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華潤電力控股有限公司
China Resources Power Holdings Company Limited
*(incorporated in Hong Kong with limited liability
under the Companies Ordinance)*
(Stock Code: 836)



華潤微電子有限公司
China Resources Microelectronics Limited
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 597)

JOINT ANNOUNCEMENT

CONTINUING CONNECTED TRANSACTION

DIRECT POWER SUPPLY FROM CHINA RESOURCES POWER (CHANGSHU) CO., LTD. TO WUXI CHINA RESOURCES MICROELECTRONICS CO, LTD. AND TO CSMC TECHNOLOGIES FAB 2 CO., LTD

Summary

On 26 August 2010, CRM (Wuxi), a wholly-owned subsidiary of CR Microelectronics entered into the Direct Power Supply Agreement with CRP (Changshu), a wholly-owned subsidiary of CR Power, pursuant to which CRP (Changshu) agreed to supply and CRM (Wuxi) agreed to purchase electricity on a continuing basis for a period of one year from 1 October 2010 to 30 September 2011.

It is agreed that CRM (Wuxi) will facilitate Fab 2 to consume part of the electricity supplied by CRP (Changshu) under the Direct Power Supply Agreement and Fab 2 shall bear the expenditure for the actual volume of electricity consumed by it. CRM (Wuxi) will only act as the payment agent for Fab 2 to pay for such utility charges.

CR Power and CR Microelectronics are owned as to 64.27% and 60.61% by CRH, respectively. CRH is therefore the controlling and substantial shareholder of CR Power and CR Microelectronics. As fellow subsidiaries, CR Power and CR Microelectronics is a connected person of each other under the Listing Rules. As Fab 2 is indirectly owned as to 81% by CRH and 19% by CR Microelectronics, it is also a connected person of CR Power under the Listing Rules. The transaction contemplated under the Direct Power Supply Agreement thus constitutes continuing connected transaction for both CR Power and CR Microelectronics under Chapter 14A of the Listing Rules. Base on the percentage ratios applicable to each of CR Power and CR Microelectronics, the transaction is only subject to reporting and announcement requirements and exempted from the requirement of independent shareholders' approval pursuant to Rule 14A.32 of the Listing Rules.

On 26 August 2010, CRP (Changshu) and CRM (Wuxi) entered into the Direct Power Supply Agreement pursuant to which CRP (Changshu) agreed to supply and CRM (Wuxi) agreed to purchase electricity, directly from each other. It is agreed that CRM (Wuxi) will facilitate Fab 2 to consume part of the electricity supplied by CRP (Changshu) under the Direct Power Supply Agreement and Fab 2 shall bear the expenditure for the actual volume of electricity consumed by it.

The Direct Power Supply Agreement

Date: 26 August 2010

Supplier: CRP (Changshu), a wholly-owned subsidiary of CR Power

Purchaser: CRM (Wuxi), a wholly-owned subsidiary of CR Microelectronics

Period:

One year from 1 October 2010 to 30 September 2011, subject to the approval from relevant authorities in the PRC.

Subject:

CRP (Changshu) will supply electricity, on a continuing basis directly from its power plant located in Changshu City, Jiangsu Province, to CRM (Wuxi) from 1 October 2010 to 30 September 2011.

Basis of consideration and other obligations:

Pursuant to the Direct Power Supply Agreement, the unit price for the electricity is determined after arm's length negotiation and with reference to the range of on-grid tariffs chargeable by CRP (Changshu) to the power grid and the end user tariffs applicable to CRM (Wuxi).

Both parties agreed that the electricity fee payable by CRM (Wuxi) shall be paid to Jiangsu Provincial Power Company (江蘇省電力公司), which operates the power grid in Jiangsu Province and provides power distribution services, on a monthly basis based on the actual usage. Jiangsu Provincial Power Company shall receive the electricity fee on behalf of CRP (Changshu) and settle with CRP (Changshu) on a monthly basis. The arrangements of fee settlement are governed by a separate distribution service agreement to be entered into among CRP (Changshu), CRM (Wuxi) and Jiangsu Provincial Power Company.

