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**CRH
(Microelectronics) Limited**

(incorporated in the BVI with limited liability)



**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

PROPOSAL TO PRIVATISE CHINA RESOURCES MICROELECTRONICS LIMITED BY WAY OF A SCHEME OF ARRANGEMENT UNDER SECTION 86 OF THE COMPANIES LAW OF THE CAYMAN ISLANDS

PROPOSED WITHDRAWAL OF LISTING OF CHINA RESOURCES MICROELECTRONICS LIMITED

PROPOSED CONDITIONAL OPTION PAYMENT TO THE OPTIONHOLDERS FOR CANCELLATION OF ALL OUTSTANDING OPTIONS

**Financial adviser to China Resources (Holdings) Company Limited and
CRH (Microelectronics) Limited**

ANGLO CHINESE 英
CORPORATE FINANCE, LIMITED 高

The Proposal

The Board announces that CRH, through its wholly-owned subsidiary, CRH (Microelectronics) Limited, has requested the Board to put forward to the Shareholders a Proposal regarding a proposed privatisation and withdrawal of listing of CRM.

The Proposal will be implemented by way of the Scheme of Arrangement between CRM, its Shareholders and CRH (Microelectronics) Limited under Section 86 of the Companies Law. Upon completion of the Scheme of Arrangement, CRM will become a wholly-owned subsidiary of CRH (Microelectronics) Limited and the listing of the Shares will be withdrawn from the Stock Exchange in compliance with Rule 6.15 of the Listing Rules.

Under the Scheme of Arrangement, the Shareholders, other than the CRH Group which will undertake to elect the Share Alternative only, will receive from CRH (Microelectronics) Limited in consideration for the cancellation of their Shares either:

the Cash Alternative: Cash of HK\$0.48 for every Share held; or

the Share Alternative: One New Share in CRH (Microelectronics) Limited for every Share held

As part of the Proposal, all 8,789,651,708 Shares in issue, comprising 5,326,855,822 Shares held by the CRH Group, representing approximately 60.6% of the issued share capital of CRM, and 3,462,795,886 Shares held by other Shareholders, representing approximately 39.4% of the issued share capital of CRM, will be cancelled, and the same number of Shares as cancelled will be issued, credited as fully paid, to CRH (Microelectronics) Limited. Please refer to the section headed “Reorganisation” in this announcement for further details. The CRH Group will undertake to elect the Share Alternative only and 5,326,855,822 New Shares less the one New Share already held by CRH will be issued, credited as fully paid and ranking pari passu with other New Shares then in issue, to CRH or such party or parties as CRH may direct in consideration for the cancellation of 5,326,855,822 Shares held by the CRH Group. In order to fund the Cash Alternative, the CRH Group will subscribe for same number of New Shares as the number of Shares in respect of which the Cash Alternative is to be paid, in addition to the New Shares to be issued in consideration for the cancellation of the Shares held by the CRH Group, at HK\$0.48 per share. Assuming all Shareholders, other than the CRH Group, elect the Share Alternative, 3,462,795,886 New Shares will be issued to them, credited as fully paid and ranking pari passu with other New Shares then in issue, and the shareholding of the CRH Group and other Shareholders in CRH (Microelectronics) Limited will be the same as that in CRM before the Scheme of Arrangement becoming effective, being approximately 60.6% and 39.4%, respectively. Assuming all Shareholders, other than the CRH Group elect the Cash Alternative, CRH (Microelectronics) Limited will be 100% owned by the CRH Group.

Shareholders, other than the CRH Group, may elect either the Cash Alternative or the Share Alternative or a combination of both. If no election is made, such Shareholders will receive the Cash Alternative. The Share Alternative offers an opportunity for the existing Shareholders to retain an indirect interest in CRM after withdrawal of listing of the Shares from the Stock Exchange. Any Shareholder who elects to receive the Share Alternative will retain indirectly through his shareholding in CRH (Microelectronics) Limited the same proportional interest in CRM as such Shareholder held immediately before the implementation of the Scheme of Arrangement.

The Scheme of Arrangement is conditional upon the fulfilment or waiver, as applicable, of the conditions described in the section headed “Conditions of the Scheme of Arrangement”, including among others, the approval of the Independent Shareholders at the Court Meeting and the sanction by the Court. If the conditions are not fulfilled or, if applicable, waived on or before 31st December, 2011, or such other date as CRH (Microelectronics) Limited and CRM may agree and the Court may allow, the Proposal and the cash offer to the Optionholders will lapse.

CRH, CRH (Microelectronics) Limited and parties acting in concert with any of them, including Gold Touch Enterprises Inc., Commotra Company Limited, Mr. Song Lin, Mr. Jiang Wei and Mr. Zhu Jinkun will, in compliance with the Takeovers Code, abstain from voting at the Court Meeting.

