which shall also be subject to the fulfillment on conditions required for HNTE on yearly basis.

Major components of income tax are as follows:

	3 months ended 30 June 2016 (Unaudited and unreviewed) RMB'000	6 months ended 30 June 2016 (Unaudited) RMB'000	3 months ended 30 June 2015 (Unaudited and unreviewed) RMB'000	6 months ended 30 June 2015 (Unaudited) RMB'000
Provision for income tax in respect of profit for the period	—	—	—	—
Deferred tax credit	—	—	—	—
Income tax expense	—	—	—	—

No income tax is provided as the Company does not have taxable profits in the reporting period.

Deferred tax assets have not been recognised in respect of the deductible temporary differences, including tax losses, as it is not considered probable that sufficient taxable profits will be available against which these deductible temporary differences can be utilised.

9. DIVIDENDS

The Board does not recommend the payment of an interim dividend to the ordinary equity holders of the Company for the six months ended 30 June 2016 (for the six months ended 30 June 2015: Nil).

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

30 June 2016

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

The basic earnings/(loss) per share amount is calculated by dividing the profit/(loss) for the reporting period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the reporting period.

	3 months ended 30 June 2016 (Unaudited and unreviewed)	6 months ended 30 June 2016 (Unaudited)	3 months ended 30 June 2015 (Unaudited and unreviewed)	6 months ended 30 June 2015 (Unaudited)
Profit/(loss) attributable to ordinary equity holders of the Company (RMB'000)	<u>18,034</u>	<u>(10,699)</u>	<u>22,764</u>	<u>21,940</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>

No adjustment has been made to the basic earnings per share amounts presented for the three months and the six months ended 30 June 2015 and 2016 as the Company had no potentially dilutive ordinary shares in issue during those periods.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

30 June 2016

11. PROPERTY, PLANT AND EQUIPMENT

	Buildings (Unaudited) <i>RMB'000</i>	Plant and machinery (Unaudited) <i>RMB'000</i>	Office equipment (Unaudited) <i>RMB'000</i>	Motor vehicles (Unaudited) <i>RMB'000</i>	Total (Unaudited) <i>RMB'000</i>
Cost:					
At 1 January 2016	163,675	3,819,095	80,316	2,169	4,065,255
Transferred from construction in progress	—	35,756	3,231	333	39,320
Disposals	—	(20,550)	(67)	—	(20,617)
At 30 June 2016	<u>163,675</u>	<u>3,834,301</u>	<u>83,480</u>	<u>2,502</u>	<u>4,083,958</u>
Accumulated depreciation:					
At 1 January 2016	76,196	2,822,142	74,861	1,832	2,975,031
Charge for the period	7,070	24,449	1,172	106	32,797
Disposals	—	(20,546)	(66)	—	(20,612)
At 30 June 2016	<u>83,266</u>	<u>2,826,045</u>	<u>75,967</u>	<u>1,938</u>	<u>2,987,216</u>
Impairment losses:					
At 1 January 2016	—	767,026	—	—	767,026
Disposals	—	(5)	—	—	(5)
At 30 June 2016	<u>—</u>	<u>767,021</u>	<u>—</u>	<u>—</u>	<u>767,021</u>
Net book value:					
At 30 June 2016	<u>80,409</u>	<u>241,235</u>	<u>7,513</u>	<u>564</u>	<u>329,721</u>

As at 30 June 2016, the Company has not obtained certificates of real estate ownership from the relevant PRC government authorities for certain buildings with a carrying amount of RMB15,434,000 (31 December 2015: RMB15,822,000). Until the receipt of the certificates, the Company has no right to assign or pledge these buildings. The Company believes that it is entitled to lawfully and validly occupy and use the above-mentioned buildings, and therefore the aforesaid matters did not have any significant impact on the Company's financial position as at 30 June 2016.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

