Stock abbreviation: JCET Stock code: 600584 Listing place: Shanghai Stock Exchange

Jiangsu Changjiang Electronics Technology Co., Ltd.

Major Asset Purchase Report

(Draft)

Name of Major Counterparty	Residence and Mailing Address
Singapore Technologies Semiconductors Pte Ltd	60B Orchard Road #06-18 Atrium @ Orchard, The Singapore (238891)

January 2015

Declaration

All the Directors, Supervisors and Senior Officers of the Company guarantee the truthfulness, accuracy and completeness of the Report and its summary content and, moreover, bear individual and joint legal liability for any false records, misleading statements or major omissions in the Report and its summary. All the Directors, Supervisors and Senior Officers of the Company warrant that, in the case that the Transaction is investigated by judicial authorities or the CSRC in an opened case due to any alleged false record, misleading statement or major omission in the information furnished or disclosed, they will suspend the transfer of their shares in the Listed Company before the investigation into the case is concluded.

The Transaction is an open market tender offer, and the counterparties to the Transaction have not represented and warranted that all information provided is true, accurate, complete and not misleading.

Decisions or opinions of the China Securities Regulatory Commission and other government agencies are not a reflection of the value of the Company's stock or a substantive judgement or guarantee of the investor's returns. Any statement to the contrary is a false assertion.

After the Transaction is complete, the Company is liable for any changes in its operations and returns. The investor shall bear the liability for any investment risk brought about as a result of the Transaction. The investor should consult his/her stockbroker, lawyer, CPA or other professional consultant with any queries in relation to this Report and its summary.

This Report is written in Chinese and translated into English. If there are any discrepancies between the English translation and the Chinese version, the Chinese version shall prevail.

Important Notes

The definitions of terms and abbreviations described in this section have the same interpretation as those defined in this Report.

I. Transaction Plan Overview

1. The Company, the IC Investment Fund and Siltech Semiconductor through their jointly established subsidiary intend, by means of a conditional General Offer, to purchase the full shareholding of STATS ChipPAC, a company established in Singapore and listed on the Singapore Exchange. The consideration of the Transaction is to be paid in cash: The purchase price of each STATS ChipPAC share shall be about 0.466 Singapore Dollars[1].

If, after the Conditional Tender Offer is publicised, the Target Company's shares become subject to events such as having their rights or dividends excluded, the Offeror reserves the right to make the corresponding adjustments to the offer price.

The total transaction consideration of the Tender Offer is US Dollars 780 million, equivalent to approximately 1.026 billion Singapore Dollars (calculated according to the middle exchange rate of 1.31505 Singapore Dollars to 1 US Dollar on 19 December 2014). The total Tender Offer consideration of 1.026 billion Singapore Dollars is confirmed. On public notice of the Formal Offer, the finalized purchase price per share will be determined according to the number of all shares outstanding issued by STATS ChipPAC (including all new ordinary shares issued due to the exercising of options under stock option plans outstanding as at the date of announcement of the Formal Offer.)

2. In addition, in view of the fact that certain policy restrictions exist in the Taiwan region concerning PRC enterprises investing in companies related to the Taiwanese semiconductor industry, if the Taiwanese Subsidiaries are not restructured at the same time as the Tender Offer, the Target Company's Taiwanese Subsidiaries will be indirectly controlled by a PRC entity after the purchase is completed. Therefore, in order to prevent these factors affecting the implementation of the Tender Offer, it has been negotiated between Changjiang

[1] The actual offer price will be calculated on the aggregate Singapore Dollars amount of S$1.026 billion on the basis of all shares in issue as at the date of the offer announcement and all shares which would be issued assuming full and valid exercise of all options outstanding as the Offer Announcement Date.