As at the date of this announcement, there are 14,534,223 outstanding Options held by Optionholders, of which 1,629,575 Options under the Equity Incentive Plan have an exercise price of HK\$0.078 per Option, 11,546,430 Options under the Share Option Scheme have an exercise price of HK\$0.341 and the remaining 1,358,218 Options have an exercise price of HK\$0.711 which is above the Cash Alternative. A total of 14,534,223 Shares may fall to be issued if such 14,534,223 outstanding Options are exercised by the Optionholders in full. Save as disclosed above, CRM does not have any outstanding convertible securities, warrants, options or derivatives in respect of any Shares. Pursuant to Rule 13 of the Takeovers Code, a cash offer will be made by CRH (Microelectronics) Limited conditional on the Scheme of Arrangement becoming effective to cancel all the outstanding Options. The cash offer to cancel each Option will be calculated on a “see-through” basis, pursuant to which each Optionholder will be entitled to receive a sum for his or her Options equivalent to the amount by which the Cash Alternative exceeds the exercise price of those Options, being HK\$0.402 or HK\$0.139, calculated by subtracting the exercise price of HK\$0.078 or HK\$0.341 from the Cash Alternative of HK\$0.48. For the Options with an exercise price higher than the Cash Alternative, a cash offer of a nominal amount of HK\$1 for every 5,000 Options or part thereof will be made.

FINANCIAL RESOURCES

On the basis of all Shareholders, other than the CRH Group, electing to receive the Cash Alternative and all Optionholders accepting the cash offer for cancellation of the outstanding Options, the total maximum cash consideration payable under the Proposal and the Option Payment is approximately HK\$1,664.4 million. Anglo Chinese Corporate Finance, Limited, the financial adviser to CRH and CRH (Microelectronics) Limited, is satisfied that sufficient financial resources are available to CRH (Microelectronics) Limited to implement the Proposal and the cancellation of the Options in full.

GENERAL

An independent board committee of CRM has been formed comprising one non-executive director and all three independent non-executive directors to advise the Independent Shareholders. The independent board committee of CRM will appoint an independent financial adviser to advise it in respect of the Proposal, the Option Payment and as to voting. A further announcement will be made by the Company as soon as possible after the appointment of the independent financial adviser.

A composite document including, among other things, further details of the Proposal, the cash offer to cancel all outstanding Options, the Scheme of Arrangement, an explanatory statement, the expected timetable relating to the Scheme of Arrangement, the recommendation of the independent board committee, the letter of advice from the independent financial adviser, notices of the Court Meeting and the EGM, together with the proxy forms in relation thereto will be despatched to the Shareholders and the Optionholders as soon as practicable and in compliance with the requirements of the Takeovers Code.

Shareholders and potential investors should note that the implementation of the Proposal is subject to the conditions set out in this announcement being fulfilled or waived, as applicable. The Proposal may or may not become effective. The cash offer to Optionholders may or may not become unconditional. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

Introduction

Reference is made to the Holding Announcement in relation to a possible privatisation offer in respect of CRM from CRH. On 18th July, 2011, CRH, through its wholly-owned subsidiary, CRH (Microelectronics) Limited, requested the Board to put forward to the Shareholders a Proposal which, if implemented, will result in CRM becoming a wholly-owned subsidiary of CRH (Microelectronics) Limited. The

Proposal will be implemented by way of a scheme of arrangement under section 86 of the Companies Law. The Board has agreed to put forward the Proposal as it considers the Proposal to be appropriate for consideration by its public Shareholders.

Upon the successful implementation of the Proposal, the listing of the Shares will be withdrawn from the Stock Exchange in accordance with Rule 6.15 of the Listing Rules. If approved, the Scheme of Arrangement will be binding on all Shareholders, irrespective of whether or not they attended or voted at the Court Meeting. CRH and CRH (Microelectronics) Limited will undertake to the Court and CRM to be bound by the Scheme of Arrangement.

The Proposal

Under the Scheme of Arrangement, the Shareholders, other than the CRH Group which will undertake to elect the Share Alternative only, will receive from CRH (Microelectronics) Limited in consideration for the cancellation of their Shares either:

the Cash Alternative: Cash of HK\$0.48 for every Share held; or

the Share Alternative: One New Share in CRH (Microelectronics) Limited for every Share held.

The CRH Group will undertake to elect the Share Alternative only and Shareholders, other than the CRH Group, may elect either the Cash Alternative or the Share Alternative or a combination of both. If no election is made, such Shareholders will receive the Cash Alternative. The Share Alternative offers an opportunity for the existing Shareholders to retain indirect interest in CRM after withdrawal of listing of the Shares from the Stock Exchange. Any Shareholder who elects to receive the Share Alternative only will retain indirectly through his shareholding in CRH (Microelectronics) Limited the same proportional interest in CRM as such Shareholder held immediately before the implementation of the Scheme of Arrangement.

As at the date of this announcement, a total of 5,326,855,822 Shares, representing approximately 60.6% of the issued share capital of CRM, are held directly by Gold Touch Enterprises Inc. and Commotra Company Limited as to 5,326,850,822 and 5,000 Shares, respectively. Gold Touch Enterprises Inc. and Commotra Company Limited are wholly owned subsidiaries of CRH.

As at the date of this announcement, Mr. Song Lin, Mr. Jiang Wei and Mr. Zhu Jinkun, who are directors of CRH, hold 1,245,533, 537,614 and 79,150 Shares, respectively, representing approximately 0.01%, 0.01% and 0.001% of the issued share capital of CRM, respectively.

Save as disclosed above, none of CRH, CRH (Microelectronics) Limited and parties acting in concert with any of them holds any Shares.

Save for Mr. Zhu Jinkun, who is a director of CRH and has sold 990,000 Shares at the price of HK\$0.44 per Share on 11th May, 2011, none of CRH, CRH (Microelectronics) Limited nor parties acting in concert with any of them has dealt in the Shares in the six months immediately preceding the date of the Holding Announcement and the period since the date of the Holding Announcement up to the date of this announcement.

