

PRESS RELEASE

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CR MICRO ANNOUNCES 2008 ANNUAL RESULTS

RESULTS HIGHLIGHTS:

- The Group's consolidated revenue increased by 4.3% to HK\$3,118.69 million in 2008 from HK\$2,991.63 million in 2007.
- EBITDA dropped by 71.5% to HK\$200.21 million in 2008 from HK\$702.37 million in 2007.
- Turnover generated from the analog ICs business of the Group amounted to HK\$1,830.76 million, representing 58.7% of the total turnover in 2008.
- The Group reported a net loss of HK\$382.92 million for the year ended 31 December 2008.

China Resources Microelectronics Limited ("CR Micro", or the "Company", together with its subsidiaries known as the "Group", Hong Kong stock code: 597), reported a net loss of HK\$382.92 million for the year ended 31 December 2008, inclusive of the losses in relation to closure of a manufacturing facility amounting to HK\$314.12 million, about 82.0% of the Group's loss for the year.

The Group reported a 4.3% increase in its consolidated turnover to HK\$3,118.69 million for 2008 from HK\$2,991.63 million in 2007. However, gross profit declined by 26.1% to HK\$581.30 million and gross profit margin dropped from 26.3% in 2007 to 18.6% in 2008, mainly due to the rise in cost of raw material, labour, utilities and decrease in capacity utilization rate after the expansion of production lines.

Earnings before interest expenses, taxation, depreciation and amortisation ("EBITDA") decreased by 71.5% to HK\$200.21 million.

The Board of Directors does not recommend the payment of a dividend for the year ended 31 December 2008 (2007: Nil).

"2008 was a difficult year, as worldwide semiconductor industry was hit hard by the global financial crisis and successive economic downturn. Our performance was greatly affected by market demand decline in consumable electronics devices and relevant inventory adjustments of customers. However, through executing analog strategy and success in business diversification, the Company's overall operation remained sound and intact," said Mr Song Lin, Chairman of CR Micro.

In March 2008, the Company and China Resources Logic Limited ("CR Logic") completed the amalgamation of the semiconductor businesses of both companies under CR Micro. As a result, CR Micro has become the sole listed holding company of semiconductor operations under its controlling

shareholder, China Resources (Holdings) Company Limited (“CRH”). Following the amalgamation, CR Micro has become one of the top five semiconductor producers in mainland China, whose businesses cover open foundry service, integrated circuits (“IC”) design, IC testing and packaging services and discrete devices businesses.

“With the upstream and downstream synergy arising from the amalgamation, we are able to offer incremental value to customers through turnkey services which further improve existing customer relationships. The amalgamation not only strengthens the synergy among each business segments within the Group, but also provides a stronger operational base and financial resources to diversify risks, which enables us to survive and expand amid the financial crisis and market downturn,” said Mr Song.

During the year under review, the Group’s revenue from open foundry service, IC design, IC testing and packaging service and discrete devices amounted to approximately HK\$956.58 million, HK\$692.08 million, HK\$599.72 million and HK\$808.07 million, respectively. The open foundry business made the largest turnover contribution of approximately 30.7% of the Group’s total turnover during the year.

In April 2008, the shareholders of CR Micro passed the resolutions regarding the formation of a joint venture company with CRH to establish an 8-inch wafer fabrication facility in Wuxi, Jiangsu Province of China, in which CR Micro indirectly holds 19% of its equity stake. Through such arrangement, the Company has the opportunity to increase its access to advance process technologies and production capacity to compete with other players in the industry and meet the growing domestic market demand.

“Following the abrupt downturn in the semiconductor industry in the fourth quarter of year 2008, year 2009 will be a year of adjustment for the semiconductor business worldwide. The Group believes it will be able to ride out the financial turmoil and economic downturn with its geographic business focus, which provides a unique competitive advantage and potential for faster growth amid tough times. Moreover, the Group is confident that its products and processes, including power management, LED lighting, etc, is in line with the economic adjustment trend in the PRC and overseas markets. All this together with certain cost reduction programs will enable the Group to maintain stable operation and further enhance its leading position as one of the largest domestic operators in the China semiconductor industry,” said Mr Song.

On 18 March 2009, the board of directors of the Company announced that CRH, through its wholly-owned subsidiary, CRM (BVI) Limited, has requested the Board to put forward to the Company’s shareholders a proposal regarding a proposed privatisation and withdrawal of listing of CRM. The proposal will be implemented by way of a scheme of arrangement, pursuant to which the Company’s shareholders, other than CRH and parties acting in concert with it, will elect to receive in consideration for cancellation of their shares held in the Company of cash of HK\$0.30 for every existing share held, or one share in CRM (BVI) Limited for every existing share held in the Company (“Share Alternative”), or a combination of both. The Share Alternative (subject to the condition as specified in the joint announcement) offers existing shareholders of the Company to retain their interest in CRM after withdrawal of listing of the Company’s shares through their shareholding in CRM (BVI) Limited. Upon completion of the scheme of arrangement, CRM will become a wholly-owned subsidiary of CRM (BVI) Limited.

About China Resources Microelectronics Limited

CR Micro, together with its subsidiaries, is a leading manufacturer in the development and operation of semiconductor business in China. Its activities cover open foundry, IC design, IC testing and packaging as well as discrete devices businesses. The Group has become a leading supplier of analog ICs for the Chinese consumer electronic manufacturing industry and positions itself as a leading analog semiconductor company in China.

Following the amalgamation of the semiconductor businesses of the Company and China Resources Logic Limited in 2008, CR Micro has become one of the top five semiconductor producers in China. CR Micro's subsidiaries, namely CSMC Technologies Corporation, Wuxi China Resources Semico Co., Ltd., Wuxi CR Micro-Assemb Tech. Ltd. and Wuxi China Resources Huajing Microelectronics Co., Ltd. are renowned enterprises in the microelectronics industry.

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China Resources Microelectronics Limited
(Stock Code: 597)
Consolidated Income Statement
For the Year Ended 31 December 2008

	For the year ended 31 December	
	<u>2008</u>	<u>2007</u>
	HK\$'000	HK\$'000 (restated)
Revenue	3,118,692	2,991,625
Cost of sales	<u>(2,537,396)</u>	<u>(2,205,194)</u>
Gross profit	581,296	786,431
Other income	142,757	98,823
Selling and distribution expenses	(89,357)	(69,332)
Administrative expenses	(374,152)	(268,854)
Research and development expenses	(187,006)	(140,019)
Other expenses	(117,775)	(68,208)
Finance costs	(92,293)	(66,087)
Gain on disposal of subsidiaries	84,972	-
Loss on suspension of a production plant	<u>(314,119)</u>	<u>-</u>
(Loss) profit before taxation	(365,677)	272,754
Taxation	<u>(17,242)</u>	<u>(41,101)</u>
(Loss) profit for the year	<u>(382,919)</u>	<u>231,653</u>
Attributable to:		
Equity holders of the Company	(371,535)	231,253
Minority interests	<u>(11,384)</u>	<u>400</u>
	<u>(382,919)</u>	<u>231,653</u>
Dividend declared and paid	<u>-</u>	<u>-</u>
	HK Cents	HK Cents
(Loss) earnings per share		
Basic	<u>(6.33)</u>	<u>4.00</u>
Diluted	<u>N/A</u>	<u>3.97</u>