30 June 2016

11. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Buildings (Audited) <i>RMB'000</i>	Plant and machinery (Audited) <i>RMB'000</i>	Office equipment (Audited) <i>RMB'000</i>	Motor vehicles (Audited) <i>RMB'000</i>	Total (Audited) <i>RMB'000</i>
Cost:					
At 1 January 2015	163,675	3,866,957	78,520	2,764	4,111,916
Transferred from construction in progress	—	43,295	2,161	—	45,456
Disposals	—	(91,157)	(365)	(595)	(92,117)
At 31 December 2015	<u>163,675</u>	<u>3,819,095</u>	<u>80,316</u>	<u>2,169</u>	<u>4,065,255</u>
Accumulated depreciation:					
At 1 January 2015	70,737	2,830,928	72,963	2,247	2,976,875
Charge for the period	5,459	56,232	2,263	180	64,134
Disposals	—	(65,018)	(365)	(595)	(65,978)
At 31 December 2015	<u>76,196</u>	<u>2,822,142</u>	<u>74,861</u>	<u>1,832</u>	<u>2,975,031</u>
Impairment losses:					
At 1 January 2015	—	793,119	—	—	793,119
Disposals	—	(26,093)	—	—	(26,093)
At 31 December 2015	<u>—</u>	<u>767,026</u>	<u>—</u>	<u>—</u>	<u>767,026</u>
Net book value:					
At 31 December 2015	<u>87,479</u>	<u>229,927</u>	<u>5,455</u>	<u>337</u>	<u>323,198</u>

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

30 June 2016

12. ACCOUNTS AND NOTE RECEIVABLES

	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
Accounts receivable	67,473	64,876
Note receivables	7,024	5,669
	<u>74,497</u>	<u>70,545</u>
Impairment	(10)	(1)
	<u>74,487</u>	<u>70,544</u>

The Company's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. Credit terms granted by the Company to its customers generally range from 30 to 60 days. The Company seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management of the Company. Accounts and note receivables are non-interest-bearing.

An aged analysis of the accounts and notes receivables at the end of the reporting period, based on the invoice date and net of impairment, was as follows:

	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
Outstanding balances with ageing:		
Within 30 days	56,071	45,170
Between 31 days and 90 days	14,363	23,680
Between 91 days and 180 days	4,036	1,541
Between 181 days and 365 days	17	153
Over 365 days	—	—
	<u>74,487</u>	<u>70,544</u>

The movements in the impairment for accounts receivable are as follows:

	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
At beginning of period/year	1	1
Charged for the period	215	184
Unutilised amount reversed	(206)	(184)
	<u>10</u>	<u>1</u>

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

30 June 2016

12. ACCOUNTS AND NOTES RECEIVABLES (Continued)

The analysis of accounts and notes receivables that were not impaired at the end of the reporting period was as follows:

	Total <i>RMB'000</i>	Neither past due nor impaired <i>RMB'000</i>	Past due but not impaired			
			<60 days <i>RMB'000</i>	60-180 days <i>RMB'000</i>	181-365 days <i>RMB'000</i>	>365 days <i>RMB'000</i>
30 June 2016 (unaudited)	74,487	69,054	5,293	129	11	—
31 December 2015 (audited)	70,544	46,820	23,585	139	—	—

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Company. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality of those customers and that the balances are still considered fully recoverable. The Company does not hold any collateral or other credit enhancements over these balances.

13. ACCOUNTS PAYABLE

An aged analysis of the accounts payable at the end of the reporting period is as follows:

	30 June 2016 (Unaudited) <i>RMB'000</i>	31 December 2015 (Audited) <i>RMB'000</i>
Outstanding balances with ageing:		
Within 30 days	86,591	81,598
Between 31 days and 90 days	42,252	4,405
Between 91 days and 180 days	2,088	3,002
Between 181 days and 365 days	634	552
Over 365 days	—	—
	131,565	89,557

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

30 June 2016

14. COMMITMENTS

The Company had the following capital commitments at the end of the reporting period:

	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
Capital commitments in respect of property, plant and equipment:		
– contracted, but not provided for	36,621	4,235
– authorised, but not contracted for	9,045	66,265
	45,666	70,500

15. 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 NXP B.V. are considered to be related to the Company.