Reorganisation

CRH (Microelectronics) Limited and CRM have undertaken and will undertake the following reorganisation steps to implement the Scheme of Arrangement:

- CRH (Microelectronics) Limited was incorporated in the BVI on 8th July, 2011 with an authorised share capital of US\$100,000,000 divided into 10,000,000,000 New Shares;
- one New Share of CRH (Microelectronics) Limited has been allotted and issued to CRH, credited as nil paid;
- pursuant to the Scheme of Arrangement, on its effective date, CRM shall allot and issue one Share to CRH (Microelectronics) Limited. Thereafter, save for the aforesaid one Share issued to CRH (Microelectronics) Limited, all 8,789,651,708 Shares in issue, comprising 5,326,855,822 Shares held by the CRH Group, representing approximately 60.6% of the issued share capital of CRM, and 3,462,795,886 Shares held by other Shareholders, representing approximately 39.4% of the issued share capital of CRM, will be reduced, extinguished and cancelled on the effective date of the Scheme of Arrangement;
- immediately after the cancellation of all the issued Shares of CRM (save for the one Share issued to CRH (Microelectronics) Limited) as described above, the issued share capital of CRM shall be increased back to the amount prior to the cancellation of the issued Shares of CRM by the allotment and issue of 8,789,651,708 Shares less one Share already issued to CRH (Microelectronics) Limited, credited as fully paid, to CRH (Microelectronics) Limited, and CRM will become a wholly-owned subsidiary of CRH (Microelectronics) Limited and the reserve created as a result of the cancellation described above shall be used to pay up in full at par the Share already issued to CRH (Microelectronics) Limited and the aforesaid 8,789,651,708 Shares less one Share already issued to CRH (Microelectronics) Limited;

- the CRH Group will undertake to elect the Share Alternative only and 5,326,855,822 New Shares less the one New Share already held by CRH will be issued, credited as fully paid and ranking pari passu with other New Shares then in issue, to CRH or such party or parties as CRH may direct and the one New Share already held by CRH which is nil paid shall be credited as fully paid both in consideration for the cancellation of 5,326,855,822 Shares held by the CRH Group;
- Shareholders, other than the CRH Group, can elect either the Cash Alternative or the Share Alternative, or a combination of both. In order to fund the Cash Alternative, the CRH Group will subscribe for same number of New Shares as the number of Shares in respect of which the Cash Alternative is to be paid, in addition to the New Shares to be issued in consideration for the cancellation of the Shares held by the CRH Group, at HK\$0.48 per New Share; and
- assuming all Shareholders, other than the CRH Group, elect the Share Alternative, 3,462,795,886 New Shares will be issued to them, credited as fully paid and ranking pari passu with other New Shares then in issue, and the shareholding of the CRH Group and other Shareholders in CRH (Microelectronics) Limited will be the same as that in CRM, being approximately 60.6% and 39.4%, respectively. Assuming all Shareholders, other than the CRH Group, elect the Cash Alternative, CRH (Microelectronics) Limited will be 100% owned by the CRH Group.

The Cash Alternative

The cash consideration of HK\$0.48 per Share under the Cash Alternative represents:

- a premium of approximately 10.3% over the closing price of HK\$0.435 per Share as quoted on the Stock Exchange on 18th July, 2011, being the last day on which the Shares traded before the publication of this announcement;
- a premium of approximately 43.3% over the closing price of HK\$0.335 per Share as quoted on the Stock Exchange on 27th June, 2011, being the last day on which the Shares traded before the suspension of the Shares pending the publication of the Holding Announcement;
- a premium of approximately 40.4% over the 5 day average closing price of approximately HK\$0.342 per Share during the period ended 27th June, 2011, being the last day on which the Shares traded before the suspension of the Shares pending the publication of the Holding Announcement;
- a premium of approximately 40.4% over the 10-day average closing price of approximately HK\$0.342 per Share during the period ended 27th June, 2011, being the last day on which the Shares traded before the suspension of the Shares pending the publication of the Holding Announcement;

- a premium of approximately 29.7% over the 30-day average closing price of approximately HK\$0.370 per Share during the period ended 27th June, 2011, being the last day on which the Shares traded before the suspension of the Shares pending the publication of the Holding Announcement;
- a premium of approximately 24.4% over the 60-day average closing price of approximately HK\$0.386 per Share during the period ended 27th June, 2011, being the last day on which the Shares traded before the suspension of the Shares pending the publication of the Holding Announcement;
- a premium of approximately 21.8% over the 90-day average closing price of approximately HK\$0.394 per Share during the period ended 27th June, 2011, being the last day on which the Shares traded before the suspension of the Shares pending the publication of the Holding Announcement; and
- a premium of approximately 16.2% on the value of the audited consolidated net assets attributable to Shareholders as at 31st December, 2010 of approximately HK\$0.413 per Share.

The Share Alternative

The shares of CRH (Microelectronics) Limited are shares of a newly incorporated unlisted company in the BVI.