In the event CRP (Changshu) failed to supply the contracted amount of electricity under the Direct Power Supply Agreement to CRM (Wuxi) and for such reason CRM (Wuxi) has to purchase from Jiangsu Provincial Power Company, CRP (Changshu) agreed to reimburse CRM (Wuxi) the difference between the unit price under the Direct Power Supply Agreement and the unit price charged by Jiangsu Provincial Power Company. In the event the amount of electricity purchased by CRM (Wuxi) is lower than 97% of the contracted amount under the Direct Power Supply Agreement, CRM (Wuxi) is required to pay CRP (Changshu) 10% of such shortfall as compensation.

Conditions for the Direct Power Supply Agreement

The Direct Power Supply Agreement will become effective upon the following conditions being satisfied:

- (1) Obtaining necessary approvals from the State Electricity Regulatory Commission (國家電力監管委員會) and other relevant authorities;
- (2) Obtaining approvals from the Stock Exchange for the transaction, if required;
- (3) Completion of filing procedures to the local electricity regulatory authorities; and
- (4) The distribution service agreement to be entered into among CRP (Changshu), CRM (Wuxi) and Jiangsu Provincial Power Company becoming effective.

Arrangement with Fab 2

It is agreed that CRM (Wuxi) will facilitate Fab 2 to consume part of the electricity supplied by CRP (Changshu) under the Direct Power Supply Agreement, for the whole contracted period which Fab 2 shall bear the expenditure for the actual volume of electricity consumed by it. CRM (Wuxi) will only act as its payment agent to pay for such utility charges.

Annual caps and basis of determination

On the basis the Direct Power Supply Agreement becomes effective on 1 October 2010, the estimated annual caps for the transaction under the Direct Power Supply Agreement for CR Power are HK\$40 million and HK\$120 million for each of the two periods: (1) from 1 October 2010 to 31 December 2010; and (2) from 1 January 2011 to 30 September 2011, respectively.

On the basis the Direct Power Supply Agreement becomes effective on 1 October 2010, after deducting the estimated amount of electricity to be consumed by Fab 2, the estimated annual caps for the transaction under the Direct Power Supply Agreement for CR Microelectronics are HK\$28 million and HK\$85 million for each of the two periods: (1) from 1 October 2010 to 31 December 2010; and (2) from 1 January 2011 to 30 September 2011, respectively.

Such cap amounts are estimated based on the volume of electricity agreed to be supplied by CRP (Changshu) and expected to be consumed by CRM (Wuxi) and Fab 2 for each of the corresponding periods and the agreed unit price, which is determined after arms length negotiation.

Reasons for and benefits of the transaction

Under a recently published 《江蘇省電力用戶與發電企業直接交易試點實施細則（試行）》(A guideline for direct power supply between user and power company in Jiangsu Province (trial)), major user of electricity may choose to enter into agreement with certain power companies to purchase electricity directly rather than from the provincial power grid company.

Electricity is the major source of power for the semiconductor manufacturing business of CR Microelectronics. In order to ensure stable electricity supply for its semiconductor manufacturing units and foundry in Jiangsu Province, CRM (Wuxi) entered into the Direct Power Supply Agreement with CRP (Changshu).

The directors of CR Power believe that the transaction will enable CRP (Changshu) to increase the power generation hours and utilisation rate of its power plant, which in turn not only maximises the plant's turnover and enhance its profitability but also helps to improve the plant's operating efficiency.

The directors of CR Microelectronics believe that the transaction will enable CR Microelectronics and its subsidiaries to benefit from the stable electricity supply at a fair, reasonable and competitive price which is relatively lower than the normal on-grid tariffs charged by the provincial power grid company, that in turn lower the operating cost of the semiconductor manufacturing units.

The directors of CR Power and CR Microelectronics believe, respectively, that (i) the transaction contemplated under the Direct Power Supply Agreement is entered into on normal commercial terms in the ordinary and usual course of business of CR Power and CR Microelectronics, respectively; and (ii) the terms of such transaction are fair and reasonable and in the best interests of CR Power and CR Microelectronics and their respective shareholders as a whole.

Information of the parties

CR Power, through its subsidiaries, is principally engaged in the investment, development, operation and management of power plants and investment and operation of coal mines in the PRC.

CRP (Changshu), a wholly-owned subsidiary of CR Power, is principally engaged in the operation of a power plant which comprises three 650MW coal-fired units in Changshu City, Jiangsu Province, the PRC.

CR Microelectronics, through its subsidiaries, 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, Beijing and Hong Kong.

CRM (Wuxi), a wholly-owned subsidiary of CR Microelectronics, is principally engaged in manufacturing and sales of IC and relevant processing materials, utilities provision and management, and investment holding.

