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華潤微電子有限公司

China Resources Microelectronics Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 597)

**CONNECTED TRANSACTION
AND
CONTINUING CONNECTED TRANSACTIONS**

A. CONNECTED TRANSACTION

Assets transfer agreement

The Board announces that on 28 February 2010, Fab 5, being a wholly owned subsidiary of the Company, entered into an assets transfer agreement in relation to the purchase of certain fixed assets with Fab 2. Fab 2 is an 8-inch wafer fabrication facility indirectly owned as to 81% by CRH and 19% by the Company, and therefore is a connected person of the Company under the Listing Rules.

The transaction contemplated under the assets transfer agreement therefore constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios are below 2.5%, the transaction will only be subject to the reporting and announcement requirements but exempted from the independent shareholders' approval requirement under the Listing Rules.

B. CONTINUING CONNECTED TRANSACTIONS

Wafer foundry services agreements and wafer purchase agreement

Fab 2 has been providing wafer processing services to several subsidiaries of the Company, namely CR Semico, CR PowTech and IPS (Wuxi), for the production of wafers since October 2009. It is also expected that IPS (HK), another subsidiary of the Company, will purchase wafers from CSMC Asia, a company indirectly

holding the entire interest of Fab 2, from 2010 onwards. In order to formalise the arrangement, on 28 February 2010, Fab 2 entered into a wafer foundry services agreement with each of CR Semico, CR PowTech and IPS (Wuxi), respectively, and CSMC Asia entered into a wafer purchase agreement with IPS (HK), for a term of three years starting from 1 January 2010 to 31 December 2012. CR Semico and CR PowTech are indirect non-wholly owned subsidiaries of the Company; IPS (Wuxi) and IPS (HK) are indirect wholly owned subsidiaries of the Company. CSMC Asia is a connected person of the Company under the Listing Rules.

Mask sale agreement

Wuxi CRM, an indirect wholly owned subsidiary of the Company, has been providing customized masks to Fab 2 for the production of wafers in Fab 2 since November 2009. In order to formalise the arrangement, Wuxi CRM entered into a mask sale agreement on 28 February 2010 with Fab 2 for a period of three years starting from 1 January 2010 to 31 December 2012.

Listing Rules implications

The transactions contemplated under the wafer foundry services agreements, the wafer purchase agreement and the mask sale agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios of the annual caps for the wafer foundry services, the purchase of wafers and the sale of masks, respectively, exceed 0.1% but are less than 2.5%, these continuing connected transactions are exempted from the independent shareholders' approval requirements under Rule 14A.34 of the Listing Rules and are only subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 and the requirements under Rules 14A.35(1) and 14A.35(2) of the Listing Rules.

A. CONNECTED TRANSACTION

Assets transfer agreement

The Board announces that on 28 February 2010, Fab 5, being a wholly owned subsidiary of the Company, entered into an assets transfer agreement in relation to the purchase of certain fixed assets with Fab 2. Fab 2 is an 8-inch wafer fabrication facility indirectly owned as to 81% by CRH and 19% by the Company, and therefore is a connected person of the Company under the Listing Rules.

A summary of the terms of the assets transfer agreement is as follows:-

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|------------------------|---|
| Date: | 28 February 2010 |
| Parties: | Fab 5, being a wholly owned subsidiary of the Company, and Fab 2, an 8-inch fabrication facility owned as to 81% by CRH and 19% by the Company |
| Nature of transaction: | Fab 5 has agreed to purchase from Fab 2 certain fixed assets including equipment and machinery at a consideration of RMB7.9 million, using its internal resources. Fab 2 purchased these fixed assets for US\$1.12 million. |
| Consideration: | The consideration was arrived after arm's length negotiation between the parties with reference to the net book value of the fixed assets as at 31 January 2010 plus certain de-installation costs. |
| Payment Terms: | The consideration shall be paid in cash in one lump sum payment within 5 days after delivery orders made by the purchaser are confirmed. |
| Completion Date: | Completion shall take place on the day on which the assets have been transferred to the purchaser. |

Rationale for entering into the assets transfer agreement

Fab 5, being a 6-inch wafer foundry operator in China, plans to expand its manufacturing capacity by acquiring excess machinery and equipment from Fab 2 to enhance its bottle-neck capability. This acquisition will add approximately 3,000 wafers per month to its current capacity as well as improve its manufacturing precision into a higher level.