CRH (Microelectronics) Limited is a BVI business company incorporated in the BVI with limited liability on 8th July, 2011, whose registered office is at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, BVI and a wholly-owned subsidiary of CRH. The number of authorised and issued shares of CRH (Microelectronics) Limited are 10,000,000,000 New Shares, and one New Share issued to the CRH Group, respectively. The New Shares to be issued pursuant to the Proposal will be credited as fully paid and will rank *pari passu* with all the New Shares then in issue. Shareholders of CRH (Microelectronics) Limited are entitled to receive notice of general meetings of CRH (Microelectronics) Limited and shall have the right to one vote per New Share at such meetings. There is no dividend policy and no guarantee that any dividends will be paid nor is there any dividend payment schedule in respect of the shares of CRH (Microelectronics) Limited. Payment of dividends (if any) is dependent solely on whether such payment is recommended or declared by the board of CRH (Microelectronics) Limited. Shareholders of CRH (Microelectronics) Limited would have their rights and obligations in relation to CRH (Microelectronics) Limited governed by the provisions of the BVI Business Companies Act, 2004 (as amended from time to time) and other applicable laws in the BVI. CRH (Microelectronics) Limited shall, on receipt of an instrument of transfer, enter the name of the transferee of the New Share in the register of shareholders in accordance with and subject to the provisions of its articles of association.

Shareholders of CRH (Microelectronics) Limited may also find it more difficult to find a purchaser for the New Shares if they intend to sell their shares, as there is less likely a ready market for them. As at the date of this announcement, the directors of CRH (Microelectronics) Limited are Mr. Yan Biao and Mr. Wei Bin. Mr. Yan Biao is also a director of CRH. Mr. Wei Bin is also a director of CRM.

CRH (Microelectronics) Limited is not a listed company and there is no plan for a listing of CRH (Microelectronics) Limited or CRM elsewhere after this privatisation, and therefore the shareholders of CRH (Microelectronics) Limited are not afforded the protection currently given to the Shareholders under the Listing Rules, the constitution of CRM and the laws of the Cayman Islands. However, in the event any Shareholder, other than the CRH Group, has elected the Share Alternative, the articles of association of CRH (Microelectronics) Limited will be amended to include provisions which deal with certain transactions among CRH (Microelectronics) Limited and its interested shareholders so that certain protection will be afforded to disinterested shareholders. Pursuant to such amendments:-

- (1) Save for the transactions described in paragraph (2) below, any transaction which falls under the definition of “connected transaction” or “continuing connected transaction” in Chapter 14A of the Listing Rules and are not exempt from the independent shareholders’ approval requirements under the relevant provisions of the Listing Rules as if CRH (Microelectronics) Limited were a listed issuer, shall be made conditional on prior approval by the independent shareholders.
- (2) The following transactions do not require the approval of the independent shareholders of CRH (Microelectronics) Limited:
 - (a) A shareholder of CRH (Microelectronics) Limited who has provided a shareholder’s loan has the right to subscribe for New Shares, which shall be issued and credited as fully paid by way of capitalising all or any part of the shareholder’s loan, provided that the number of New Shares to be issued will be determined by the amount of the shareholder’s loan to be capitalised and a capitalisation price per New Share equivalent to the higher of (i) the par value of a New Share and (ii) the unaudited consolidated net asset value per New Share.
 - (b) The directors of CRH (Microelectronics) Limited may approve any provision of services or supply of goods, from or to CRH (Microelectronics) Limited or any of its subsidiaries, in which a shareholder or its associate is interested, provided that such transaction is on normal commercial terms, which are terms that a party could obtain on an arm’s length basis or terms no less favourable to the company than terms available to or from independent third parties in the ordinary course of business of the company.

- (c) The directors of CRH (Microelectronics) Limited may approve any financial assistance, which includes granting credit, lending money, providing security for or guaranteeing a loan, provided by a shareholder or its associate, for the benefit of CRH (Microelectronics) Limited or any of its subsidiaries on normal commercial terms, which are terms that a party could obtain on an arm's length basis or terms no less favourable to the company than terms available to or from independent third parties, whether or not there is security to be granted over the assets of CRH (Microelectronics) Limited or its subsidiaries in respect of the financial assistance.

Immediately following the implementation of the Scheme of Arrangement CRM will be a wholly-owned subsidiary of CRH (Microelectronics) Limited and on a consolidated basis the assets and liabilities of CRH (Microelectronics) Limited will be the same as that of the CRM Group save for the costs and expenses CRH (Microelectronics) Limited may incur in connection with the Proposal. The number of issued New Shares immediately after the implementation of the Scheme of Arrangement will be the same as the number of the issued Shares in CRM immediately before the implementation.

Conditions of the Scheme of Arrangement

CRH, CRH (Microelectronics) Limited and parties acting in concert with any of them, including Gold Touch Enterprises Inc., Commotra Company Limited, Mr. Song Lin, Mr. Jiang Wei and Mr. Zhu Jinkun shall, in compliance with the Takeovers Code, abstain from voting at the Court Meeting. The Scheme of Arrangement will become effective and binding on CRM, CRH (Microelectronics) Limited and all Shareholders subject to the fulfillment or waiver, as applicable, of the following conditions:

- (a) the approval of the Scheme of Arrangement, by way of a poll, by a majority in number representing not less than 75% of the votes attaching to the Shares other than those owned by CRH and parties acting in concert with it present and voting either in person or by proxy at the Court Meeting;
- (b) the number of votes cast at the Court Meeting against the resolution to approve, by way of a poll, the Scheme of Arrangement being not more than 10% of the votes attaching to the Shares other than those held by CRH and parties acting in concert with it;
- (c) (i) the passing of a special resolution to approve and give effect to the reduction of the issued share capital of CRM by cancelling all of the issued Shares (other than one new Share issued to CRH (Microelectronics) Limited as described above) by a majority of at least 75% of the votes cast by the Independent Shareholders present and voting in person or by proxy at the EGM; (ii) the passing of an ordinary resolution to immediately thereafter increase the issued

share capital of CRM to the amount prior to the cancellation of the issued Shares of CRM and to apply the reserve created as a result of the aforesaid cancellation to pay up in full at par the one new Share issued to CRH (Microelectronics) Limited and such number of new Shares as is equal to the number of issued Shares cancelled less one new Share issued to CRH (Microelectronics) Limited as described above, credited as fully paid up, for issuance to CRH (Microelectronics) Limited;

