



華潤勵致有限公司
China Resources Logic Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1193)

FINAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER, 2007

- Turnover increased by 24% to HK\$4,264 million.
- Turnover contribution from Semiconductor Business increased 45%, reaching HK\$3,017 million.
- Operating profit from Semiconductor Business increased 30%, reaching HK\$325 million.

The board of directors (the “Board”) of China Resources Logic Limited (the “Company” or “CR Logic”) are pleased to announce the audited consolidated final results of the Company and its subsidiaries (the “Group”) for the year ended 31st December, 2007 with the comparative figures for 2006 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31st December, 2007

		2007	2006
	<i>Note</i>	HK\$'000	HK\$'000
Turnover	3		
Continuing operation		3,016,902	2,086,396
Discontinued operation		1,247,230	1,364,263
		<u>4,264,132</u>	<u>3,450,659</u>
Cost of sales		<u>(3,267,584)</u>	<u>(2,602,462)</u>
Gross profits		996,548	848,197
Other income		111,239	104,199
Selling and distribution expenses		(156,336)	(129,972)
Administrative expenses		(359,175)	(301,962)
Other expenses		<u>(233,239)</u>	<u>(161,255)</u>
Profit from operations	3	359,037	359,207
Finance costs		(104,367)	(89,601)
Share of results of an associate		-	1,103
Gain on disposal of discontinued operation	5	61,864	-
Loss on closure of a production plant	6	(69,868)	-
Gain on deemed disposal of an associate		-	1,590
Discount on acquisition of subsidiaries		<u>-</u>	<u>41,296</u>
Profit before taxation			
Continuing operation		130,912	208,660
Discontinued operation		115,754	104,935
		<u>246,666</u>	<u>313,595</u>
Taxation	4		
Continuing operation		(41,102)	(21,552)
Discontinued operation		(6,696)	(11,647)
		<u>(47,798)</u>	<u>(33,199)</u>
Profit for the year	6		
Continuing operation		89,810	187,108
Discontinued operation	5	109,058	93,288
		<u>198,868</u>	<u>280,396</u>
Attributable to:			
Equity holders of the Company			
Continuing operation		60,411	171,992
Discontinued operation	5	91,950	60,425
		<u>152,361</u>	<u>232,417</u>
Minority interests		<u>46,507</u>	<u>47,979</u>
		<u>198,868</u>	<u>280,396</u>

CONSOLIDATED INCOME STATEMENT

For the year ended 31st December, 2007

		2007	2006
		HK Cents	HK Cents
Dividend per share	7		
Interim dividend-paid		1.00	1.00
Final dividend-proposed		-	1.00
		<u>1.00</u>	<u>2.00</u>
		<u>1.00</u>	<u>2.00</u>
Earnings per share	8		
From continuing and discontinued operations			
Basic		5.48	8.57
Diluted		<u>5.37</u>	<u>8.49</u>
		<u>5.37</u>	<u>8.49</u>
From continuing operation			
Basic		2.17	6.34
Diluted		<u>2.11</u>	<u>6.28</u>
		<u>2.11</u>	<u>6.28</u>

CONSOLIDATED BALANCE SHEET

At 31st December, 2007

		2007	2006
	<i>Note</i>	HK\$'000	HK\$'000
Non-current assets			
Property, plant and equipment		3,949,268	4,217,639
Prepaid lease payments		160,266	172,559
Available-for-sale investments		9,904	10,105
Goodwill		24,060	152,777
Technical know-how		35,678	53,663
Deferred tax assets		10,886	16,416
Deposit for acquisition of property, plant and equipment		17,011	63,205
		<u>4,207,073</u>	<u>4,686,364</u>
		<u>4,207,073</u>	<u>4,686,364</u>
Current assets			
Inventories		813,870	1,068,568
Debtors, deposits and prepayments	9	1,029,983	1,622,459
Prepaid lease payments		3,928	4,625
Amounts due from minority shareholders		-	2,164
Tax recoverable		4,172	10,057
Pledged bank deposits		6,030	7,642
Bank balances and cash		867,908	521,250
		<u>2,725,891</u>	<u>3,236,765</u>
		<u>2,725,891</u>	<u>3,236,765</u>
Assets classified as held for sale		46,708	-
		<u>2,772,599</u>	<u>3,236,765</u>
		<u>2,772,599</u>	<u>3,236,765</u>

