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AMALGAMATION OF CR LOGIC AND CSMC
FOR CSMC TO ACQUIRE ALL CR LOGIC SEMICONDUCTOR BUSINESS
CR LOGIC TO ACQUIRE THE HONG KONG BUILDING MATERIAL BUSINESS OF CRH

China Resources Logic Limited (“CR Logic”, stock code: 1193) and CSMC Technologies Corporation (“CSMC”, stock code: 597) jointly announce a proposal to amalgamate both companies’ semiconductor businesses and CSMC will acquire all of the semiconductor businesses of CR Logic. On the other hand, CR Logic will acquire the entire issued voting share capital of Redland Concrete Limited (“Redland”), from its parent company, China Resources (Holdings) Company Limited (“CRH”). The proposal will also lead to CSMC and CR Logic becoming direct listed subsidiaries of CRH.

Under the proposal, CSMC will acquire all of the semiconductor businesses of CR Logic, with the exception of the Tai Po 4 inch wafer fab which will either be sold or closed down. CSMC will issue between 3,050,581,517 and 3,210,167,717 of its shares as consideration at an aggregate issue price equal to approximately HK\$1,488.9 million, which represents the adjusted net asset value of the businesses being acquired.

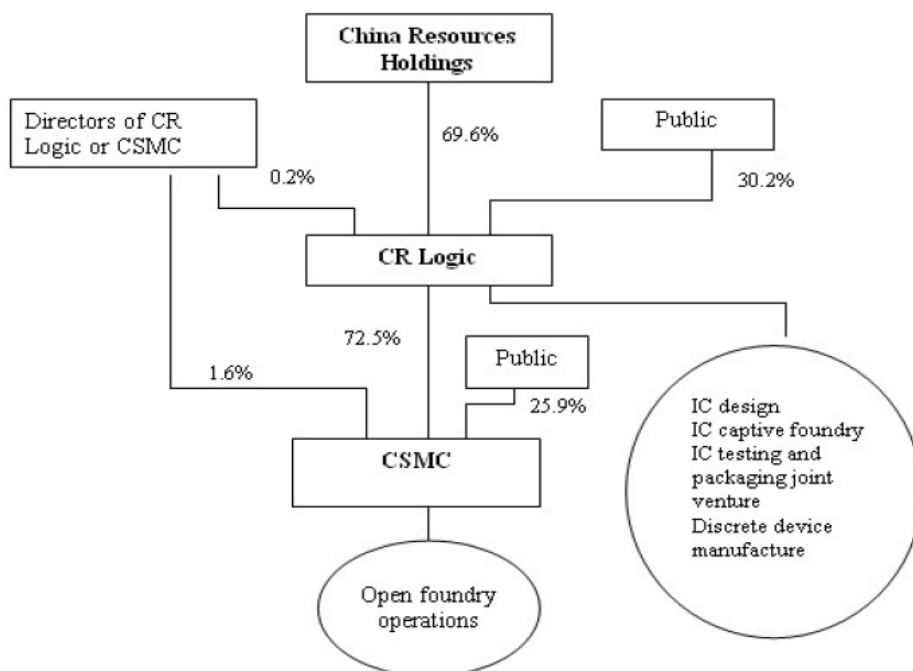
CR Logic will then reorganise its share capital and effect a distribution in specie being its shareholding interest in CSMC to its shareholders on the basis of 180 shares in CSMC for every 100 shares held in CR Logic. CSMC will cease to be a subsidiary of CR Logic and the accounts of CSMC will not be consolidated into the financial statements of CR Logic once the distribution has been effected. Capital reduction exercise of CR Logic will be carried out in order to have sufficient distributable reserves to effect the distribution in specie.

Following the distribution, the issued share capital of CR Logic will be consolidated on the basis of one consolidated share in CR Logic of HK\$0.10 for every 10 shares in CR Logic of HK\$0.01.