The Directors believe that the transaction contemplated under the assets transfer agreement can strengthen the manufacturing capability of the existing foundries of Fab 5 in a more efficient manner and is in the interests of the Company and its Shareholders as a whole. The Directors are of the view that the terms of the asset transfer agreement are entered into on an arm's length basis, on normal commercial terms and are fair and reasonable in so far as the interests of the Shareholders are concerned.

Listing Rules implications

Fab 5 is a wholly owned subsidiary of the Company principally engaged in 6-inch wafer fabrication. Fab 2 is an 8-inch wafer fabrication facility indirectly owned as to 81% by CRH and 19% by the Company, and therefore a connected person of the Company under the Listing Rules. The transaction contemplated under the assets transfer agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios of the transaction under the assets transfer agreement are less than 2.5%, the transaction is only subject to reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and is exempted from the independent shareholders' approval requirements under the Listing Rules.

B. CONTINUING CONNECTED TRANSACTIONS

Wafer foundry services agreements and wafer purchase agreement

Fab 2 has been providing wafer processing services to several subsidiaries of the Company, namely CR Semico, CR PowTech and IPS (Wuxi), for the production of wafers since October 2009. It is also expected that IPS (HK), another subsidiary of the Company, will purchase wafer from CSMC Asia, a company indirectly holding the entire interest of Fab 2, from 2010 onwards. CSMC Asia is the sales agent of Fab 2 in Hong Kong for Fab 2's overseas business. Accordingly, IPS (HK) will purchase wafers from CSMC Asia for its Integrated Circuit ("IC") design business. In order to formalise the arrangement, on 28 February 2010, Fab 2 entered into a wafer foundry services agreement with each of CR Semico, CR PowTech and IPS (Wuxi), respectively, and CSMC Asia entered into a wafer purchase agreement with IPS (HK), for a term of three years starting from 1 January 2010 to 31 December 2012. CR Semico and CR PowTech are indirect non-wholly owned subsidiaries of the Company; IPS (Wuxi) and IPS (HK) are indirect wholly owned subsidiaries of the Company. CR Semico, CR PowTech, IPS (Wuxi) and IPS (HK) are principally engaged in designing and developing integration circuits and semiconductors devices. CSMC Asia is a connected person of the Company under the Listing Rules.

In 2009, the aggregated fees paid by CR Semico, CR PowTech and IPS (Wuxi) to Fab 2 for the wafer processing services was approximately HK\$1,711,000 and is exempted from the disclosure requirement under Rule 14A.33 of the Listing Rules. As at the date of this announcement, the aggregated fees paid by CR Semico, CR PowTech and IPS (Wuxi) for the services since 1 January 2010

amounted to less than HK\$1 million and accordingly are exempted from the reporting, announcement and independent shareholders' approval requirements under the Listing Rules. There is no transaction between IPS (HK) and CSMC Asia prior to the date of this announcement.

The wafer foundry services agreements set out the detailed procedures upon which Fab 2 is to assist CR Semico, CR PowTech and IPS (Wuxi) in preparing for mass production of wafers designed by them. The wafer purchase agreement sets out the detailed procedures upon which CSMC Asia will produce wafers in accordance with the specified requirements of IPS (HK). The pricing for the production of the wafers and purchase of wafers is to be agreed by the parties after arms' length negotiation each time when an order is being placed, which takes effect from 1 January 2010 to 31 December 2012.