CONSOLIDATED BALANCE SHEET

At 31st December, 2007

		2007	2006
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Current liabilities			
Creditors and accrued charges	10	1,313,849	1,595,098
Government grants – current portion		13,221	10,520
Amounts due to minority shareholders		-	85,213
Bank borrowings		682,762	1,706,617
Provisions		42,183	77,111
Taxation		10,327	8,133
		<u>2,062,342</u>	<u>3,482,692</u>
Net current assets (liabilities)		<u>710,257</u>	<u>(245,927)</u>
Total assets less current liabilities		<u><u>4,917,330</u></u>	<u><u>4,440,437</u></u>
Capital and reserves			
Share capital		281,215	276,580
Share premium and reserves		2,770,716	2,478,511
Equity attributable to equity holders of the Company		<u>3,051,931</u>	<u>2,755,091</u>
Share option reserve of a listed subsidiary		10,840	5,805
Minority interests		<u>515,041</u>	<u>1,048,727</u>
Total equity		<u><u>3,577,812</u></u>	<u><u>3,809,623</u></u>
Non-current liabilities			
Bank borrowings		1,174,746	522,306
Long-term payables		66,026	66,025
Government grants		98,746	42,483
		<u>1,339,518</u>	<u>630,814</u>
		<u><u>4,917,330</u></u>	<u><u>4,440,437</u></u>

NOTES:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and by the Hong Kong Companies Ordinance.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, the following new standard, amendment and interpretations (“new HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial year beginning on 1st January, 2007. The adoption of the new HKFRSs has had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS7	Financial Instruments: Disclosures
HK(IFRIC) – Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC) – Int 8	Scope of HKFRS 2
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

The Group has not early applied the following new and revised standards and interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards and interpretations will have no material impact on the results and the financial position of the Group.

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKFRS 8	Operating Segments ¹
HK(IFRIC)-Int 11	HKFRS2: Group and Treasury Share Transactions ²
HK(IFRIC)-Int 12	Service Concession Arrangements ³
HK(IFRIC)-Int 13	Customer Loyalty Programmes ⁴
HK(IFRIC)-Int 14	HKAS19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ³

¹ Effective for annual periods beginning on or after 1st January, 2009

² Effective for annual periods beginning on or after 1st March, 2007

³ Effective for annual periods beginning on or after 1st January, 2008

⁴ Effective for annual periods beginning on or after 1st July, 2008

3. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management purposes, the Group is organised into two operating divisions – semiconductor and compressor. These divisions are the bases on which the Group reports its primary segment information.

The activities of these divisions are as follows:-

Semiconductor – design, fabrication and packaging of integrated circuits and discrete devices

Compressor – manufacture of air-conditioner compressors

The Compressor operation was discontinued on 16th August, 2007.

Results for the year ended 31st December, 2007

	Continuing Operation	Discontinued Operation	
	Semiconductor	Compressor	Consolidated
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover			
External sales	<u>3,016,902</u>	<u>1,247,230</u>	<u>4,264,132</u>
Result			
Segment results	<u>324,854</u>	<u>59,290</u>	384,144
Unallocated expenses			(35,824)
Unallocated income			<u>10,717</u>
Profit from operations			359,037
Finance costs			(104,367)
Gain on disposal of discontinued operation	-	61,864	61,864
Loss on closure of a production plant	(69,868)	-	<u>(69,868)</u>
Profit before taxation			246,666
Taxation			<u>(47,798)</u>
Profit for the year			<u>198,868</u>

Included in segment results of the Semiconductor Business are provisions for restructuring cost of HK\$25,858,000 written back.