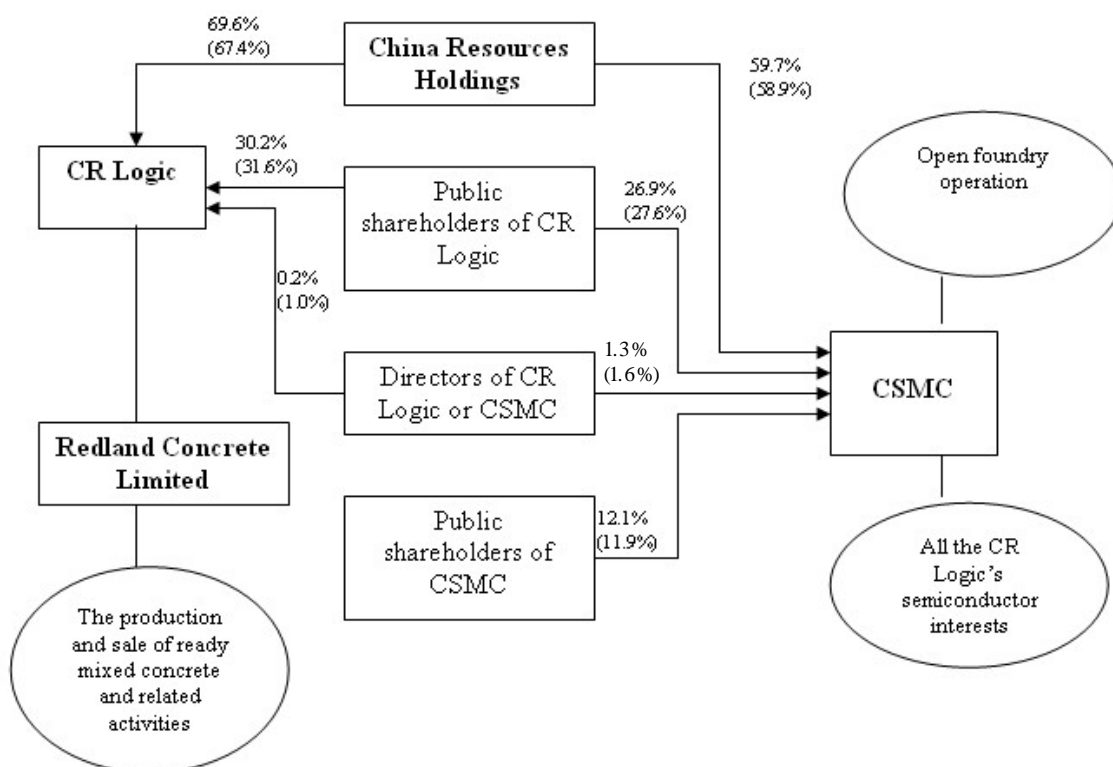
Upon the completion of the sale and purchase of the semiconductor businesses of CR Logic, CR Logic will acquire from a subsidiary of CRH the entire issued voting share capital of Redland, a manufacturer of ready mixed concrete in Hong Kong, for a cash consideration of approximately HK\$217.7 million.

Following the completion of the proposal, CR Logic and CSMC will be approximately 67.4 to 69.6 per cent and 58.9 to 59.7 percent owned by CRH respectively.

The shareholding structure and principal activities of the CR Logic group before the implementation of the proposal:



The shareholding structure of CR Logic and the CSMC group and the principal activities of each after the implementation of the proposal, the sale or closure of China Resources Semiconductor Company Limited and the cancellation in full all outstanding CR Logic options:



Note: The figures in parenthesis are the shareholdings calculated on the basis that no optionholder accepts the offer to cancel his options and all optionholders exercise their options to subscribe for shares in CR Logic at a time when such shares are entitled to receive the distribution in specie.

CSMC will change its name to reflect its status as the listed holding company within the China Resources group of its semiconductor business.

The respective boards of directors of CR Logic and CSMC believe it is in the interests of both companies that their respective semiconductor businesses are amalgamated under one listed company which holds all the China Resources group's interests in this sector.

"The amalgamation is expected to provide for more stable earnings and greater financial resources to fund expansion. As all its major operations will be wholly-owned, it will give the amalgamated group much greater flexibility in deploying its existing resources and discretionary cash flows," said Mr Zhu Jinkun, Chairman of CR Logic.