Stated below is a table of proposed annual caps for each of the three years ending 31 December 2012 for transactions under the wafer foundry services agreements and wafer purchase agreement on an aggregated basis which the Directors consider fair and reasonable:-

| Year | 2010 | 2011 | 2012 |
|-----------------------|-------------|-------------|-------------|
| Annual cap (HK\$'000) | 41,600 | 55,200 | 67,600 |

The above proposed annual caps are made after taking into account:-

- (i) the annual demand for wafer processing services from CR Semico, CR PowTech and IPS (Wuxi) based on the estimates prepared by the Group for the three years ending 31 December 2012;
- (ii) the annual demand of wafers to be purchased by IPS (HK) from CSMC Asia based on the estimates prepared by the Group for the three years ending 31 December 2012;
- (iii) CR Semico, CR PowTech and IPS (Wuxi) will continue to engage Fab 2 for wafer processing in proportion to their respective estimated production growth; and
- (iv) IPS (HK) will continue to purchase wafers from CSMC Asia in proportion to its estimated production growth.

Mask sale agreement between Fab2 and Wuxi CRM

Wuxi CRM, an indirect wholly owned subsidiary of the Company, has been providing customised masks to Fab 2 for the production of wafers in Fab 2 since November 2009. In order to formalise the arrangement, Wuxi CRM entered into a mask sale agreement on 28 February 2010 with Fab 2 for a period of three years starting from 1 January 2010 to 31 December 2012. Wuxi CRM is principally engaged in the manufacturing and sale of IC and relevant processing materials, packaging and testing of IC and in investing holding.

In 2009, masks sold by Wuxi CRM to Fab 2 amounted to approximately HK\$304,000. As at the date of this announcement, the masks sold to Fab 2 since 1 January 2010 amounted to less than HK\$1 million and accordingly the transactions are exempted from the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

The mask sale agreement sets out the detailed procedures upon which Wuxi CRM is to produce masks for Fab 2 in accordance with the specified requirements of Fab 2. The pricing for the masks is pre-determined and agreed by the parties after arms' length negotiation in the mask sale agreement which takes effect from 1 January 2010 to 31 December 2012.

Stated below is a table of proposed annual caps for each of the three years ending 31 December 2012 for the transactions under the mask sale agreement which the Directors consider fair and reasonable:-

| Year | 2010 | 2011 | 2012 |
|-----------------------|-------------|-------------|-------------|
| Annual cap (HK\$'000) | 11,700 | 14,000 | 16,800 |

The above proposed annual caps are made after taking into account:-

- (i) the annual demand for masks from Fab 2 on the basis of estimates prepared by the Group and confirmed by the Fab 2 for the three years ending 31 December 2012;
- (ii) Fab 2 will continue to purchase masks from Wuxi CRM in proportion to the its estimated production growth; and
- (iii) an increase in processing costs of Wuxi CRM for each of the three years ending 31 December 2012.

Reasons and benefits of the continuing connected transactions

The reasons and benefits of the transactions contemplated under the wafer foundry services agreements, wafer purchase agreement and the mask sale agreement are:-

- (i) the Group has had long-standing business relationships with Fab 2 and CSMC Asia;
- (ii) Wuxi CRM as one of the few qualified mask manufacturers in the PRC, can provide customised mask products and services to Fab 2 and generate steady income for the Group; and
- (iii) Fab 2 can provide qualified wafer foundry services based on its extensive manufacturing platforms to the design houses in the Group comprising, among other things, 0.35 Trench DMOS platform for applications in computer main board and DC-DC convertor of IPS (Wuxi), 0.35 Flat Cell platform for STN driver in cell phones of CR Semico, and 0.35 Mixed-signal platform for Power Management Unit and Application Specific Integrated Circuit of CR PowTech.

The Directors are of the view that the terms of the wafer foundry services agreements, wafer purchase agreement and mask sale agreement are entered into on an arm's length basis, on normal commercial terms and the proposed annual caps are fair and reasonable so far as the interests of the Shareholders are concerned.