Results for the year ended 31st December, 2006

	Continuing Operation	Discontinued Operation	
	Semiconductor	Compressor	Consolidated
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover			
External sales	2,086,396	1,364,263	3,450,659
Result			
Segment results	249,703	113,909	363,612
Unallocated expenses			(25,212)
Unallocated income			20,807
Profit from operations			359,207
Finance costs			(89,601)
Share of results of an associate	1,103	-	1,103
Gain on deemed disposal of an associate	1,590	-	1,590
Discount on acquisition of subsidiaries	41,296	-	41,296
Profit before taxation			313,595
Taxation			(33,199)
Profit for the year			280,396

Geographical segments

The activities of the Semiconductor division are carried out in Hong Kong and other regions in the People's Republic of China (the "Mainland China"), while those of the Compressor division are carried out in the Mainland China.

The following table provides an analysis of the Group's sales from continuing operation by geographical market:

	2007	2006
	HK\$'000	HK\$'000
Mainland China	2,394,334	1,688,298
Hong Kong	208,550	166,163
United States of America	105,302	50,698
Europe	27,446	22,871
Others	281,270	158,366
	<u>3,016,902</u>	<u>2,086,396</u>

The turnover from the Group's Compressor operation in respect of the year amounted to HK\$1,247,230,000 (2006: HK\$1,364,263,000) was derived principally from the Mainland China.

4. TAXATION

	2007	2006
	HK\$'000	HK\$'000
The tax charge (credit) comprises:		
Current tax		
Mainland China	55,881	35,753
Hong Kong	712	-
Overprovision in prior year	(7,567)	-
	<u>49,026</u>	<u>35,753</u>
Deferred tax	(1,228)	(2,554)
	<u><u>47,798</u></u>	<u><u>33,199</u></u>

Profits tax arising in the Mainland China is calculated based on the applicable tax rates on assessable profits.

Hong Kong Profits Tax is calculated at 17.5% on the estimated assessable profit for the year. No provision for Hong Kong Profits Tax has been made in the prior year as the Group did not generate any profits subject to Hong Kong Profits Tax for that year.

Certain subsidiaries operating in the Mainland China are exempted from income tax applicable in the Mainland China for two years starting from the first profit making year after utilisation of the tax losses brought forward and were granted a 50% relief for the following three years. Certain subsidiaries operating in the Mainland China which are regarded as advance technology enterprises have also been granted tax concessions by the local tax bureau.

5. DISCONTIUED OPERATION

On 21st June, 2007, the Company and CRT (BVI) Limited, a wholly owned subsidiary of the Company, entered into an agreement with Gradison Limited, a wholly owned subsidiary of China Resources (Holdings) Company Limited (“CRH”), for the sale of the entire issued share capital of China Resources Cooling Technology Co. Ltd., the Company’s subsidiary which, through its subsidiaries, is engaged principally in the compressor manufacture business, for a consideration of HK\$1,170,000,000. The disposal was completed on 16th August, 2007.

The results of the compressor operation for the period from 1st January, 2007 to 16th August, 2007, which have been included in the consolidated income statement, are as follows:

	Period from 1.1.2007 to 16.8.2007 HK\$'000	Year ended 31.12.2006 HK\$'000
Profit of compressor operation	47,194	93,288
Gain on disposal of compressor operation	61,864	-
	<u>109,058</u>	<u>93,288</u>
Attributable to:		
Equity holders of the Company	91,950	60,425
Minority interests	17,108	32,863
	<u>109,058</u>	<u>93,288</u>