- (d) the sanction of the Scheme of Arrangement with or without modifications by the Court, and the Court's confirmation of the reduction of the share capital of CRM and the delivery to the Registrar of Companies in the Cayman Islands of a copy of the order of the Court for registration;
- (e) compliance, to the extent necessary, with the procedural requirements of Section 15 of the Companies Law and compliance with any conditions imposed under Section 16 of the Companies Law in each case in relation to the reduction of the issued share capital of CRM;
- (f) all Authorisations having been obtained in connection with the Scheme of Arrangement from the Relevant Authorities in the Cayman Islands, and, or Hong Kong and, or any other relevant jurisdictions;
- (g) all Authorisations remaining in full force and effect without variation, and all necessary statutory or regulatory obligations in all relevant jurisdictions having been complied with and no requirement having been imposed by any Relevant Authorities which is not expressly provided for, in relevant laws, rules, regulations or codes in connection with the Proposal or any matters, documents including circulars or things relating thereto, in each aforesaid case up to and at the time when the Scheme of Arrangement becomes effective;
- (h) all necessary consents from third parties, other than, for avoidance of doubt, any that may be required from any members of the CRH Group or any of their respective associates, which may be required under any existing contractual obligations of CRM or its subsidiaries being obtained and remaining in full force and effect without modification; and
- (i) no government, governmental, quasi-government, statutory or regulatory body, court or agency in any Jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) that would make the Proposal or the Scheme of Arrangement or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material or adverse conditions or obligations with respect to the Proposal or the Scheme of Arrangement or its

implementation in accordance with its terms), other than such actions, proceedings, suits, investigations or enquiries as would not have a material adverse effect on the legal liability of CRH (Microelectronics) Limited to proceed with the Proposal or the Scheme of Arrangement.

In the event that any of condition (f), condition (g), condition (h) or condition (i) is not fulfilled, CRH (Microelectronics) Limited reserves the right to assess the materiality of such non-fulfilment and to waive the fulfilment of any such condition to such extent as it considers appropriate. Save for the relevant approvals and consents from the Court, it is expected that no other material Authorisations are required under conditions (f) to (i). Conditions (a) to (e) cannot be waived in any event. All of the above conditions will have to be fulfilled or waived, as applicable, on or before 31st December, 2011, or such other date as CRH (Microelectronics) Limited and CRM may agree and the Court may allow, otherwise the Proposal and the cash offer to the Optionholders will lapse.

Cash Offer to Optionholders

As at the date of this announcement, there are 14,534,223 outstanding Options held by Optionholders, of which 1,629,575 Options under the Equity Incentive Plan have an exercise price of HK\$0.078 per Option, 11,546,430 Options under Share Option Scheme have an exercise price of HK\$0.341 and the remaining 1,358,218 Options have an exercise price of HK\$0.711 which is above the Cash Alternative. A total of 14,534,223 Shares may fall to be issued if such 14,534,223 outstanding Options are exercised by the Optionholders in full. Save as disclosed above, CRM does not have any outstanding convertible securities, warrants, options or derivatives in respect of any Shares. There are no Options held by the directors of CRM or the directors of CRH. None of CRH, CRH (Microelectronics) Limited or any person acting in concert with any of them holds any convertible securities, warrants or options of CRM. Pursuant to Rule 13 of the Takeovers Code, a cash offer will be made by CRH (Microelectronics) Limited conditional on the Scheme of Arrangement becoming effective to cancel all the outstanding Options. The cash offer to cancel each Option will be calculated on a “see-through” basis, pursuant to which each Optionholder will be entitled to receive a sum for his or her Options equivalent to the amount by which the Cash Alternative exceeds the exercise price of those Options, being HK\$0.402 or HK\$0.139, calculated by subtracting the exercise price of HK\$0.078 or HK\$0.341 from the Cash Alternative of HK\$0.48. For the Options with an exercise price higher than the Cash Alternative, a cash offer of a nominal amount of HK\$1 for every 5,000 Options or part thereof will be made. On the basis of all Optionholders accepting the cash offer for cancellation of the outstanding Options, the total maximum Option Payment is approximately HK\$2.3 million.

Confirmation of financial resources

On the basis of all Shareholders, other than the CRH Group, electing to receive the Cash Alternative and all Optionholders accepting the cash offer for cancellation of the outstanding Options, the total maximum cash consideration payable under the Proposal and the Option Payment is approximately HK\$1,664.4 million. Anglo Chinese Corporate Finance, Limited, the financial adviser to CRH and CRH (Microelectronics) Limited, is satisfied that sufficient financial resources are available to CRH (Microelectronics) Limited to implement the Proposal and the cancellation of the Options in full.

