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### **CONNECTED TRANSACTION**

The Board announces that on 12 July 2010, Fab 1, a wholly owned subsidiary of the Company, entered into an assets transfer agreement in relation to purchase certain fixed assets from 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 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.

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

Date:	12 July 2010
Parties:	Fab 1, a wholly owned subsidiary of the Company, and  Fab 2, an 8-inch fabrication facility indirectly owned as to 81% by CRH and 19% by the Company
Nature of transactions:	Fab 1 has agreed to purchase from Fab 2 certain fixed assets including equipment

and machinery at a consideration of RMB3.9 million, using its internal resources.

Purchase Price:	The purchase price was arrived after arm's length negotiation between the parties with reference to the net book value of the fixed assets as at 31 May 2010 plus certain de-installation costs.
Payment Terms:	The considerations 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 1, being a 6-inch wafer foundry operator in China, plans to maintain its manufacturing capacity by acquiring excess machinery and equipment from Fab 2 to enhance its bottle-neck capability and replace certain outmoded equipment. This acquisition will also improve Fab 1's manufacturing precision into a higher level.

The Directors believe that the transaction contemplated under the assets transfer agreement can enhance the manufacturing capability of the existing foundry 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 1 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 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.

## **General**

### *Information on the Group and Fab 2*

The Group, through its subsidiary companies, is principally engaged in Integrated Circuit ("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, Beijing and Hong Kong.

Fab 2 is an 8-inch open foundry principally engaged in wafer fabrication and it is indirectly wholly owned as to 81% by CRH and 19% by the Company.

## **DEFINED TERMS USED IN THIS ANNOUNCEMENT**

<b>"Board"</b>	the board of Directors
<b>"Company"</b>	China Resources Microelectronics Limited, a company incorporated in the Cayman Islands, the shares of which are listed on the Stock Exchange
<b>"CRH"</b>	China Resources (Holdings) Company Limited, the substantial and controlling shareholder of the Company
<b>"Director(s)"</b>	director(s) of the Company, including independent non-executive director(s)
<b>"Fab 1"</b>	CSMC Technologies Fab 1 Co., Ltd., a company incorporated in the PRC and indirectly wholly owned by the Company
<b>"Fab 2"</b>	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
<b>"Group"</b>	the Company and its subsidiaries
<b>"Listing Rules"</b>	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
<b>"PRC" or "China"</b>	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

<b>“Shareholders”</b>	holder(s) of the share(s) of the Company
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“RMB”</b>	Renminbi, the legal currency of the PRC

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

Hong Kong, 13 July 2010

*As at the date of this announcement, the executive directors of the Company are Mr. WANG Guoping (Chairman and Chief Executive Officer) and Dr. Peter CHEN Cheng-yu (Vice Chairman); 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.*