6. PROFIT FOR THE YEAR

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Profit for the year has been arrived at after charging (crediting):		
Staff costs		
Directors' emoluments	8,421	7,263
Other staff		
- Salaries and other benefits	393,734	400,723
- Retirement benefits schemes contributions	37,267	35,095
Share-based payment expense	7,863	8,401
Total staff costs	<u>447,285</u>	<u>451,482</u>
Auditors' remuneration	5,040	4,690
Depreciation of property, plant and equipment	437,444	326,170
Depreciation of investment properties	-	1,367
Amortisation of technical know-how	5,915	4,886
Release from prepaid lease payments	4,522	4,615
Write down of inventories to net realizable value (included in other expenses)	46,209	37,321
Research, design and development expenses (included in other expenses)	143,734	102,529
Reorganisation expenses	11,000	-
Impairment loss on property, plant and equipment	2,844	9,271
Operating lease rentals in respect of rented premises	3,197	4,850
Exchange loss, net	886	1,129
Loss on closure of a production plant		
- Write down of inventories to net realizable value	37,468	-
- Impairment loss on property, plant and equipment	10,810	-
- Impairment loss on other receivables	10,990	-
- Employee severance payment expenses	10,600	-
	<u>69,868</u>	<u>-</u>
Interest on bank deposits	(10,717)	(6,072)
Gain on disposal of property, plant and equipment	(8,311)	(6,337)
Gain on disposal of available-for-sale investments	(3,586)	-
Rental income from investment properties	-	(5,609)
Less: Direct rental expenses	-	981
	<u>-</u>	<u>(4,628)</u>

7. DIVIDENDS

On 12th June, 2006, a dividend of 2.0 HK cents per share, totalling HK\$53,406,000, was paid to the shareholders as the final dividend for the year ended 31st December, 2005.

On 10th October, 2006, a dividend of 1.0 HK cent per share, totalling HK\$27,667,000, was paid to the shareholders as an interim dividend for the six months ended 30th June, 2006.

On 5th June, 2007, a dividend of 1.0 HK cent per share, totalling HK\$27,671,000, was paid to the shareholders as the final dividend for the year ended 31st December, 2006.

On 9th October, 2007, a dividend of 1.0 HK cent per share, totalling HK\$27,937,000, was paid to the shareholders as an interim dividend for the six months ended 30th June, 2007.

The directors do not propose the payment of a final dividend for the year ended 31st December, 2007.

8. EARNINGS PER SHARE

For both continuing and discontinued operations and continuing operation

The calculation of the basic and diluted earnings per share is based on the following data:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Earnings:		
Earnings for the purpose of basic and diluted earnings per share		
Profit for the year attributable to equity holders of the Company	152,361	232,417
Less: Profit for the year from discontinued operation	(91,950)	(60,425)
Profit for the year from continuing operation, representing earnings for the purpose of basic earnings per share	60,411	171,992
Effect of dilutive potential shares of subsidiaries on their earnings attributable to the Group's continuing operation	(992)	(397)
Earnings for the purpose of diluted earnings per share	<u>59,419</u>	<u>171,595</u>
Number of shares:		
Weighted average number of shares for the purpose of basic earnings per share	2,781,703,639	2,713,044,353
Effect of dilutive potential shares		
Share options	37,527,925	18,630,526
Weighted average number of shares for the purpose of diluted earnings per share	<u>2,819,231,564</u>	<u>2,731,674,879</u>

For discontinued operation

Basic earnings per share for the discontinued operation is 3.31 HK cents per share (2006: 2.23 HK cents per share) and the diluted earnings per share for the discontinued operation is 3.26 HK cents per share (2006: 2.21 HK cents per share), based on the profit from the discontinued operation and the denominators presented above.