The Company had the following material transactions with related parties during the reporting period:

		3 months ended 30 June 2016 (Unaudited and unreviewed) RMB'000	6 months ended 30 June 2016 (Unaudited) RMB'000	3 months ended 30 June 2015 (Unaudited and unreviewed) RMB'000	6 months ended 30 June 2015 (Unaudited) RMB'000
Sales	(i)	20,345	39,891	27,000	43,216
Compensation paid/payable to key management personnel (including directors, supervisors and senior executives)		1,025	1,726	1,127	2,280
Technology transfer fees	(ii)	2,925	3,109	936	2,240

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

30 June 2016

15. RELATED PARTY TRANSACTIONS (Continued)*Notes:*

- (i) Sales to related companies were carried out on terms equivalent to those that prevail in arm's length transactions.
- (ii) Royalties in the form of technology transfer fees (including identification licensing fees) paid/payable to a related company were determined at 1% (for the six months ended 30 June 2015: 3% or 10%) of the net sales of certain specified products sold according to the agreement signed by both parties.

In the opinion of the directors (including the independent non-executive directors), all of the above transactions were carried out in the ordinary course of business of the Company.

The related party transactions set out in Notes (i) and (ii) above 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").

16. FINANCIAL INSTRUMENTS

The Company has various financial assets and liabilities such as accounts and note receivables, other receivables, current accounts with related companies, cash and cash equivalents, accounts payable and other payables. The fair values of the financial assets and liabilities of the Company at the end of the reporting period approximated to their carrying amounts.

17. COMPARATIVE AMOUNTS

Certain comparative figures in the statement of cash flows have been reclassified to conform to the current year's presentation.

18. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements were approved and authorised for issue by the Board on 10 August 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

SIX MONTHS ENDED 30 JUNE 2016 COMPARED TO SIX MONTHS ENDED 30 JUNE 2015

Sales

The slow order intakes at the end of 2015 and through the beginning of 2016 as a result of the traditional slow season and the planned annual maintenance shutdown during the Chinese New Year adversely affected the Company's operating results and financial performance in the first half of the year. As a result, the Company recorded its sales of RMB347.4 million for the six months ended 30 June 2016, down 10.0% from RMB385.9 million for the six months ended 30 June 2015. During the reporting period, wafer shipments decreased by 10.2% to 200,308 units of 8-inch equivalent wafers from 223,096 units of 8-inch equivalent wafers for the six months ended 30 June 2015.

Gross profit

Gross profit for the six months ended 30 June 2016 was RMB31.2 million, compared to RMB58.9 million for the six months ended 30 June 2015. Gross margin for the six months ended 30 June 2016 was 9.0%, compared to 15.3% over the same period of last year, mainly attributable to a decrease in the average selling price and lower level of capacity utilization rate, partially offset by the depreciation of the Renminbi ("RMB") against the US dollar and a favorable product mix.

Other income and gains

Other income and gains for the six months ended 30 June 2016 were RMB11.7 million, compared to RMB10.9 million for the six months ended 30 June 2015. Other income and gains in the first half of 2016 were primarily generated by government grants, interest income, net foreign exchange gains, gain on disposal of property, plant and equipment, the sale of scrap materials and others.

Selling and distribution expenses

Selling and distribution expenses remained flat at RMB3.8 million for the six months ended 30 June 2016 compared to the corresponding period of last year.

General and administrative expenses

General and administrative expenses amounted to RMB30.4 million for the six months ended 30 June 2016, down 7.3% from RMB32.8 million for the six months ended 30 June 2015, mainly attributable to the decrease in payroll-related expenses.

Research and development costs

Research and development costs for the six months ended 30 June 2016 were RMB19.3 million, reflecting an increase of 72.3% from RMB11.2 million for the six months ended 30 June 2015, primarily associated with more product development activities.

Net income

As a result of the factors listed above, the Company recorded net loss of RMB10.7 million for the six months ended 30 June 2016, compared to a net income of RMB21.9 million for the six months ended 30 June 2015.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

SIX MONTHS ENDED 30 JUNE 2016 COMPARED TO SIX MONTHS ENDED 30 JUNE 2015 (Continued)

Liquidity and capital resources

Cash and cash equivalents as at 30 June 2016 amounted to RMB520.9 million compared to RMB534.8 million as at 31 December 2015. Net cash inflow from operating activities was RMB11.6 million for the six months ended 30 June 2016, compared to RMB44.2 million for the six months ended 30 June 2015.

