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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)

2017 FIRST QUARTER RESULTS ANNOUNCEMENT

QUARTERLY RESULTS

The board (the "Board") of directors (the "Directors") of Advanced Semiconductor Manufacturing Corporation Limited (the "Company") is pleased to announce the unaudited results of the Company for the three months ended 31 March 2017 together with unaudited comparative figures for the corresponding period of last year as follows:

Condensed Statement of Profit or Loss and Other Comprehensive Income

		For the three months ended 31 March	
		2017	2016
	Notes	(Unaudited)	(Unaudited)
		RMB'000	RMB'000
Revenue	4	222,321	147,280
Cost of sales		(190,941)	(151,425)
Gross profit/(loss)		31,380	(4,145)
Other income and gains	5	6,260	3,516
Operating expenses		(25,711)	(27,202)
Other expenses	5	(1,529)	(902)
Profit/(loss) before income tax	6	10,400	(28,733)
Income tax	7	—	—
Net profit/(loss) for the period		10,400	(28,733)
Other comprehensive income for the period		—	—
Total comprehensive income/(loss) for the period attributable to ordinary equity holders of the Company		10,400	(28,733)
Earnings/(loss) per share attributable to ordinary equity holders of the Company			
– Basic and diluted	9	0.68 cent	(1.87) cents

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

Condensed Statement of Financial Position

	31 March 2017 (Unaudited) RMB'000	31 December 2016 (Audited) RMB'000
	Note	
Non-current assets		
Property, plant and equipment	337,226	350,538
Construction in progress	41,481	41,118
Prepaid land lease payments	27,962	28,155
Intangible assets	2,025	2,473
	<hr/>	<hr/>
Total non-current assets	408,694	422,284
	<hr/>	<hr/>
Current assets		
Inventories	143,585	132,899
Accounts and notes receivables	108,423	102,666
Prepayments, deposits and other receivables	19,124	16,693
Due from related companies	15,755	16,465
Cash and cash equivalents	490,418	509,355
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Total current assets	777,305	778,078
	<hr/>	<hr/>
Total assets	1,185,999	1,200,362
	<hr/>	<hr/>
Current liabilities		
Accounts payable	125,302	132,921
Other payables and accruals	44,414	61,023
Due to related companies	920	733
Government grants	1,968	2,371
Interest-bearing bank borrowings	11,335	11,335
	<hr/>	<hr/>
Total current liabilities	183,939	208,383
	<hr/>	<hr/>
Net current assets	593,366	569,695
	<hr/>	<hr/>
Total assets less current liabilities	1,002,060	991,979
	<hr/>	<hr/>
Non-current liabilities		
Government grants	13,979	14,298
	<hr/>	<hr/>
Net assets	988,081	977,681
	<hr/>	<hr/>
Equity attributable to equity holders of the Company		
Share capital	1,534,227	1,534,227
Reserves	(546,146)	(556,546)
	<hr/>	<hr/>
Total equity	988,081	977,681
	<hr/>	<hr/>

Condensed Statement of Changes in Equity

	For the three months ended 31 March	
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Share capital		
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	<u>(781,262)</u>	<u>(813,672)</u>
Total comprehensive income/(loss) for the period	<u>10,400</u>	<u>(28,733)</u>
At end of period	<u>(770,862)</u>	<u>(842,405)</u>
Reserves	<u>(546,146)</u>	<u>(617,689)</u>
Total equity attributable to equity holders of the Company	<u>988,081</u>	<u>916,538</u>

Condensed Statement of Cash Flows

	For the three months ended 31 March	
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Cash flows from operating activities		
Profit/(loss) before tax	10,400	(28,733)
Adjustments for:		
Depreciation	18,685	15,732
Amortisation of intangible assets	448	588
Amortisation of prepaid land lease payments	193	193
Impairment for doubtful debts	—	204
Write-down of inventories to net realisable value	2,987	1,732
Exchange loss	940	1,025
Government grants	(730)	(832)
Interest income	(1,883)	(2,243)
	<hr/>	<hr/>
Operating profit/(loss) before working capital changes	31,040	(12,334)
Increase in accounts and notes receivables	(5,757)	(3,799)
Increase in inventories	(13,673)	(6,957)
Increase in prepayments, deposits and other receivables	(2,026)	(1,470)
Decrease/(increase) in balances with related companies	897	(2,026)
Increase/(decrease) in accounts payable	(1,082)	15,457
Decrease in other payables and accruals	(16,609)	(14,832)
	<hr/>	<hr/>
Cash used in operations	(7,210)	(25,961)
Interest received	1,478	2,000
Government grants received	8	81
	<hr/>	<hr/>
Net cash flows used in operating activities	(5,724)	(23,880)
	<hr/>	<hr/>