9. DEBTORS, DEPOSITS AND PREPAYMENTS

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Trade debtors	934,248	1,513,595
Less: allowance for doubtful receivables	(23,135)	(18,556)
	<u>911,113</u>	<u>1,495,039</u>
Deposits and prepayments	118,870	127,420
	<u>1,029,983</u>	<u>1,622,459</u>

The Group generally allows credit periods ranging from 30 to 90 days to its trade customers, which may be extended to 180 days for selected customers depending on their trade volume and settlement terms. The aged analysis of trade debtors, including notes receivable, net of allowance for doubtful debts, is as follows:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
0 - 60 days	587,632	802,195
61 - 90 days	125,151	176,328
91 - 180 days	186,420	396,316
Over 180 days	11,910	120,200
	<u>911,113</u>	<u>1,495,039</u>

Included in debtors at 31st December, 2006 were notes receivable of HK\$109,156,000 due from related companies arising from transactions carried out in the ordinary course of business of the Group. These amounts were unsecured, interest-free and are repayable within the credit periods similar to those offered by the Group to its major customers. No such notes were outstanding at 31st December, 2007.

10. CREDITORS AND ACCRUED CHARGES

The aged analysis of trade creditors which are included in creditors and accrued charges is as follows:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
0 - 60 days	585,494	729,403
61 - 90 days	147,295	207,704
91 - 180 days	241,814	411,069
Over 180 days	19,626	4,791
	<u>994,229</u>	<u>1,352,967</u>

The average credit period on purchases of goods ranges from 7 to 180 days. The Group has financial risk management policies in place to ensure that all payables are within the credit timeframe.

Included in creditors at 31st December, 2007 are payables of HK\$104,473,000 due to a related company arising from transactions carried out in the ordinary course of business of the Group. The amount was unsecured, interest-free and is repayable within the credit periods similar to those offered by the Group's major suppliers.

11. EVENTS AFTER THE BALANCE SHEET DATE

In December 2007, the Group implemented a reorganization scheme pursuant to which:

- the Company entered into a conditional agreement with CSMC for the sale of the entire interests in certain of the Company's subsidiaries engaging principally in the manufacture of semi-conductors and the shareholders' loans advanced to these subsidiaries to CSMC, for an aggregate consideration of approximately HK\$1,488,900,000 which will be satisfied by the issue of a minimum of 3,050,581,517 and a maximum of 3,210,167,717 shares in CSMC to the Company;
- the Company also entered into a conditional agreement with China Resources Concrete Limited for the purchase of the entire issued voting share capital of Redland Concrete Limited for a cash consideration of HK\$217,757,665. Details regarding the reorganisation and the financial effects on the Group are set out in the circular to shareholders dated 16th January, 2008 dispatched to the Company's shareholders; and
- the board of directors of the Company resolved to distribute, subject to the fulfilment of certain conditions, to the shareholders of the Company, its shares in CSMC, by way of a dividend in specie on the basis of 180 shares in CSMC for every 100 shares in the Company held.

Upon completion of the scheme, CSMC will cease to be a subsidiary of the Group. The Group will no longer be engaged in the semiconductor business, but will be principally engaged in the supply of ready mixed concrete and related products to the Hong Kong and Macau markets.

Completion of the above transactions was conditional upon, inter alia, (i) the approval by independent shareholders of the Company and CSMC and (ii) the written consent from the lenders of the Company, CSMC and their respective subsidiaries, which were fulfilled subsequent to the balance sheet date.

REVIEW OF ACCOUNTS

The consolidated financial statements of the Group for the year ended 31st December, 2007 have been reviewed by the Audit Committee of the Company, which comprises three Independent Non-executive Directors, and have been audited by the Company's auditor, Deloitte Touche Tohmatsu. The Independent Auditor's Report will be included in the Annual Report to the shareholders.

FINAL DIVIDEND

The directors have resolved not to recommend the payment of final dividend for the year ended 31st December, 2007 (2006: 1.00 HK cent per share).

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from 29th April, 2008 to 5th May, 2008, both days inclusive. In order to determine the identity of members who are entitled to attend and vote at the annual general meeting, completed transfer forms accompanied by the relevant share certificates must be lodged with the Branch Registrar of the Company, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 28th April, 2008.