Net cash outflow from investing activities was RMB52.0 million for the six months ended 30 June 2016, primarily for the purchase of items of property, plant and equipment, and construction in progress and intangible assets and increase in time deposit, compared to net cash outflow of RMB43.6 million from investing activities for the six months ended 30 June 2015. Total capital expenditures amounted to RMB42.3 million for the six months ended 30 June 2016, compared to RMB26.2 million for the six months ended 30 June 2015. The capital expenditures incurred in the first half of 2016 were mostly spent in debottlenecking the production capacity and improving the quality associated with 8-inch wafer line.

As at 30 June 2016, the Company's current ratio was 3.93, compared to 4.72 as at 31 December 2015. The Company's debt-to-equity ratio as at 30 June 2016 was 21.3%, compared to 17.5% as at 31 December 2015.

Employees

As at 30 June 2016, the Company had 1,246 employees, an increase of 1.5% from 1,228 employees as at 31 December 2015. During the reporting period, remuneration and employment benefits were provided for and paid in accordance with PRC laws and regulations.

RMB fluctuation risks

RMB is the Company's functional and reporting currency. A large amount of the Company's revenue and expenditures is now denominated in foreign currencies. In the event that the Company's RMB revenue is not sufficient to meet its RMB expenditure, the Company will be required to meet the difference by conversion of its foreign currencies deposits into RMB, which might result in a foreign exchange loss, ultimately leading to a negative impact on its cash flow.

Capital commitments

As at 30 June 2016, the Company had capital commitments for property, plant and equipment amounting to RMB45.7 million, of which RMB36.6 million was contracted but not provided for, while the remaining RMB9.0 million was authorized but not contracted for.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

OPERATING RESULTS FOR THE THREE MONTHS ENDED 30 JUNE 2016

Sales for the three months ended 30 June 2016 were RMB200.1 million, an increase of RMB52.8 million or 35.8% from RMB147.3 million for the three months ended 31 March 2016. Such increase was primarily due to substantial increases in the sales of both 6-inch and 8-inch wafers and, to a lesser extent, in the sales of 5-inch wafers.

Gross profit for the three months ended 30 June 2016 was RMB35.3 million, compared to gross loss of RMB4.1 million for the three months ended 31 March 2016. Gross margin for the three months ended 30 June 2016 was 17.6% compared to negative 2.8% for the three months ended 31 March 2016, primarily attributable to a higher level of capacity utilization rate and, to a lesser extent, a favorable product mix.

Other income and gains for the three months ended 30 June 2016 were RMB9.1 million, compared to RMB3.5 million for the three months ended 31 March 2016. Other income and gains in the second quarter of 2016 primarily comprised government grants, interest income, net foreign exchange gains, gain on disposal of property, plant and equipment, the sale of scrap materials and others.

Operating expenses for the three months ended 30 June 2016 amounted to RMB26.3 million compared to RMB27.2 million for the three months ended 31 March 2016, mainly due to the decrease in research and development costs, and to a lesser extent, in selling and distribution expenses, partially offset by an increase in general and administrative expenses.

As a result, the Company achieved net income of RMB18.0 million for the three months ended 30 June 2016, compared to a net loss of RMB28.7 million for the three months ended 31 March 2016.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

OPERATING RESULTS FOR THE THREE MONTHS ENDED 30 JUNE 2016

(Continued)

1. Revenue Analysis

By Application

Sales for the three months ended 30 June 2016 from communication, computer and consumer products accounted for 34%, 33% and 33% of total revenue respectively, which were basically in line with the previous quarter.

	2Q'16	1Q'16	2Q'15
Communication	34%	33%	33%
Computer	33%	33%	33%
Consumer	33%	34%	34%

By Geography

For the three months ended 30 June 2016 sales to the USA, Europe and Asia Pacific accounted for 54%, 12% and 34% of total revenue, respectively, compared to 49%, 15% and 36% in the previous quarter.

	2Q'16	1Q'16	2Q'15
USA	54%	49%	51%
Europe	12%	15%	18%
Asia Pacific	34%	36%	31%

By Customer Type

For the three months ended 30 June 2016, sales to IDM and fabless customers accounted for 23% and 77% of total revenue, respectively, compared to 26% and 74% in the previous quarter.