	For the three months ended 31 March	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Cash flows from investing activities		
Purchases of items of property, plant and equipment, construction in progress and intangible assets	(12,273)	(14,891)
Decrease/(increase) in non-pledged time deposits with original maturity of over three months when acquired	30,172	(8,783)
Net cash flows from/(used in) investing activities	17,899	(23,674)
Net increase/(decrease) in cash and cash equivalents	12,175	(47,554)
Cash and cash equivalents at beginning of year	144,142	201,249
Effect of exchange rate changes on cash and cash equivalents	(940)	(1,025)
Cash and cash equivalents at end of year	155,377	152,670
Analysis of balances of cash and cash equivalents		
Cash and cash equivalents as stated in the statement of cash flows	155,377	152,670
Cash and bank balances	155,377	152,670
Non-pledged time deposits with original maturity of over three months when acquired	335,041	342,381
Cash and cash equivalents as stated in the statement of financial position	490,418	495,051
Investing activities affecting both cash and non-cash items		
Addition of items of property, plant and equipment, construction in progress and intangible assets	(5,736)	(9,932)
Decrease in the balance of payables for purchases of items of property, plant and equipment, construction in progress and intangible assets	(6,537)	(4,959)
Cash flows used in purchases of items of property, plant and equipment, construction in progress and intangible assets	(12,273)	(14,891)

1. BASIS OF PREPARATION

The unaudited interim condensed financial statements of the Company for the three months ended 31 March 2017 (the "First Quarter Results") are prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" promulgated by the International Accounting Standards Board.

The First 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 2016 ("2016 financial statements").

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of the First Quarter Results are consistent with those used in the 2016 financial statements, except for the adoption of new standards and interpretations as of 1 January 2017, which are set out below.

The Company has adopted the following new and revised IFRSs for the first time in the First Quarter condensed financial statements:

- Amendments to IAS 7 *Statement of Cash Flows: Disclosure Initiative*
- Amendments to IAS 12 *Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses*
- Annual Improvements Cycle - 2014-2016: Amendments to IFRS 12 *Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12*

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

	For the three months ended 31 March	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
United States of America	106,451	72,679
Europe	30,428	22,376
Asia	85,442	52,225
	222,321	147,280

Information about major customers

Revenue from continuing operations of approximately RMB93,430,000 (Three months ended 31 March 2016: RMB77,955,000) was derived from sales to two customers (Three months ended 31 March 2016: three) which individually accounted for more than 10% of the Company's total revenue during the three months ended 31 March 2017. 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:

	For the three months ended 31 March	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Sale of goods	222,321	147,280
Others	—	—
	222,321	147,280

5. OTHER INCOME AND GAINS AND OTHER EXPENSES

	For the three months ended 31 March	
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Other income and gains		
Interest income	1,883	2,243
Government grants	730	832
NRE service fee	3,189	42
Sale of scrap materials	418	314
Others	40	85
	<u>6,260</u>	<u>3,516</u>
Other expenses		
Net foreign exchange loss	1,529	902
	<u>1,529</u>	<u>902</u>

6. PROFIT/(LOSS) BEFORE INCOME TAX

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

	For the three months ended 31 March	
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Cost of inventories sold	190,941	151,425
Depreciation	18,685	15,732
Amortisation of intangible assets	448	588
Amortisation of prepaid land lease payments	193	193
Research and development costs	5,945	10,510
Auditors' remuneration	361	345
Employee benefits expense (including directors', supervisors' and senior executives' remuneration):		
Retirement benefits		
– defined contribution fund	5,328	5,132
Accommodation benefits		
– defined contribution fund	1,849	1,704
Early retirement and termination benefits	83	52
Salaries and other staff costs	47,462	38,905
	<u>54,722</u>	<u>45,793</u>
Impairment for doubtful debts	—	204
Write-down of inventories to net realisable value	2,987	1,732
	<u>2,987</u>	<u>1,732</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 for the three months ended 31 March 2016 and 2017.

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 period. 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 fulfillment on those conditions required for HNTE on yearly basis.