RESULTS

At present, the domestic semiconductor industry satisfies only about 20% of the total demand for IC's and discrete devices in the PRC, which has been growing rapidly in recent years and is expected to do so for the foreseeable future. In 2007, the total annual revenue of the PRC IC market has reached US\$52 billion, representing 24% of the global IC market. This represents an excellent market environment for the expansion of the Group's Semiconductor Business. The continual improving operations of the Group's Semiconductor Business during the year, especially those of the Group's open foundry and discrete device manufacturing operations, provided concrete reasons for optimism in the long term development of the Group's Semiconductor Business. The excess capacity of the residential air-conditioner compressor industry and the rising cost of raw materials have affected the results of the Group's Compressor Business and the overall performance of the Group during the year. The Compressor Business was disposed of in August 2007.

The Group's audited consolidated turnover for the year amounted to HK\$4,264 million, representing an increase of 24% from that of 2006. The Group's gross profit margin for the year was 23% (2006: 25%). The Group's profit from operations for the year has maintained at HK\$359 million representing an operating margin of 8% (2006: 10%). The Group's profit attributable to equity holders and basic earnings per share for the year were HK\$152 million and 5.48 HK cents respectively (2006: HK\$232 million and 8.57 HK cents respectively).

BUSINESS REVIEW

The Group's Semiconductor Business has continued to improve its performance during 2007 with consolidated revenue hitting HK\$3,017 million, representing an increase of 45% over the previous year's HK\$2,087 million. This provided the Group with a solid foundation to further tap into the huge and expanding semiconductor market in the PRC.

The performance of the Group's Compressor Business for the year was less than satisfactory due to excess production capacity in the industry and rising raw material costs. This business was sold in August 2007 generating a gain on disposal of HK\$62 million.

Semiconductor Business

Since the IC's produced by Group's Semiconductor Business have relatively longer product life cycle and belong to the mature technology IC market segment targeting the PRC market, they are relatively immune to volatile price fluctuations found in high end market segments meant for global markets and thus contribute to the Semiconductor Business's stable gross profit margin. The Group will continuously enhance its technical expertise to produce higher value-added products within this stable-price yet high-growth IC market segment in the PRC. The Group will diligently apply its successful business model of using mature technology and hence relatively low capital expenditure in tapping profitably into the growing PRC's analogue IC and discrete device market.

The turnover of the Semiconductor Business increased to HK\$3,017 million for the year ended 31st December, 2007 from the HK\$2,087 million recorded in previous year, an increase of 45%. The increase in turnover was mainly due to the turnover contribution from the semiconductor open foundry and discrete device operations. The gross profit margin for the year was 27%, compared to 29% of previous year. Gross margin is expected to improve further in 2008 when the captive foundry and testing & packaging operations are further ramped up. The Semiconductor Business achieved an operating profit of HK\$325 million for the year ended 31st December, 2007 (2006: HK\$250 million), an increase of 30%.

The Group is one of the largest players in the PRC semiconductor industry and the Group's Semiconductor Business includes:

IC Design Operation

Wuxi China Resources Semico Co., Ltd., one of the leading PRC fabless design houses in terms of technology and scale, uses digital and mixed-signal technologies to design and develop semiconductor IC products such as MCU and audio and video processing SoC applied in consumer electronics such as television, hi-fi, DVD and MP3 players, game consoles, telecommunication devices, voice synthesisers, etc.

CR PowTech (Shanghai) Limited and InPower Semiconductor (WuXi) Co., Ltd. are engaged in the development and design of power management IC and high power discrete devices, which have very promising market prospects and will contribute positively to the growth of the design operations.

Foundry Operation

CSMC Technologies Corporation (“CSMC”) is currently the largest 6-inch open foundry operator in the PRC. The current total production capacity of 6 inch wafer of the Group has attained a significant scale of 80,000 wafers per month. The Group has three 6 inch wafer fabrication lines in total, with a production capacity of over 100,000 6-inch wafers per month and 0.35 μ m capability, providing various technical platforms such as MOS, bipolar and BICMOS and DMOS for customers. In future, the Group will focus on transforming its 6-inch open foundry operation into analogue foundry to achieve higher value-added operations.