	2Q'16	1Q'16	2Q'15
IDM	23%	26%	29%
Fabless	77%	74%	71%

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

OPERATING RESULTS FOR THE THREE MONTHS ENDED 30 JUNE 2016

(Continued)

1. Revenue Analysis (Continued)

By Product

For the three months ended 30 June 2016 sales as a percentage of total revenue from 5-inch, 6-inch and 8-inch wafers were 7%, 40% and 52% respectively, compared to 3%, 42% and 54% in the previous quarter.

	2Q'16	1Q'16	2Q'15
5-inch wafers	7%	3%	7%
6-inch wafers	40%	42%	43%
8-inch wafers	52%	54%	50%
Others ¹	1%	1%	0%

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 2016 was 77%, compared to 58% for the three months ended 31 March 2016.

Fab	2Q'16	1Q'16	2Q'15
Fab 1/2			
5-inch wafers	86%	25%	78%
6-inch wafers	69%	55%	80%
Fab 3			
8-inch wafers	82%	63%	82%
Overall Capacity Utilization Rate	77%	58%	81%

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

OPERATING RESULTS FOR THE THREE MONTHS ENDED 30 JUNE 2016

(Continued)

2. Utilization and Capacity (8" equivalent) (Continued)

2.1 Utilization (Continued)

Notes:

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 of producing 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 Notes 2 to paragraph 2.2 below. In consequence, the utilization rates of actual operating capacity are higher than the figures stated in the table above.
3. The utilization rate of the Company's 8-inch wafers in Fab 3 was calculated on the basis of 325,000 masks per month which became effective on 1 July 2013.
4. The installed capacity of the Company's 5-inch wafers changed from 252,000 masks per month to 66,000 masks per month, which became effective on 1 January 2014.
5. The installed capacity of the Company's 6-inch wafers changed from 510,000 masks per month to 420,000 masks per month, which became effective on 1 January 2014.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**OPERATING RESULTS FOR THE THREE MONTHS ENDED 30 JUNE 2016**

(Continued)

2. Utilization and Capacity (8" equivalent) (Continued)**2.2 Capacity (8" Equivalent)**

The capacity for the three months ended 30 June 2016 was 150,000 8-inch equivalent wafers, which was the same as that of the previous quarter and that of the second quarter of 2015.

Fab (wafers in thousands)	2Q'16	1Q'16	2Q'15
Fab 1/2			
5-inch wafers	9	9	9
6-inch wafers	71	71	71
Fab 3			
8-inch wafers	70	70	70
Total Capacity	150	150	150

Notes:

1. The Company estimated the capacities of its 5-inch and 6-inch on the basis of 9 and 10 mask steps per wafer respectively and 5-inch and 6-inch wafers were converted to 8-inch equivalent wafers by dividing their wafer number by 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. The basis on which the capacity of the Company's 8-inch wafers was estimated changed from 22 mask steps per wafer to 14 mask steps per wafer, which became effective on 1 January 2014.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**OPERATING RESULTS FOR THE THREE MONTHS ENDED 30 JUNE 2016**

(Continued)

3. Receivables/Inventory Turnover

Receivables turnover for the three months ended 30 June 2016 was 37 days, compared to 51 days for the three months ended 31 March 2016.

Inventory turnover was 84 days for the three months ended 30 June 2016, compared to 86 days for the three months ended 31 March 2016.

	2Q'16	1Q'16	2Q'15
Trade and notes receivables turnover (days)	37	51	38
Inventory turnover (days)	84	86	78

4. Capital Expenditures

Capital expenditures for the three months ended 30 June 2016 amounted to RMB31.9 million, compared to RMB10.4 million for the three months ended 31 March 2016.

	2Q'16	1Q'16	2Q'15
(Amount: RMB'000)			
Capital	31,945	10,395	20,721

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

PROSPECTS AND FUTURE PLANS

The global economic recovery showed relatively slow, combined with relatively high uncertainties ranging from politics to economics, which had already negatively impacted the global semiconductor market in the first half of the year. Such uncertain and difficult market conditions in which the Company operates are likely to continue for the rest of the year. As a result, the Company's near-term business outlook remains relatively challenging.

