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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)

ANNOUNCEMENT

CONTINUING CONNECTED TRANSACTIONS

SUMMARY

On 7 March 2011, CSMC, a wholly-owned subsidiary of the Company, entered into the Services Agreement with Fab 2, a company indirectly beneficially owned as to 81% by CRH and 19% by the Company, pursuant to which CSMC agreed to provide certain supporting services to Fab 2 on a continuing basis for the three years ending 31 December 2013.

CRH is the controlling shareholder of the Company holding indirectly approximately 60.60% of the Company's entire issued share capital. Fab 2 is indirectly beneficially owned as to 81% by CRH and 19% by the Company. As such, Fab 2 is an associate of the controlling shareholder of the Company and thus it is a connected person of the Company, and the transactions contemplated under the Services Agreement constitute continuing connected transactions for the Company under the Listing Rules.

As the highest applicable percentage ratio (other than the profits ratio) for the fees contemplated under the Services Agreement are expected to exceed 0.1% but below 5% as specified under the Listing Rules on an annual basis, and the transactions are conducted in accordance with normal commercial terms, the Services Agreement is exempt from the independent shareholders' approval requirement under Rule 14A.34 of the Listing Rules, but shall be subject to the relevant reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules and the relevant annual review requirements under Rules 14A.37 to 14A.40 of the Listing Rules.

Services Agreement

On 7 March 2011, CSMC and Fab 2 entered into the Services Agreement pursuant to which CSMC agreed to provide, or to procure any other Group Companies to provide, certain supporting services to Fab 2 in relation to the operation of its 8 inch facility.

A summary of the terms of the Services Agreement are as follows:

Date:	7 March 2011
Parties:	CSMC, as service provider Fab 2, as service recipient
Period:	For the three years ending 31 December 2013
Subject:	Pursuant to the Services Agreement CSMC agrees to provide, or to procure any other Group Companies to provide, certain supporting services to Fab 2 in relation to the operation of its 8 inch facility as well as certain general administrative support. Such supporting services can be broadly divided into 11 categories namely general management services; sales and marketing; technology development; design services; purchasing; planning and operation support; quality assurance; group human resources; information network systems; administration and finance; and environmental, safety and health. Services fees will be charged to Fab 2 on a quarterly basis.

Estimated Annual Cap

The aggregate amount of the services fee payable under the Services Agreement will not exceed HK\$130 million, HK\$150 million and HK\$150 million for each of the three years ending 31 December 2013 respectively. Such caps were mutually agreed between both parties based on arm's length negotiation by reference to the employment costs to be incurred by CSMC in providing such supporting services, the general administrative expenditure to be incurred by relevant department and the historical services rendered to Fab 2. The caps under the previous services agreement dated 30 April 2008 previously approved for the same services for each of the three years ended 31 December 2010 were HK\$90 million, HK\$100 million and HK\$110 million respectively. Actual services fee incurred for each of the three years ended 31 December 2010 were approximately HK\$57.1 million, HK\$88.7 million and HK\$101.7 million respectively. The increase of the latest annual caps under the Services Agreement when compared with the historical figures is mainly due to the expected organic growth of operations of Fab 2. The basis of charging Fab 2 for the services rendered under the Services Agreement will be 60% of the actual costs incurred by the Group for the above functions on its foundry operations. This percentage has been determined by the approximate proportionate net asset value of Fab 2 and the other foundry operations of the Group. The Directors believe the terms of the Services Agreement and the proposed annual caps are fair and reasonable and in the interests of the Company and its shareholders as a whole.

As at the date of this announcement, the aggregated fee paid by Fab 2 for the services to CSMC since 1 January 2011 amounted to nil.

Reasons for and benefits of the transaction

Under the Services Agreement, the Group will continue to provide similar supporting services, as in the previous services agreement dated 30 April 2008, to Fab 2 in relation to the operation of its 8-inch facility as well as certain general administrative support. This will enable the Group to develop in conjunction with its clients new products which require a higher degree of precision and greater complexity for which 8-inch wafers are more suitable. Centralised administration and purchasing functions are also anticipated to bring economy of scale to both the Group and Fab 2.

The Directors are of the opinion that the Services Agreement is entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms after arms' length negotiations; and (iii) on terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Implication of the Listing Rules

CRH is the controlling shareholder of the Company holding indirectly approximately 60.60% of the Company's issued share capital. Fab 2 is a joint venture indirectly beneficially owned as to 81% by CRH and 19% by the Company. As such, Fab 2 is an associate of the controlling shareholder of the Company and thus it is a connected person of the Company, and the transactions contemplated under the Services Agreement constitute continuing connected transactions for the Company under the Listing Rules.

As the highest applicable percentage ratio (other than the profits ratio) in respect of the fees contemplated under the Services Agreement are expected to exceed 0.1% but below 5% as specified under the Listing Rules on an annual basis, and the transactions are conducted in accordance with normal commercial terms, the Services Agreement is exempt from the independent shareholders' approval requirement under Rule 14A.34 of the Listing Rules, but shall be subject to the relevant reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules and the relevant annual review requirements under Rules 14A.37 to 14A.40 of the Listing Rules.

Information of the parties

The Company, through its subsidiaries, 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.

No Director had any material interest in the Services Agreement and the transactions contemplated under the Services Agreement, and none of them had abstained from voting on the board resolutions approving the Services Agreement and the transactions contemplated thereunder.

Definitions

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

"associate"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Company"	China Resources Microelectronics Limited, a company incorporated under the laws of the Cayman Islands whose shares are listed on the Stock Exchange
"connected person"	has the meaning ascribed to it under the Listing Rules
"CRH"	China Resources (Holdings) Company Limited, a company incorporated under the laws of Hong Kong and the controlling shareholder of the Company

“CSMC”	CSMC Technologies Corporation, a company incorporated under the laws of the British Virgin Islands and a wholly-owned subsidiary of the Company principally engaged in providing management and supporting services
“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 beneficially owned as to 81% by CRH and 19% by the Company
“Group”	the Company and its subsidiaries
“Group Company(ies)”	member(s) of the Group
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China
“Services Agreement”	the services agreement entered into between CSMC as service provider and Fab 2 as service recipient on 7 March 2011
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 8 March 2011

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