General

Information on the Group, CSMC Asia and Fab 2

The Group, through its subsidiary companies, is principally engaged in IC open foundry operations as well as IC design, discrete devices and IC testing and packaging. Its operations are located primarily in Wuxi, Shenzhen, Shanghai and Beijing.

Fab 2 is an 8-inch open foundry principally engaged in wafer fabrication and it is indirectly wholly owned by CSMC Asia, which is principally engaged in wafer trading business.

Listing Rules implications

The transactions contemplated under the wafer foundry services agreements, wafer purchase agreement and mask sale agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios of the annual caps for the wafer foundry services, the purchase of wafers and the sale of masks, respectively, exceed 0.1% but are less than 2.5%, the continuing connected transactions are exempted from the independent shareholders' approval requirements under Rule 14A.34 of the Listing Rules and are only subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 and the requirements under Rules 14A.35(1) and 14A.35(2) of the Listing Rules.

C. DEFINED TERMS USED IN THIS ANNOUNCEMENT

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| “Board” | the board of Directors |
| “Company” | China Resources Microelectronics Limited, a company incorporated in the Cayman Islands, the shares of which are listed on the Stock Exchange |
| “CRH” | China Resources (Holdings) Company Limited, the substantial and controlling shareholder of the Company |
| “CR PowTech” | CR PowTech (Shanghai) Limited, a company established in the PRC with limited liability, a 95.83% indirect non-wholly owned subsidiary of the Company |
| “CR Semico ” | Wuxi China Resources Semico Company Limited, a company incorporated in the PRC and a 91.76% indirect non-wholly owned subsidiary of the Company |
| “CSMC Asia” | CSMC Asia Limited, a company incorporated in Hong Kong and indirectly owned as to 81% by CRH and 19% by the Company, indirectly holds the entire interest of Fab 2 |
| “Director(s)” | director(s) of the Company, including independent non-executive director(s) |
| “Fab 2” | CSMC Technologies Fab 2 Co., Ltd., a company incorporated in the PRC and indirectly owned as to 81% by CRH and 19% by the Company |
| “Fab 5” | Wuxi CR Semiconductor Wafers & Chips Ltd, a company incorporated in the PRC and indirectly wholly owned by the Company. |

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| “Group” | the Company and its subsidiaries |
| “IPS (Wuxi) ” | InPower Semiconductor (Wuxi) Co., Ltd, a company established in the PRC with limited liability, an indirect wholly-owned subsidiary of the Company |
| “IPS (HK)” | InPower Semiconductor Company Limited, a company incorporated in Hong Kong and indirectly wholly owned by the Company |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| “PRC” or “China” | the People’s Republic of China, which, for the purpose of this announcement, unless otherwise specified, excludes the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan |
| “Shareholders” | holder(s) of the share(s) of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “HK\$” | Hong Kong dollars, the legal currency of Hong Kong |
| “RMB” | Renminbi, the legal currency of the PRC |
| “US\$” | United States dollars, the legal currency of the United States of America |
| “Wuxi CRM” | Wuxi China Resources Microelectronics Company Limited, a company incorporated in the PRC and an indirect wholly owned subsidiary of the Company |

By order of the Board
China Resources Microelectronics Limited
Tim Ngan Siu Hung
Company Secretary

Hong Kong, 1 March 2010

As at the date of this announcement, the executive directors of the Company are Mr. SONG Lin (Chairman), Dr. Peter CHEN Cheng-yu (Vice Chairman) and Mr. WANG Guoping (Chief Executive Officer); the non-executive directors are Mr. ZHU Jinkun (Vice Chairman), Mr. JIANG Wei, Mr. LI Fuzuo, Mr. DU Wenmin and Mr. Frank LAI Ni Hium; and the independent non-executive directors are Mrs. OON Kum Loon, Mr. Ralph Sytze YBEMA and Professor KO Ping Keung.