Major components of income tax are as follows:

	For the three months ended 31 March	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Provision for income tax in respect of profit for the period	—	—
Deferred tax credit	—	—
	<hr/>	<hr/>
Income tax expense	—	—
	<hr/>	<hr/>

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

8. DIVIDENDS

The Board does not recommend the payment of dividend to the ordinary equity holders of the Company for the three months ended 31 March 2017 (31 March 2016: Nil).

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

Basic earnings/(loss) per share amount 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 period.

	For the three months ended 31 March	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Profit/(loss) attributable to ordinary equity holders of the Company (RMB'000)	10,400	(28,733)
Weighted average number of ordinary shares in issue ('000)	1,534,227	1,534,227

No adjustment has been made to the basic loss per share amounts presented for the three months ended 31 March 2016 and 2017 in respect of a dilution as the Company had no potentially dilutive ordinary shares in issue during those periods.

10. COMMITMENTS

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

	31 March	31 December
	2017	2016
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Capital commitments in respect of property, plant and equipment:		
– contracted, but not provided for	38,726	15,425
– authorised, but not contracted for	32,638	61,705
	71,364	77,130

11. INTEREST-BEARING BANK BORROWINGS

	Effective interest rate (%)	2017 Maturity	RMB'000
Discounted bank accepted notes	3.7~4.65	2017	11,335
		2016	
	Effective interest rate (%)	Maturity	RMB'000
Discounted bank accepted notes	3.7~4.65	2017	11,335

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

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

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

		For the three months ended 31 March	
	Notes	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Sales	(i)	20,926	19,546
Technology transfer fees	(ii)	153	184
Compensation paid/payable to key management personnel (including directors, supervisors and senior executives)		2,702	701

Notes:

- (i) Sales to the 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% of the net sales of certain specified products sold according to the agreement signed by both parties.

In the opinion of the directors, all transactions above were carried out in the ordinary course of business of the Company.

The above related party transaction set out in Notes (i) and (ii) constitutes continuing connected transactions as defined in Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

13. SUBSEQUENT EVENT

As per the Company's announcement dated on 24 April 2017, the Company was informed by NXP B.V., a substantial shareholder of Company, that it had disposed 408,806,888 H shares of the Company and 12,643,512 unlisted foreign shares of the Company (the "Total Disposal Shares") to Pudong Science and Technology Investment (Cayman) Co., Ltd. (a wholly-owned subsidiary of Shanghai Pudong Science and Technology Investment Co., Ltd.), a third party independent of the Company and its connected persons (as defined in the Listing Rules) (the "Disposal") on 19 April 2017. The Total Disposal Shares represent approximately 27.47% of the total issued share capital of the Company as at the time of the Disposal. Immediately after completion of Disposal, NXP B.V. will cease to be a shareholder of the Company.

Operating Results Review

Summary:

(Amount: RMB'000)	1Q2017	4Q2016	1Q2016	QoQ% Change	YoY% Change
Revenue	222,321	230,701	147,280	-4%	51%
Gross profit	31,380	42,157	(4,145)	-26%	—
Other income and gains	6,260	12,514	3,516	-50%	78%
Operating expenses	(25,711)	(25,257)	(27,202)	2%	-5%
Other expenses	(1,529)	—	(902)	—	70%
Finance costs	—	(14)	—	—	—
Income tax credit/(expense)	—	—	—	—	—
Net income/(loss)	10,400	29,400	(28,733)	-65%	—
EPS/(loss)	0.68 cent	1.92 cents	(1.87) cents	-65%	—

Sales declined by 3.6% from RMB230.7 million for the three months ended 31 December 2016 to RMB222.3 million for the three months ended 31 March 2017, which was primarily due to the decrease in sales of 5-inch and 8-inch wafers.

Gross profit for the three months ended 31 March 2017 was RMB31.4 million, compared to RMB42.2 million for the three months ended 31 December 2016. Gross margin for the three months ended 31 March 2017 was 14.1%, compared to 18.3% for the three months ended 31 December 2016, which was mainly attributable to a less favourable product mix and increase in manufacturing costs (i.e., raw materials and spare parts), partially offset by higher utilization rate.

Other income and gains for the three months ended 31 March 2017 were RMB6.3 million, compared to RMB12.5 million for the three months ended 31 December 2016. Other income and gains in the first quarter of 2017 primarily comprised government grants, interest income, sale of scrap materials, NRE service fee and others.

