

## **Press Release – The Development of STJ Plant**

Response to media reports related to the development of ASM Pacific Technology's Shenzhen Shatoujiao Plant

Due to Shenzhen government's redevelopment plan of the Yantian District, Shenzhen ASM Micro Electronic Technology Company Limited (MET) of the Group is required to have its plant in Yantian District move out before October, 2014. The Casting Department will be relocated to the Group's Huizhou plant whereas other operations will be relocated to Longgang, Shenzhen. Yantian and Longgang are both located in Shenzhen with approximately 40 minutes' of driving distance in between. There are around 5000 staffs working at MET in the Yantian plant and the nearby Haipeng plant.

The Company offers 3 options to the Casting Department staffs: 1. They can choose to be relocated to work in the Huizhou Plant; 2. They can choose to work in the Haipeng Plant which is located in the vicinity of Yantian District. With the two options above, the staffs involved will have their salary, benefits and seniority remain unchanged; or 3. They can choose to terminate their employment contract with the Company in which case the Company will provide them with statutory financial compensation in accordance with Article 47 of the Labour Contract Law of China. One month salary will be paid for every one year of service.

The Company had many meetings with the local government regarding the relocation of the Yantian Plant. Based on advice from the Government as well as legal advice which the Company has sought independently, the company concludes that since the intra-city relocation from Yantian to Longgang will not affect the execution of existing employment contracts therefore it will not trigger any statutory financial compensation as stipulated in the Labour Contract Law of China.

The Company offers an incentive award to staffs who would be relocated to the Longgang Plant. The award scheme aims to encourage staffs to help to restore the productivity in the new plant at the soonest possible time. As for those staffs who wish to work in the Haipeng Plant due to individual special reasons, the Company will consider

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and approve on case by case basis. No matter the staff works in Longgang or Haipeng plant, their salary, benefits and seniority will remain unchanged. In the event that the Company is not able to arrange for appropriate job positions in Haipeng plant to those staffs the Company has approved their application, the Company will provide them with statutory financial compensation in accordance with Article 47 of the Labour Contract Law of China, whereby one month salary will be paid for every one year of service.

The Company recognizes that the relocation may have significant impact to its staffs and has established the following three guiding principles: 1. The Company shall endeavor to ensure no staff who wishes to continue his/her service in the Company will lose his/her job due to the relocation; 2. The relocation will be executed in strict compliance with the relevant laws and regulations; 3. The Company shall make the best endeavors to minimize the impact on the staff involved.

Subsequent to the announcement of the arrangements pertaining to the relocation by the Company on October 31, 2013, close to 1000 staffs assembled in the plant to express their concerns in the same afternoon. The Company believes that some staffs do not fully comprehend the details of the relocation plan and probably some of them have different interpretation of the relevant laws and regulations from that of the Company.

The Company attaches great importance to the concerns of its staffs and will discuss with staff representatives to address their concerns and demands. In the spirit of mutual understanding and cooperation, the Company firmly believes that all the issues will be resolved and a consensus will be reached. The Company will provide further update should there be any further developments of the plant relocation.

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