Funding of the CRM Group's operations

Although the CRM Group has borrowed and continues to borrow from commercial banks to finance its business operations on the strength of its own financial position, increasingly it has required the support of CRH in the form of guarantees in order to raise sufficient funds to meet its capital investment requirements. While CRH will continue to support its subsidiary, it has informed CRM that as a publicly listed company it should place less reliance on financial support from its parent and instead have a sufficiently large capital base to support itself. In view of this, were the Proposal not to be implemented, it is likely that CRM will seek to refinance maturing debt which is guaranteed by CRH through the issue of shares or other securities. This is likely to take the form of a rights issue or open offer to Shareholders, although the timing and amount of such an issue were it to be made has not been determined. As at the date of the announcement, CRM has borrowings of approximately HK\$812.5 million which are guaranteed by CRH, of which HK\$162.5 million are repayable in September, 2011 and the remaining HK\$650 million are repayable in March, 2012.

81% interest in the 8-inch wafer fabrication line owned by the CRH Group

When CRH acquired an 81% interest in the 8-inch wafer fabrication line in 2008, with the balance of 19% being held by the CRM Group, it was always intended that the 81% interest would be acquired by the CRM Group when the operation had achieved sufficient capacity utilisation. Presently, the operation continues to be loss-making. This remains the intention and Shareholders in assessing the Share Alternative should take this potential acquisition into account. Although the timing of the acquisition has not been determined, the basis of the acquisition will be the investment cost of CRH's 81% interest which will be satisfied by the issue of New Shares at their net asset value as per the then latest management account, adjusted for any provisions made by CRM for its investment in the 8-inch wafer fabrication line. On the assumption that the Proposal is implemented and on the basis of an investment cost of CRH of approximately HK\$4,440 million and impairment provisions made by CRM of approximately HK\$190 million as shown in CRM's audited consolidated

annual accounts for the year ended 31st December, 2010, this would result in the issue of approximately 10,214 million New Shares and increase the shareholding of the CRH Group in CRH (Microelectronics) Limited from not less than 60.6% to not less than 81.8%.

Reasons for the Proposal

In the light of the continuing requirement for CRH to provide financial support to the CRM Group through the provision of guarantees and its commitment to the 8-inch wafer fabrication line, CRH believes that it is more appropriate that CRM ceases to be a listed company on the Stock Exchange. There will be greater flexibility in the provision of financial support to the CRM Group by CRH as this will not be constrained by the requirements of the Listing Rules. In addition, this will enable all the CRH Group's and the CRM Group's interests in semiconductor manufacturing to be consolidated under one holding company, which is anticipated to result in significant cost savings, without constraints arising from the minimum public float requirements under the Listing Rules. As indicated above, the alternative to this is for CRM to continue to be listed but with a substantially increased equity base to enable it to finance its operations unassisted by CRH. The Proposal also offers the public Shareholders an opportunity to realise their investment for cash at a price which is higher than the price ever traded for the last three years and which is at a substantial premium to the price at which the Shares have traded in recent months or which would be supported by its current trading performance, its financing requirements and the immediate prospects of the semiconductor industry both in China and internationally.

While CRH considers that the development of the CRM Group would be best managed if it were not to be listed, it appreciates that some Shareholders with a longer term investment perspective may wish to retain an interest in CRM. Accordingly, Shareholders will be able to retain their proportionate interest in CRM, albeit indirectly and, therefore, participate in the CRM Group's future development.

INFORMATION OF CRM

CRM is an investment holding company which, through its subsidiary companies, is 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 and Beijing. The Shares of CRM are listed on the Main Board of the Stock Exchange.

The summary of the audited consolidated results of CRM for the three years ended 31st December, 2008, 2009 and 2010 is set out below:

	Year ended 31st December, 2008 <i>HK\$'000</i>	Year ended 31st December, 2009 <i>HK\$'000</i>	Year ended 31st December, 2010 <i>HK\$'000</i>
Turnover	3,118,692	3,036,881	3,874,207
Profit (loss) before taxation	(365,677)	(168,811)	319,865
Profit (loss) for the year	(382,919)	(182,377)	279,548
Profit (loss) for the year attributable to the Shareholders	(371,535)	(172,206)	272,364
Dividends	—	—	43,948
Basic earnings per Share (HK\$ cents)	(5.98)	(2.35)	3.13

Information on CRH and CRH (Microelectronics) Limited

The principal activity of CRH is investment holding. China Resources National Corporation is a state owned enterprise which is the parent company of China Resources Co., Limited, a company incorporated in the PRC, which in turn is the parent company of CRC Bluesky Limited, a company incorporated in the BVI, which is in turn the parent company of CRH.

CRH (Microelectronics) Limited is wholly-owned by CRH and is a company incorporated in the BVI with limited liability. The principal business of CRH (Microelectronics) Limited is investment holding.

Future intentions and withdrawal of listing of the Shares

It is the intention of CRH (Microelectronics) Limited to consolidate and continue the existing business of the CRM Group and the 8-inch facility upon the successful privatisation of CRM. Save as disclosed in this announcement, CRH (Microelectronics) Limited does not have any intention to introduce any significant changes to the existing operations and management of the CRM Group, nor does it have any intention to make any changes to the continued employment of the employees of the CRM Group. Consequently, there should be no material change to the CRM Group's businesses or personnel as a result of the Proposal becoming effective.