"In addition, both sets of public shareholders will have an investment in a larger capitalised company which should provide a more liquid investment and consequently one which attracts greater investor attention," added Mr Zhu.

"The amalgamated group will have a broad spread of interests within the sector from its own IC design to open foundry operations to serve both internal and external demand," said Dr Peter Chen Cheng-yu, Chairman of CSMC.

"A new 100% owned entity will be set up to takeover all the existing business of CSMC so that each business operation of the enlarged Group are separate and distinct from one another," added Dr Chen.

"The implementation of the proposal in full will result in CR Logic acquiring substantially all of the China Resources group's interests in the building material sector in Hong Kong. With the improvement in the local economy and increased building activity, Redland's profits have shown a marked recovery. We believe that the listed platform of CR Logic will strengthen Redland's ability to raise further financing to take advantage of revived market conditions. In view of the latest Policy Address by the Hong Kong SAR Government regarding the "10 Infrastructure projects", CR Logic considers such policy will benefit the building material industry as a whole." added Mr Zhu.

About CR Logic

CR Logic together with its subsidiaries is principally engaged in the semiconductor manufacturing business. The Group positions itself as the leading supplier of analogue integrated circuit ("ICs") and discrete device components for the PRC consumer electronic manufacturing industry by capitalising on the PRC's eminent position as the global manufacturing powerhouse as well as its burgeoning domestic market.

The Group focuses on enhancing its semiconductor operation, and has attained respectable scale in the aspects of IC design, foundry services, packaging, testing and the manufacture of discrete devices. Its major products, derived from 4-inch to 6-inch semiconductor wafers, include discrete devices, analogue ICs and MOS ICs, which are mainly used in consumer electronic products and telecommunication devices. The current annual production capacity is 3 million 4-inch to 6-inch wafers and is currently one of the largest local IC manufacturers in China.

About CSMC

CSMC is a pioneer open foundry in China, with the aim of becoming a leading analog foundry in China offering integrated circuits (“ICs”) manufacturing service for fabless design houses and integrated device manufacturers (“IDMs”) that outsource their production. CSMC was listed on the Main Board of The Stock Exchange of Hong Kong Limited in August 2004 and became a subsidiary of CR Logic in July 2006.

The Group offers worldwide customers a broad range of analog and power process technologies including Mixed Signal, BCDMOS, BiCMOS, Planar and Trench DMOS, EEPROM and CMOS Logic. It also offers assistance to fabless customers by arranging upstream IC design services as well as downstream testing and packaging services. CSMC’s Fab 1, founded in 1997, is located at Wuxi, China and is the first and the largest 6-inch open foundry in China in terms of production capacity, dedicated to providing better quality and cost effective foundry services. CSMC Fab 3 is located in Beijing and focuses on Power MOSFET production with a planned capacity of 20,000 6-inch wafers per month. CSMC is headquartered in Wuxi, with offices in Taiwan, Hong Kong and the US.

About Redland Concrete

Redland Concrete Limited was founded in 1986 and became wholly-owned by members of the China Resources group in 1999. The company is principally engaged in the production and sale of ready mixed concrete within Hong Kong. It is also engaged in the production and sale of ready mixed mortars, which include wall plaster mortars, screed mortars, cement sand grout mortar, cement grout mortar, light weight concrete and light weight foam concrete. It also produces both wet and dry shotcrete which are primarily used for slope support and excavation support for tunnelling.

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Investor Enquiries:

China Resources Logic Limited

KF Chang Tel: 2299 9128

E-mail: investor-relations@crc.com.hk

CSMC Technologies Corporation

Aileen Yan Tel: (+86-510) 8811 8089

E-mail: yanyingyu@csmc.com.cn

Media Enquiries: CorporateLink Limited

Shiu Ka Yue Tel: 2801 6239 / 9029 1865

E-mail: sky@corporatelink.com.hk

Lorna Wong Tel: 2801 7761 / 9086 8623

E-mail: lorna@corporatelink.com.hk

Summer Si Tel: 2801 7729 / 6484 3418

E-mail: summer@corporatelink.com.hk