IC Testing & Packaging Operation

The Group formed a joint venture called Wuxi CR Micro-Assemb Tech. Ltd., with STATS ChipPAC Ltd., a leading global IC assembly and testing foundry operator. The joint venture, one of the key enterprises focused in IC testing and packaging foundry operations in the PRC, mainly provided IC assembly and testing foundry services for internationally well-known semiconductor enterprises with its leading wire bond packaging testing technology in the PRC and a packaging capacity of 2.5 billion wires per month. The Company holds 75% equity interest of the joint venture.

Semicon Microelectronics (Shen Zhen) Co., Ltd. has become the largest wafer test open foundry operator in the PRC to support the Group’s IC testing and packaging operation.

Discrete Device Manufacturing Operation

Wuxi China Resources Huajing Microelectronics Co., Ltd. is a leader in the development and manufacture of power semiconductor discrete devices in the PRC. With an annual capacity of 1.5 million 4-6 inch wafers for discrete devices, this company is a major supplier of discrete device wafers and finished products in the PRC. China Resources Semiconductor Company Limited, established by the Group in Hong Kong, is a major supplier of the phototransistor products in the PRC. The above discrete device products developed by the Company are applied in promising sectors including energy saving lightings, home appliances, industrial control devices and personal computers.

Compressor Business

The PRC residential air-conditioner compressor market has softened in recent years with the increase in industry capacity in the PRC. This situation is further aggravated by the increase in cost of raw materials. The Compress Business was sold in August 2007 generating a gain on disposal of HK\$62 million.

Up to its disposal date, turnover of the Compressor Business amounted to HK\$1,247 million, which represents a decrease of 9% over the HK\$1,364 million turnover in 2006. However, due to continual increase in raw material costs, gross profit margin deteriorated from 18% of previous year to 15%. Its operating margin was 5% (2006: 8%). An operating profit of HK\$59 million was achieved during the year, a decrease of 48% over the HK\$114 million for 2006.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

Disposal of the Compressor Business

The Group disposed of its Compressor Business in August 2007 to its holding company, CRH. The disposal consideration was HK\$1,170,000,000 which represents approximately 20 times the attributable unaudited consolidated after tax net profit of the Compressor Business for the year ended 31st December, 2006 and some 10 percent premium over the attributable unaudited consolidated net asset value of the Compressor Business as at 31st December, 2006.

Amalgamation of the Semiconductor Interests

On 4th December, 2007, the Company entered into a conditional agreement with CSMC for the sale of the Semiconductor Business of the Group, being all its semiconductor operations other than China Resources Semiconductor Company Limited which operates a 4 inch wafer fab in Tai Po, for a consideration of approximately of HK\$1,488,900,000 which has been satisfied by the issue of 3,106,932,317 new shares in CSMC to the Company. The disposal consideration represents the aggregate net asset value of the Semiconductor Business being acquired based on its management accounts as at 30th June, 2007 adjusted for the payment of a dividend of approximately HK\$474.4 million.

On 4th December, 2007, the Company also entered into a conditional agreement with China Resources Concrete Limited, a subsidiary of CRH, the substantial and controlling shareholder of the Company, for the purchase of the entire issued voting share capital of Redland Concrete Limited for a cash consideration of HK\$217,757,665. The consideration was determined by referencing to the consolidated net asset value of Redland Concrete Limited as at 31st October, 2007 and its financial results in recent years. Redland Concrete Limited is principally engaged in the production and sale of ready mixed concrete within Hong Kong. It also engaged in the production and sale of ready mixed mortars.