CRM will apply to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange in accordance with Rule 6.15 of the Listing Rules with effect from the date on which the Scheme of Arrangement becoming effective. Shareholders will be notified by way of an announcement of the dates of the last day for dealing in the Shares and on which the Scheme of Arrangement and the withdrawal of the listing of the Shares on the Stock Exchange will become effective. A detailed timetable of the Scheme of Arrangement will be included in the composite document. If the Scheme of Arrangement is withdrawn, not approved or lapses, the listing of the Shares on the Stock Exchange will not be withdrawn.

Overseas Independent Shareholders

The making of the Proposal and offer in respect of the outstanding Options to Independent Shareholders and Optionholders who are not resident in Hong Kong may be subject to the laws of the relevant jurisdictions where such Shareholders or Optionholders are located. Such Shareholders and Optionholders should inform themselves and, or observe, any applicable legal and regulatory requirements of their own jurisdictions. It is the responsibility of any overseas Shareholder and Optionholder wishing to accept the Proposal and the offer in respect of the outstanding Options to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including obtaining any governmental, exchange control or other consents which may be required, or compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction.

Independent board committee

An independent board committee of CRM has been formed comprising one non-executive director of CRM, being Dr. Peter Chen Cheng-yu, and all three independent non-executive directors of CRM, being Professor Ko Ping Keung, Mr. Luk Chi Cheong and Mr. Wong Tak Shing, to advise Independent Shareholders. Mr. Wong Tak Shing and Luk Chi Cheong are also independent non-executive directors

of CRG. Professor Ko Ping Keung and Mr. Luk Chi Cheong, are interested in 458 Shares and 1,165,912 Shares respectively, representing approximately 0.001% and 0.01% of the issued Shares as at the date of this announcement. Their respective shareholdings in CRM are immaterial and should not affect their independence as being members of the independent board committee. Dr. Peter Chen Cheng-yu, Mr. Du Wenmin, Mr. Wei Bin, Mr. Shi Shanbo and Dr. Zhang Haipeng are the non-executive directors. Dr. Peter Chen Cheng-yu is interested in 39,623,200 Shares, representing approximately 0.45% of the issued Shares as at the date of this announcement. He does not hold any office in CRH and his shareholding in CRM is immaterial which should not affect his independence as being members of the independent board committee. Mr. Du Wenmin is currently a vice president and the chief human resources officer of CRH. Mr. Wei Bin is chief financial officer of CRH and the general manager of its finance department. Mr. Shi Shanbo is the audit director of CRH. Dr. Zhang Haipeng is the general manager of strategy management department of CRH. The Board, after taking into consideration the offices held by the non-executive directors in CRH and their possible conflict of interests in respect of the Proposal, approved the formation of the independent board committee comprising only Dr. Peter Chen Cheng-yu and the three independent non-executive directors to advise the Independent Shareholders. The independent board committee of CRM will appoint an independent financial adviser to advise it in respect of the Proposal, the Option Payment and as to voting. A further announcement will be made by the Company as soon as possible after the appointment of the independent financial adviser.

Composite document

A composite document including, among other things, further details of the Proposal, the cash offer to cancel all outstanding Options, the Scheme of Arrangement, an explanatory statement, the expected timetable relating to the Scheme of Arrangement, the recommendation of the independent board committee, the letter of advice from the independent financial adviser, notices of the Court Meeting and the EGM, together with the proxy forms in relation thereto will be despatched to the Shareholders and Optionholders as soon as practicable and in compliance with the requirements of the Takeovers Code.

General

CRH, CRH (Microelectronics) Limited and parties acting in concert with any of them, namely Gold Touch Enterprises Inc., Commotra Company Limited, Mr. Song Lin, Mr. Jiang Wei and Mr. Zhu Jinkun, are required to abstain from voting at the Court Meeting. As at the date of this announcement, Gold Touch Enterprises Inc. holds 5,326,850,822 Shares, representing 60.6% of the issued share capital of CRM.

Commotra Company Limited, Mr. Song Lin, Mr. Jiang Wei and Mr. Zhu Jinkun hold 5,000, 1,245,533, 537,614 and 79,150 Shares, respectively, representing approximately 0.001%, 0.01%, 0.01% and 0.001% of the issued share capital of CRM, respectively.

As at the date of this announcement, other than the Options granted to certain employees of the CRM Group, there were no outstanding derivatives in respect of securities in CRM entered into by CRH, CRH (Microelectronics) Limited or parties acting in concert with any of them.

As of the date of this announcement, none of CRH, CRH (Microelectronics) Limited, or parties acting in concert with any of them has received any irrevocable commitment to accept the Proposal or the cash offer to Optionholders.

Save for the Proposal and the Scheme of Arrangement, there are no arrangements (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code between CRH, CRH (Microelectronics) Limited or any person acting in concert with any of them or between other persons in relation to the Shares or the shares of CRH or CRH (Microelectronics) Limited which might be material to the Proposal.

Each of CRH and CRH (Microelectronics) Limited confirms that there is no agreement or arrangement to which it is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Proposal.

Each of CRH and CRH (Microelectronics) Limited confirms that there are no relevant securities in CRM which it or any person acting in concert with it has borrowed or lent.

In accordance with Rule 3.8 of the Takeovers Code, associates (including persons holding 5% or more of a class of relevant securities of CRM or CRH (Microelectronics) Limited) of CRH, CRH (Microelectronics) Limited and CRM are hereby reminded to disclose their dealings in the securities of CRM and CRH (Microelectronics) Limited pursuant to the requirements of the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, Note 11 to Rule 22 of the Code is reproduced below in full:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply

with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules of the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million.