Operating expenses amounted to RMB25.7 million for the three months ended 31 March 2017, reflecting an increase of 1.6% compared to RMB25.3 million for the three months ended 31 December 2016, which was due primarily to the increase in general and administrative expenses.

Other expenses for the three months ended 31 March 2017 were RMB1.5 million, while no other expenses for the three months ended 31 December 2016 were recorded. Other expenses in the first quarter of 2017 primarily comprised net foreign exchange losses.

No finance costs for the three months ended 31 March 2017 were recorded, while finance cost for the three months ended 31 December 2016 were RMB14,000.

As a result, the Company recorded net income of RMB10.4 million for the three months ended 31 March 2017, compared to net income of RMB29.4 million for the three months ended 31 December 2016.

I. Revenue Analysis

By Application

For the three months ended 31 March 2017, sales derived from communication, computer and consumer products accounted for 33%, 34% and 33% of total revenue respectively, which were basically in line with those in the fourth quarter of 2016.

	1Q2017	4Q2016	1Q2016
Communication	33%	34%	33%
Computer	34%	33%	33%
Consumer	33%	33%	34%

By Geography

For the three months ended 31 March 2017, sales to the USA, Europe and Asia Pacific accounted for 48%, 14% and 38% of total revenue respectively, compared to 46%, 14% and 40% in the fourth quarter of 2016.

	1Q2017	4Q2016	1Q2016
USA	48%	46%	49%
Europe	14%	14%	15%
Asia Pacific	38%	40%	36%

By Customer Type

For the three months ended 31 March 2017, sales to IDM and fabless customers accounted for 16% and 84% of total revenue respectively, compared to 38% and 62% in the fourth quarter of 2016.

	1Q2017	4Q2016	1Q2016
IDM	16%	38%	26%
Fabless	84%	62%	74%

By Product

For the three months ended 31 March 2017, sales as a percentage of total revenue from 5-inch, 6-inch and 8-inch wafers were 2%, 39% and 58% respectively, compared to 5%, 37% and 57% in the fourth quarter of 2016.

	1Q2017	4Q2016	1Q2016
5-inch wafers	2%	5%	3%
6-inch wafers	39%	37%	42%
8-inch wafers	58%	57%	54%
Others ¹	1%	1%	1%

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 31 March 2017 was 85%, compared to 84% for the three months ended 31 December 2016.

Fab	1Q2017	4Q2016	1Q2016
Fab 1/2			
5-inch wafers	22%	59%	25%
6-inch wafers	76%	76%	55%
Fab 3			
8-inch wafers	96%	92%	63%
Overall Capacity Utilization Rate	85%	84%	58%

- 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 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. 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 change 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.

II-2. Capacity (8" Equivalent)

The capacity for the three months ended 31 March 2017 was 150,000 8-inch equivalent wafers, which was the same as that of the previous quarter and that of the first quarter of 2016.

Fab (wafers in thousands)	1Q2017	4Q2016	1Q2016
Fab1/2			
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.

III. Profit and Expense Analysis

III-1. Gross Profit Analysis

Gross profit for the three months ended 31 March 2017 was RMB31.4 million, compared to RMB42.2 million for the three months ended 31 December 2016. Gross margin for the three months ended 31 March 2017 was 14.1%, compared to 18.3% for the three months ended 31 December 2016, which was mainly attributable to a less favourable product mix and increase in manufacturing costs (i.e., raw materials and spare parts), partially offset by higher utilization rate.

(Amount: RMB'000)	1Q2017	4Q2016	1Q2016
Cost of sales	(190,941)	(188,544)	(151,425)
Gross profit	31,380	42,157	(4,145)
Gross margin	14.1%	18.3%	-2.8%

III-2. Other Income and Gains

Other income and gains for the three months ended 31 March 2017 were RMB6.3 million, compared to RMB12.5 million for the three months ended 31 December 2016. Other income and gains in the first quarter of 2017 primarily comprised government grants, interest income, sale of scrap materials, NRE service fee and others.

(Amount: RMB'000)	1Q2017	4Q2016	1Q2016
Other income and gains	6,260	12,514	3,516

III-3. Operating Expenses Analysis

Operating expenses amounted to RMB25.7 million for the three months ended 31 March 2017, representing an increase of 1.6% compared to RMB25.3 million for the three months ended 31 December 2016, which was due primarily to the increase in general and administrative expenses.