During the first half of the year, the Company continuously promoted and deepened the existing strategic industrial cooperative projects, some of which have already entered volume production, which helped generate the incremental revenue streams. Meanwhile, the Company proactively explored new business opportunities by working closely with the existing and potential customers both at home and abroad, and executed a major de-bottleneck of its existing production facilities, particularly for its 8-inch wafer production line with reasonable investment in order to meet the increasing demand for its 8-inch wafer capacity. Apart from this, the Company also focused on exercising a stringent control of production cost and operating expenses, and maintained its healthy financial position with cash and cash equivalents of RMB520.9 million as at 30 June 2016.

Moving forward, the Company will continue to aggressively execute the major strategic initiatives in connection with promoting strategic business projects and improving its overall competitiveness and its market presence in analog IC specialty and the designated markets, and ultimately enable the Company to build up a solid foundation for its long term growth and development.

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

During the six months ended 30 June 2016, there was no purchase, sale or redemption by the Company of its listed securities.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS

As at 30 June 2016, none of the directors, supervisors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register maintained under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS

As at 30 June 2016, the interests and short positions of the following persons (not being a director, supervisor or chief executive of the Company) in the shares or underlying shares of the Company (within the meaning of Part XV of the SFO) were recorded in the register kept by the Company pursuant to section 336 of the SFO.

Name of shareholders	Class of shares	Number of shares	Capacity	Percentage in the relevant class of issued share capital	Percentage in the total issued share capital
NXP B.V. (Note 1)	H-shares	408,806,888 (Long position)	Beneficial owner	36.13%	26.65%
	Unlisted foreign shares	12,643,512 (Long position)	Beneficial owner	100%	0.82%
SCIP (HK) Limited ("SCIP (HK)") (Note 2)	H-shares	222,574,584 (Long position)	Beneficial owner	19.67%	14.51%
Shanghai Chemical Industrial Park Investment Enterprise Company Limited ("SCIPI") (Note 2)	Domestic shares	122,220,616 (Long position)	Beneficial owner	31.32%	7.97%
China Orient Asset Management Corporation	Domestic shares	179,303,000 (Long position)	Beneficial owner	45.95%	11.69%
Shanghai Belling Co., Limited	Domestic shares	88,726,400 (Long position)	Beneficial owner	22.74%	5.78%

Notes:

1. NXP B.V. is a wholly-owned subsidiary of NXP Semiconductors N.V. (formerly known as Kasilion Acquisition B.V.). Accordingly, NXP Semiconductors N.V. is taken as having interests in the 408,806,888 H-shares and the 12,643,512 unlisted foreign shares of the Company which are beneficially held by NXP B.V.
2. SCIP (HK) is a wholly-owned subsidiary of SCIPI which in turn is 100% controlled by Shanghai Chemical Industrial Park Development Co., Ltd. ("SCIPD"). Accordingly, SCIPI and SCIPD are taken as having interests in the 222,574,584 H-shares of the Company which are beneficially held by SCIP (HK), and SCIPD is taken as having interests in the 122,220,616 domestic shares of the Company which are beneficially held by SCIPI.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS (Continued)

Pursuant to Section 336 of the SFO, the shareholders of the Company are required to file disclosure of interests forms when certain criteria are fulfilled. When a shareholding in the Company changes, it is not necessary for the shareholder to notify the Company and the Stock Exchange unless a specific threshold is passed, therefore a substantial shareholder's latest shareholding in the Company may be different from the shareholding filed with the Company and the Stock Exchange.

SHARE OPTION SCHEME

As at 30 June 2016, the Company had no share option scheme within the meaning of Chapter 17 of the Listing Rules.

CORPORATE GOVERNANCE

Compliance with the Corporate 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 Corporate Governance Code as set out in Appendix 14 to the Listing Rules for the six months ended 30 June 2016.

