

## PRESS RELEASE

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### **CR LOGIC 2007 ANNUAL TURNOVER INCREASED BY 24% TO HK\$4,264 MILLION WITH CONTINUING IMPROVED PERFORMANCE OF SEMICONDUCTOR BUSINESS**

#### Results Highlights:

- Turnover increased by 24% to HK\$4,264 million
- Turnover of Semiconductor Business increased by 45% hitting HK\$3,017 million
- Disposed of the Group's Semiconductor Business to China Resources Microelectronics Limited (formerly known as CSMC Technologies Corporation)
- Acquired Redland Concrete Limited and repositions the Group as a major supplier of ready mixed concrete for Hong Kong's construction and civil engineering industry

China Resources Logic Limited ("CR Logic" or the "Group", stock code: 1193) announced today that its audited consolidated turnover for the year ended 31 December 2007 amounted to HK\$4,264 million, representing an increase of 24 per cent from that of the previous year. The Group's profit attributable to shareholders and basic earnings per share for the year amounted to HK\$152 million and 5.48 HK cents per share respectively (2006: HK\$232 million and 8.57 HK cents per share). The gross profit margin of the Group was 23 per cent. (2006: 25 per cent)

Increase in the Group's total turnover was mainly attributable to the continual improvement in the operation of the Semiconductor Business during the year. However, the excess capacity in the air-conditioner compressor industry and increase in raw material cost have affected the performance of the Compressor Business and the overall performance of the Group. The Group sold its Compressor Business to its holding company, China Resources (Holdings) Company Limited ("CRH") in August 2007.

CR Logic's Board of Directors resolved not to recommend the payment of final dividend for the year ended 31 December 2007. (2006: 1.0 HK cent per share).

During the year, the Group's financial position and liquidity remained healthy. The Group's cash on hand as at 31 December 2007 amounted to HK\$868 million (31 December 2006: HK\$521 million). The Group's operating cash inflow was HK\$446 million.

During the year, the Group's Semiconductor Business has continued to improve its performance with consolidated revenue hitting HK\$3,017 million, representing an increase of 45% over the previous year's HK\$2,087 million. The increase in turnover was mainly due to the turnover contribution from the semiconductor open foundry and discrete device operations. The Semiconductor Business achieved an operating profit of HK\$325 million, representing an increase of 30% from HK\$250 million in 2006. The gross profit margin of Semiconductor Business was 27

per cent (2006: 29 per cent). The gross profit margin is expected to improve in 2008 when the captive foundry and testing & packaging operations improve further.

During the year, the Semiconductor Businesses of the Group and its subsidiary, CSMC Technologies Corporation (“CSMC”), were amalgamated to form China Resources Microelectronics Limited in March 2008. The new amalgamated China Resources Microelectronics Limited will continue to expand its Semiconductor Business by organic growth, external acquisitions and by exploring the forming of strategic partnerships with both overseas and Chinese enterprises.

On the other hand, the Group acquired the entire issued voting share capital of Redland Concrete Limited (“Redland Concrete”), from its parent company - CRH, for a cash consideration of approximately HK\$217.8 million. Redland Concrete is principally engaged in the production and sale of ready mixed concrete and ready mixed mortars within Hong Kong.

The disposal of the Compressor and Semiconductor Businesses and the acquisition of Redland Concrete transform the Group into a major ready mixed concrete supplier in Hong Kong.

“Redland Concrete has a long record of supplying the Hong Kong market with ready mixed concrete and other related products and services. With the continued recovery of the local property market and steady growth in construction projects in Hong Kong, the performance of concrete business is expected to improve further,” noted Mr. Zhu Jinkun, Chairman of CR Logic.

At the same time, the Group repositions itself as a major supplier of ready mixed concrete for Hong Kong’s construction and civil engineering industry and aspires to extend this role to the entire PRC in the future.

### **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 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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**China Resources Logic Limited**  
**(Stock code: 1193)**  
**Audited Consolidated Income Statement**  
**for the Year Ended 31 December 2007**

	For the Year ended 31 December	
	2007 HK\$ million	2006 HK\$ million
TURNOVER	4,264	3,451
Cost of sales	(3,268)	(2,603)
Gross profit	996	848
Other income	111	104
Selling and distribution expenses	(156)	(130)
Administrative expenses	(359)	(302)
Other expenses	(233)	(161)
PROFIT FROM OPERATIONS	359	359
Finance costs	(104)	(90)
Share of results of an associate	-	1
Gain on disposal of discontinued operation	62	-
Loss on closure of a production plant	(70)	-
Gain on deemed disposal of an associate	-	2
Discount on acquisition of subsidiaries	-	41
PROFIT BEFORE TAXATION	247	313
Taxation	(48)	(33)
PROFIT BEFORE MINORITY INTERESTS	199	280
Minority interests	(47)	(48)
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS		
Continuing operations	60	172
Discontinued operation	92	60
	152	232
EARNINGS PER SHARE		
From continuing and discontinued operations		
Basic	5.48 cents	8.57 cents
Diluted	5.37 cents	8.49 cents
From continuing operations		
Basic	2.17 cents	6.34 cents
Diluted	2.11 cents	6.28 cents
INTERIM DIVIDEND - Paid	1.00 cent	1.00 cent
FINAL DIVIDEND - Proposed	-	1.00 cent
	1.00 cent	2.00 cents