This dispensation does not alter the obligations of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to cooperate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

Warning

Shareholders and potential investors should note that the implementation of the Proposal is subject to the conditions set out in this announcement being fulfilled or waived, as applicable. The Proposal may or may not become effective. The cash offer to Optionholders may or may not become unconditional. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

Definitions

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

“acting in concert”	has the meaning given to it in the Takeovers Code
“Authorisations”	all necessary authorisations, registrations, filings, rulings, consents, permissions, waivers, exemptions and approvals in connection with the Proposal or the implementation of the Scheme of Arrangement
“Board”	board of directors of CRM
“BVI”	British Virgin Islands
“Cash Alternative”	HK\$0.48 per Share in cash
“Companies Law”	Companies Law (2010 Revision) of the Cayman Islands
“Court”	the Grand Court of the Cayman Islands

“Court Meeting”	a meeting of Independent Shareholders to be convened at the direction of the Court at which the Scheme of Arrangement will be voted upon
“CRG”	China Resources Gas Group Limited (stock code: 1193), an indirect non wholly-owned subsidiary of CRH and its issued shares are listed and traded on the Main Board of the Stock Exchange and are held as to approximately 68.28% by CRH. A director of CRH, namely, Mr. Ma Guoan is also a director of China Resources Gas Group Limited
“CRH”	China Resources (Holdings) Company Limited
“CRH Group”	CRH and its subsidiaries, other than the CRM Group
“CRH (Microelectronics) Limited”	a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of CRH
“CRM”	China Resources Microelectronics Limited
“CRM Group”	CRM and its subsidiaries
“EGM”	an extraordinary general meeting of CRM to be held immediately following the Court Meeting to consider and vote on the share capital reduction as part of the Scheme of Arrangement
“Equity Incentive Plan”	the equity incentive plan adopted by CRM on 8 May 2004 as approved by its Shareholders
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Holding Announcement”	the announcement made by CRM dated 30th June, 2011 which referred to the consideration being given by CRH to putting forward a privatisation proposal incorporating a cash consideration of not less than HK\$0.48 per Share and an option to retain a proportionate indirect interest in CRM following the implementation of the Proposal

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	Shareholders other than CRH and parties acting in concert with it
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“New Share(s)”	Share(s) of par value US\$0.01 each in the capital of CRH (Microelectronics) Limited
“Option(s)”	Share(s) allocated (but not yet allotted or issued) to Optionholders under the Equity Incentive Plan and option(s) granted to Optionholders under the Share Option Scheme. The number of Options outstanding as referred to this announcement represents the total number of Shares falling to be issued on the exercise of all Options in full
“Option Payment”	The cash payment by CRH (Microelectronics) Limited to an Optionholder who will be entitled to receive a sum for the cancellation of his or her Options
“Optionholders”	holders of Options
“PRC” or “China”	the People’s Republic of China, excluding, for the purposes of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Proposal”	the proposed privatisation of CRM by CRH through CRH (Microelectronics) Limited under the Scheme of Arrangement
“Relevant Authorities”	appropriate governments or governmental bodies, regulatory bodies, courts or institutions including the SFC and the Stock Exchange
“Scheme of Arrangement”	a scheme of arrangement between CRM, the Shareholders and CRH (Microelectronics) Limited under Section 86 of the Companies Law
“SFC”	the Securities and Futures Commission
“Share(s)”	shares of par value HK\$0.10 each in the capital of CRM
“Shareholder(s)”	holder(s) of the Shares

“Share Alternative”	one share in CRH (Microelectronics) Limited which will be credited as fully paid and ranking pari passu with other New Shares then in issue per Share held
“Share Option Scheme”	the share option scheme of CRM as approved by its shareholders on 27 May 2005
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“US\$”	United States dollar, the lawful currency of the United States of America
“%”	per cent

By order of the board of directors
CRH (Microelectronics) Limited
Mr. Wei Bin
Director

By order of the Board
CHINA RESOURCES
MICROELECTRONICS LIMITED
WANG Guoping
Chairman

Beijing and Wuxi, Jiangsu Province, the PRC, 18th July, 2011

As at the date of this announcement, the board of directors of CRM 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. Wei Bin, Mr. Shi Shanbo and Dr. Zhang Haipeng; and three independent non-executive directors, namely Professor Ko Ping Keung, Mr. Luk Chi Cheong and Mr. Wong Tak Shing.

As at the date of this announcement, the directors of CRH (Microelectronics) Limited are Mr. Yan Biao and Mr. Wei Bin.

As at the date of this announcement, the directors of CRH are Mr. Song Lin, Mr. Qiao Shibo, Mr. Wang Yin, Mr. Jiang Wei, Mr. Ma Guoan, Mr. Chen Lang, Mr. Yan Biao, Mr. Zhu Jinkun, Mr. Wang Qun, Mr. Zhou Shengjian and Mr. Chen Shulin.

The directors of CRH jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to CRH (Microelectronics) Limited and CRM) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by CRH (Microelectronics) Limited and CRM) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements in this announcement misleading.

The directors of CRH (Microelectronics) Limited jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to CRH and CRM) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement, (other than those expressed by CRH and CRM) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements in this announcement misleading.

The directors of CRM jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to CRH and CRH (Microelectronics) Limited) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by CRH and CRH (Microelectronics) Limited) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements in this announcement misleading.