

STATS ChipPAC LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199407932D)

ANNOUNCEMENT

STATS CHIPPAC ANNOUNCES PLAN FOR ITS CHINA PLANT

STATS ChipPAC Ltd (the “**Company**”) wishes to announce that the Company’s wholly-owned subsidiary, STATS ChipPAC Shanghai, Co., Ltd. (“**SCC**”), has today entered into various agreements (the “**Compensation Agreements**”) with the Qingpu Land Planning Bureau, the Qingpu District Land Reserve Center and the Shanghai Qingpu District Xujing Town House and Land Expropriation Compensation Office (the “**Relevant PRC Local Authorities**”) in connection with the expropriation by the Relevant PRC Local Authorities of SCC’s land and factory buildings located at No. 188 Huaxugong Road, Xujing Town, Shanghai, People’s Republic of China (“**PRC**”) due to zoning adjustments and development and construction by the Relevant PRC Local Authorities of the West Hongqiao area (the “**Expropriation**”).

SCC is the holding company of the Company’s semiconductor packaging and test facility located at No. 188 Huaxugong Road, Xujing Town, Shanghai, PRC (the “**China Plant**”).

Pursuant to the terms of the Compensation Agreements:

- (i) part of the land comprising the parking field for the China Plant and green belt surrounding the China Plant shall be transferred by SCC to the Relevant PRC Local Authorities before 30 September 2015 (the “**First Phase Transfer**”). The First Phase Transfer shall be conditional upon, *inter alia*, the PRC Local Authorities providing SCC with an alternative parking area located within five minutes of the China Plant and the Relevant PRC Local Authorities having paid the First Compensation Amount (as defined below);
- (ii) the remainder of the land shall be transferred by SCC to the Relevant PRC Local Authorities following its receipt of 50 per cent. of the Aggregate Compensation Amount (as defined below) from the Relevant PRC Local Authorities and subject to SCC and the Relevant PRC Local Authorities entering into a lease agreement on terms satisfactory to SCC, granting SCC the right to continue to use the land for the China Plant until the earlier of the date on which SCC relocates the China Plant to its new site and 31 December 2017;
- (iii) SCC will receive a total compensation amount of RMB1,026,000,000 (the “**Aggregate Compensation Amount**”) from the Relevant PRC Local Authorities, which will be payable in the following manner:
 - (a) 30 per cent. or RMB307,800,000 (equivalent to approximately US\$50,302,337) will be payable to SCC within 10 days of the execution of the Compensation Agreements (the “**First Compensation Amount**”);

- (b) 20 per cent. or RMB205,200,000 (equivalent to approximately US\$33,534,891) will be payable to SCC before 30 September 2015 and subject to completion of the First Phase Transfer;
- (c) 5 per cent. or RMB51,300,000 (equivalent to approximately US\$8,383,723) will be payable to SCC before the end of June 2016 and a further 5 per cent. before the end of December 2016;
- (d) 10 per cent. or RMB102,600,000 (equivalent to approximately US\$16,767,446) will be payable to SCC within one month of the relocation by SCC of equipment to the new site of the China Plant; and
- (e) the remaining 30 per cent. or RMB307,800,000 (equivalent to approximately US\$50,302,337) will be payable to SCC within one month following the completion by SCC of the relocation of the China Plant to its new site and vacating of the land.

The Compensation Amount was determined based on the following key factors:

- (i) compensation for land;
- (ii) compensation for above-ground structures;
- (iii) compensation for annexes; and
- (iv) costs and resources for relocation of equipment.

The Company has retained appropriate consultants to assist in the evaluation and selection of a new site for the China Plant. To ensure minimal disruption to its China operations, the Company anticipates that any new site selected for the China Plant will be located in proximity to the current location of the China Plant and that the relocation of the China Plant to its new site will only take place in late 2017.

The above transaction is not expected to have any material impact on the earnings per share and net tangible assets per share of the Company for the financial year ending 28 December 2014.

BY ORDER OF THE BOARD

Janet T. Taylor
General Counsel and Company Secretary
1 January 2015