(Amount: RMB'000)	1Q2017	4Q2016	1Q2016
Selling and distribution costs	(1,866)	(2,039)	(1,917)
General and administrative expenses	(17,900)	(16,059)	(14,775)
Research and development costs	(5,945)	(7,159)	(10,510)

III-4. Other Expenses

Other expenses for the three months ended 31 March 2017 were RMB1.5 million, while no other expenses for the three months ended 31 December 2016 were recorded. Other expenses in the first quarter of 2017 primarily comprised net foreign exchange losses.

(Amount: RMB'000)	1Q2017	4Q2016	1Q2016
Other expenses	(1,529)	—	(902)

III-5. Finance Costs

No finance costs for the three months ended 31 March 2017 were recorded, compared to RMB14,000 for the three months ended 31 December 2016.

(Amount: RMB'000)	1Q2017	4Q2016	1Q2016
Finance Costs	—	(14)	—

IV. Financial Condition Review

IV-1. Liquidity Analysis

Total current assets as at 31 March 2017 were RMB777.3 million, a decrease of RMB0.8 million from RMB778.1 million as at 31 December 2016, due mainly to the decrease in cash and cash equivalents by RMB18.9 million, partially offset by the increase in accounts and notes receivables and inventories by RMB5.8 million and RMB10.7 million from the balance as at 31 December 2016. The decrease in cash and cash equivalents was largely attributable to the increase in prepayments to raw materials suppliers. Higher inventory was largely attributable to an increase in work in progress, representing higher wafer input as a result of improved order demand in the reporting quarter. Total current liabilities as at 31 March 2017 amounted to RMB183.9 million, compared to RMB208.4 million as at 31 December 2016.

(Amount: RMB'000)	1Q2017	4Q2016	1Q2016
Cash and cash equivalents	490,418	509,355	495,051
Accounts and notes receivables	108,423	102,666	74,139
Inventories	143,585	132,899	104,432
Other current assets	34,879	33,158	27,616
Total current assets	777,305	778,078	701,238
Interest-bearing borrowings	11,335	11,335	—
Accounts payable	125,302	132,921	100,055
Other current liabilities	47,302	64,127	50,167
Total current liabilities	183,939	208,383	150,222
Net current assets	593,366	569,695	551,016
Current ratio (x)	4.23	3.73	4.67

IV-2. Receivables/Inventory Turnover

Receivables turnover for the three months ended 31 March 2017 was 47 days, compared to 38 days for the three months ended 31 December 2016.

Inventory turnover days increased to 85 days for the three months ended 31 March 2017 from 83 days for the three months ended 31 December 2016.

	1Q2017	4Q2016	1Q2016
Accounts and notes receivables turnover (days)	47	38	51
Inventory turnover (days)	85	83	86

IV-3. Debt Service

Net cash reserve as at 31 March 2017 amounted to RMB479.1 million, compared to RMB498.0 million as at 31 December 2016, representing a sequential decrease of RMB18.9 million. This was due primarily to a decrease in cash and cash equivalents.

(Amount: RMB'000)	1Q2017	4Q2016	1Q2016
Cash and cash equivalents	490,418	509,355	495,051
Interest-bearing borrowings	11,335	11,335	—
Net cash reserves	479,083	498,020	495,051

V. Capital Expenditures

Capital expenditures for the three months ended 31 March 2017 amounted to RMB5.7 million, compared to RMB37.7 million for the three months ended 31 December 2016.

(Amount: RMB'000)	1Q2017	4Q2016	1Q2016
Capex	5,731	37,739	10,395

VI. Outlook for the Second Quarter of 2017

Despite a smaller number of working days coincided with the Company's planned annual maintenance shut-down and the Lunar New Year holiday, its sales in the first quarter of 2017 still increased by 51.0% to RMB222.3 million compared to the same quarter a year ago, while the net profit in the report quarter has hit a record first-quarter high of RMB10.4 million. With the support of the orders from its major customers located at home and abroad throughout the first quarter of 2017 and entering the second quarter of 2017, the Company expects its sales in the coming quarter to show positive growth on both a sequential and yearly basis.

By order of the Board

Advanced Semiconductor Manufacturing Corporation Limited

Hong Feng

Executive Director & Chief Executive Officer

Shanghai, the PRC, 17 May 2017

As at the date of this announcement, the executive director of the Company is Hong Feng, 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.