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

Implication of the Listing Rules

CR Power and CR Microelectronics are owned as to 64.27% and 60.61% by CRH, respectively. CRH is therefore the controlling and substantial shareholder of CR Power and CR Microelectronics. As fellow subsidiaries, CR Power and CR Microelectronics is a connected person of each other under the Listing Rules. Since Fab 2 is indirectly owned as to 81% by CRH and 19% by CR Microelectronics, it is also a connected person of CR Power under the Listing Rules. The transaction contemplated under the Direct Power Supply Agreement thus constitutes continuing connected transaction for both CR Power and CR Microelectronics under Chapter 14A of the Listing Rules. Base on the percentage ratios applicable to each of CR Power and CR Microelectronics, the transaction is only subject to reporting and announcement requirements and exempted from the requirement of independent shareholders' approval pursuant to Rule 14A.32 of the Listing Rules.

No director of CR Power or CR Microelectronics had any material interest in the transaction.

Definitions

In this announcement, the following expressions have the meanings set out below unless the context indicated otherwise.

“connected person”	has the meaning ascribed to it under the Listing Rules
“CRH”	China Resources (Holdings) Company Limited, a limited liability company incorporated in Hong Kong and a controlling shareholder of both CR Power and CR Microelectronics
“CR Microelectronics”	China Resources Microelectronics Limited (Stock Code: 597), a limited liability company incorporated in the Cayman Islands. The shares of which are listed on the Main Board of the Stock Exchange
“CRM (Wuxi)”	無錫華潤微電子有限公司 (Wuxi China Resources Microelectronics Co., Ltd.*), a limited liability company established in the PRC and a wholly-owned subsidiary of the CR Microelectronics
“CR Power”	China Resources Power Holdings Company Limited (Stock Code: 836), a company incorporated in Hong Kong with limited liability. The shares of which are listed on the Main Board of the Stock Exchange
“CRP (Changshu)”	華潤電力(常熟)有限公司 (China Resources Power (Changshu) Co., Ltd.*), a wholly foreign owned enterprise established in the PRC with limited liability and a wholly-owned subsidiary of CR Power
“Direct Power Supply Agreement”	the direct power supply agreement dated 26 August 2010 entered into between CRP (Changshu) (as supplier) and CRM (Wuxi) (as purchaser) for electricity
“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 CR Microelectronics
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“IC”	integrated circuit, an electronic circuit where all the elements of the circuit are integrated together on a single semiconductor substrate

“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
“PRC” or “China”	The People’s Republic of China
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

* *Name translated for reference purposes only in this announcement.*

By Order of the Board
**CHINA RESOURCES POWER HOLDINGS
COMPANY LIMITED**
WANG Xiao Bin
Executive Director & Company Secretary

By Order of the Board
**CHINA RESOURCES
MICROELECTRONICS LIMITED**
TIM NGAN Siu Hung
Company Secretary

Hong Kong, 26 August 2010

As at the date of this announcement, the executive directors of China Resources Power Holdings Company Limited are Mr. WANG Shuai Ting, Mr. WANG Yu Jun, Ms. WANG Xiao Bin, Mr. ZHANG Shen Wen and Mr. LI She Tang; the non-executive directors are Mr. DU Wenmin, Mr. SHI Shanbo, Mr. WEI Bin and Dr. ZHANG Haipeng; and the independent non-executive directors are Mr. Anthony H. ADAMS, Mr. CHEN Ji Min, Mr. MA Chiu-Cheung, Andrew, Ms. Elsie LEUNG Oi-sie and Dr. Raymond K. F. CH’IEN.

As at the date of this announcement, the executive directors of China Resources Microelectronics Limited are Mr. WANG Guoping (Chairman) and Mr. Elvis DENG Mao-song (Chief Executive Officer); the non-executive directors are Dr. Peter CHEN Cheng-yu, Mr. DU Wenmin, Mr. SHI Shanbo, Mr. WEI Bin and Dr. ZHANG Haipeng; and the independent non-executive directors are Mrs. OON Kum Loon, Mr. Ralph Sytze YBEMA, Professor KO Ping Keung Mr. LUK Chi Cheong and Mr. WONG Tak Shing.

As at the date of approving the Direct Power Supply Agreement by the board, the executive directors of China Resources Microelectronics Limited 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.