On 4th December, 2007, the board of directors of the Company proposed that a distribution in specie be made to the shareholders of the Company, being shares in CSMC on the basis of 180 shares in CSMC for every 100 shares held in the Company, a total of 5,091,900,165 shares in CSMC were distributed (comprising 1,984,967,848 CSMC shares held by the Company and 3,106,932,317 CSMC shares issued to the Company as consideration under the conditional agreement with CSMC). CSMC will cease to be a subsidiary of the Company and the accounts of CSMC will no longer be consolidated into the financial statements of the Company once the distribution described above has been effected, and with the exception of the Tai Po 4 inch wafer fab which will be sold and/or closed down, the Company will cease to be engaged in the Semiconductor Business and will instead be engaged primarily in the supply of ready mixed concrete and related products to the Hong Kong and Macau markets and will maintain its listing on the Stock Exchange.

The above transactions have been completed on 5th March, 2008 upon obtaining necessary Shareholders' approval and the fulfilment of all necessary conditions.

PROSPECTS

The Semiconductor Business will continue to focus on and benefit from the rapidly increasing demand in the PRC for analogue IC's. The acquisition of a leading PRC semiconductor enterprise in 2002 and its subsequent successful restructuring and integration, provided the Group with a solid Chinese manufacturing platform. To further strengthen its semiconductor manufacturing platform and enhance its future competitiveness, the Company entered into a joint venture agreement in June 2006 with STATS ChipPAC Ltd., one of the world's leading IC assembly and testing foundry service providers, to expand its test and assembly business.

The Group's fabless design operations are leading IC design houses in the PRC and have significantly increased its analogue IC's product portfolio during the year as well as enhancing their design capabilities. The Group has recruited high caliber semiconductor design experts from the United States in recent years and will continue to recruit overseas trained semiconductor experts to enhance the continuous development of its IC and discrete device design and manufacturing capabilities.

The restructuring, funding and the invitation of strategic partners carried out by the Group's open foundry associated company, CSMC and its subsequent listing on the Stock Exchange in 2004, paved the way for the rapid expansion of the Group's foundry business. The Group acquired a controlling interest in CSMC in July 2006 and this catapulted the Group into one of the largest semiconductor foundries in the PRC.

The Group has become the market leader in the mature technology IC market segment of the PRC with dominant positions in manufacturing and packaging analogue IC's and discrete devices; operating fabless design house as well as providing open foundry service technology.

The Semiconductor Businesses of the Company and its subsidiary, CSMC Technologies Corporation, 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.

In March 2008, the Group acquired the entire issued voting share capital of Redland Concrete Limited, which is principally engaged in the production and sale of ready mixed concrete in Hong Kong.

The disposal of the Compressor and Semiconductor Businesses and the acquisition of Redland Concrete Limited transform the Group into a major ready mixed concrete supplier. With the continued recovery of the local property market and steady growth in construction projects in Hong Kong, the performance of the newly acquired business is expected to improve further. 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.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the year ended 31st December, 2007.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES AND MODEL CODE

The Company has throughout the year complied with the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) set out in Appendix 10 to the Listing Rules as its own code of conduct in relation to Directors’ securities transactions. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the year.

PUBLICATION OF ANNUAL RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE OF HONG KONG LIMITED

The Annual Report of the Company will be dispatched to shareholders and published on the Stock Exchange’s website (www.hkexnews.hk) and the Company’s website (www.crlogic.com.hk) in due course.

On behalf of the Board
CHINA RESOURCES LOGIC LIMITED
ZHU JINKUN
CHAIRMAN

Hong Kong, 20th March, 2008

As at the date of this announcement, the directors of the Company are as follows:

Executive Directors	:	Mr. ZHU Jinkun, Mr. WANG Guoping, Mr. ONG Thiam Kin and Mr. CHEN Cheng-yu, Peter
Non-executive Directors	:	Mr. JIANG Wei, Mr. LIU Yanjie and Mr. LI Fuzuo
Independent Non-executive Directors	:	Mr. WONG Tak Shing, Mr. LUK Chi Cheong, Mr. KO Ping Keung and Mr. YANG Chonghe, Howard