Following the retirement of Mr. James Arthur WATKINS, an Independent Non-executive Director, with effect from 2 March 2016, the Board has not been able to select a suitable replacement of Mr. James Arthur WATKINS and is unable to fulfill: (i) Rule 3.10A of the Listing Rules which requires the number of Independent Non-executive Directors to be at least one-third of the Board; (ii) Rule 3.21 of the Listing Rules which requires the majority of the Audit Committee to be Independent Non-executive Directors; (iii) Rule 3.25 of the Listing Rules which requires the majority of the Remuneration Committee to be Independent Non-executive Directors; and (iv) Code Provision A.5.1 of Corporate Governance Code to the Listing Rules which requires the majority of the Nomination Committee to be Independent Non-executive Directors.

Following the appointment of Mr. Jesse Bright Riggs PARKER JR. as the Independent Non-executive Director and members of the Audit Committee, the Nomination Committee and the Remuneration Committee on 17 May 2016, the Company fully complies with the requirements under Listing Rules 3.10A, 3.21 and 3.25 and code provision A.5.1 of the Corporate Governance Code to the Listing Rules.

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 2016.

CORPORATE GOVERNANCE (Continued)

Changes in Information of Directors and Supervisors

Pursuant to Rule 13.51B of the Listing Rules, the changes in the Company's directors' and supervisors' information are set out below.

The Directors for the fourth session of the Board of the Company served terms until 1 March 2016. Mr. ZHU Jian, Mr. David Damian FRENCH, Ms. SHEN Qing, Mr. KANG Hui, Mr. Steven Daryl FREZON, Mr. LU Ning, Mr. PU Hanhu, Dr. CHEN Enhua and Dr. JIANG Qingtang were elected or re-elected as Directors of the fifth session (with a term of office from 2 March 2016 to 1 March 2019) of the Board at the Extraordinary General Meeting of the Company held on 25 February 2016.

Dr. CHEN Jianming and Mr. James Arthur WATKINS retired as Directors of the fourth session of the Board of the Company with effect from 2 March 2016.

Mr. Jesse Bright Riggs PARKER JR. has been appointed as an Independent Non-executive Director and members of the Audit Committee, the Remuneration Committee and the Nomination Committee of the fifth session of the Board of the Company with effect from 17 May 2016.

The Supervisors for the fourth session of the Supervisory Committee of the Company served terms until 1 March 2016. Mr. Eric WANG, Mr. SUN Biyuan, Mr. DAI Kun, Ms. CHEN Yan and Mr. ZHOU Chengjie were elected or re-elected as Shareholders Representative Supervisors of the fifth session (with a term of office from 2 March 2016 to 1 March 2019) of the Supervisory Committee at the Extraordinary General Meeting of the Company held on 25 February 2016. Mr. QIN Shihui was elected as an Employee Representative Supervisor of the fifth session (with a term of office from 2 March 2016 to 1 March 2019) of the Supervisory Committee of the Company by the employees democratically on 21 December 2015.

Mr. YANG Yanhui retired as a Shareholders Representative Supervisor of the fourth session of the Supervisory Committee of the Company with effect from 2 March 2016. Mr. SHEN Zhongyi retired as an Employee Representative Supervisor of the fourth session of the Supervisory Committee of the Company with effect from 2 March 2016.

Save as disclosed above, as at the date of the interim report, there were no changes to information which are required to be disclosed and have been disclosed by the Directors and Supervisors pursuant to paragraphs (a) to (e) and (g) of rule 13.51(2) of the Listing Rules.

Audit Committee Review

The Audit Committee of the Company consists of three Independent Non-executive Directors, namely Dr. CHEN Enhua (Chairman), Mr. Jesse Bright Riggs PARKER JR. and Dr. JIANG Qingtang, and two Non-executive Directors, namely Mr. Steven Daryl FREZON and Ms. SHEN Qing. The interim results for the six months ended 30 June 2016 are unaudited, but have been reviewed by the Audit Committee and Ernst & Young, the Company's external auditor.

By Order of the Board
ADVANCED SEMICONDUCTOR MANUFACTURING CORPORATION LIMITED
ZHU Jian
Chairman

Shanghai, the PRC, 10 August 2016

As at the date of this interim report, the non-executive directors of the Company are Zhu Jian, David Damian French, Shen Qing, Steven Daryl Frezon, Kang Hui and Lu Ning; and the independent non-executive directors of the Company are Jesse Bright Riggs Parker Jr., Chen Enhua, Jiang Qingtang and Pu Hanhu.