Electronics Technology and the Target Company and its controlling shareholders that they intend to restructure the Taiwanese Subsidiaries simultaneously with the Tender Offer. The actual plan is as follows: SCT 1, a Taiwanese Subsidiary whose shares are 52% owned by STATS ChipPAC, will purchase from STATS ChipPAC the Taiwanese Subsidiary SCT 3, whose shares are 100% owned by STATS ChipPAC, at the price of US Dollars 15 million. After the purchase, SCT 3 will become a wholly-owned subsidiary of SCT 1. STATS ChipPAC will establish a new company “Newco” in Singapore and transfer its 52% equity holding in SCT 1 to Newco at a price of approximately US Dollars 74.12 million for the shares, thus acquiring the shares issued to it by Newco. STATS ChipPAC will then issue all Newco shares and pay cash in a total amount of US Dollars 15 million to all of the shareholders by way of capital reduction; thereby divesting itself of the Taiwanese Subsidiaries. The aforementioned capital reduction will not result in the cancellation of STATS ChipPAC’s outstanding shares or a change in its total capital stock. The shareholders of STATS ChipPAC can choose to receive either cash or shares in Newco; however, STSPL, the controlling shareholder of STATS ChipPAC, undertakes to choose to receive all Newco shares. The shares in Newco will not be listed on the stock exchange of any market. The said restructuring of the Taiwanese Subsidiaries constitutes the capital reduction of STATS ChipPAC, which is required to be considered and adopted at the shareholders’ meeting of STATS ChipPAC and approved by the court of Singapore. Pursuant to the relevant regulations of the regions of China and Taiwan, the matters on the restructuring of the Taiwanese Subsidiaries are subject to approval by the Investment Commission, MOEA, Taiwan. At the time of restructuring the Taiwanese Subsidiaries, SCT 3 will repay the obligation of US Dollars 127 million due to STATS ChipPAC. At the same time, to ensure the stable reorganization process of the Taiwanese Subsidiaries, STATS ChipPAC will sign a Business Contract with the Taiwanese Subsidiaries.

3. Given that the Transaction will result in changes to the controlling shareholders of STATS ChipPAC, STATS ChipPAC will restructure the debts in accordance with relevant terms and provisions of its current bank lending and outstanding senior notes. As at the date of issuance of this Report, Changjiang Electronics Technology has already made necessary arrangements for the debt restructuring arrangement. Changjiang Electronics Technology has already signed a engagement letter with DBS Bank on debt restructuring arrangement, pursuant to which, DBS Bank will conduct debt restructuring on the Target Company by providing bridge loans up to US Dollars 890 million to the Target Company. The said bridge

loans are sufficient to meet the entire debt restructuring demand of the Target Company. After expiry of the bridge loan, DBS shall provide term loan and shall assist the Target Company in its undertaking of other debt (whether pursuant to bank borrowings or debt instruments or a combination) to further complete the Target Company's debt replacement.

At the same time, in order to cooperate with the aforementioned debt restructuring and to replace part of STATS ChipPAC's existing debt, STATS ChipPAC intends to allot the perpetual securities to all the shareholders in a size of US Dollars 200 million, which STSPL, the controlling shareholder of STATS ChipPAC undertakes to subscribe for the perpetual securities up to US Dollars 200 million and at the contractually stipulated time, to pay the subscription price. Changjiang Electronics Technology intends to furnish a guarantee pledge that if STATS ChipPAC has not repurchased the aforementioned perpetual securities within three years, the owner of the perpetual securities has the right to sell the said perpetual securities to Changjiang Electronics Technology; as the Guarantor of the perpetual securities, Changjiang Electronics Technology's compensation according to the sales prices shall include the principal of the perpetual securities and all payable interest.The security holders cannot require JCET to buy the securities within three years unless Stats fails to pay after giving notice that it intends to redeem the securities. The aforementioned guarantee is subject to the approval of Changjiang Electronics Technology's Shareholders' Meeting and becomes valid upon the issuance of the perpetual securities.

4. Pursuant to the relevant laws and regulations of Singapore, if the shareholding of the effective accepted Tender Offer reaches 90% of the Target Company's voting rights, the Offeror can perform statutory procedures to acquire the remaining equity; if the purchased equity ratio does not meet the aforementioned ratio, the Target Company has no means to implement a compulsory acquisition.

5. On 5 November 2014, the Company convened the 20th meeting of the fifth session of the Board of Directors, wherein it was deliberated and resolved to issue a proposal of non-legally binding acquisition motion to STATS ChipPAC, proposing the acquisition of all stock issued by STATS ChipPAC. Based on the aforementioned proposal, STATS ChipPAC and its controlling shareholder, STSPL, agreed to hold exclusive negotiations with the Company; furthermore, on this basis, they shall continue to have further consultations concerning the acquisition proposal. On 20 December 2014, the Company's 22nd extraordinary meeting of the fifth session of the Board deliberated and resolved the Joint Investment Agreement involved in the Transaction and other relevant motions. On 26

December 2014, the Company's 23rd extraordinary meeting of the fifth session of the Board deliberated and resolved the relevant motion of the Major Asset Purchase and planned to issue a conditional Tender Offer to STATS ChipPAC.

6. STSPL, the controlling shareholder of STATS ChipPAC, has already provided the Offeror with an Letter of Undertaking, committing to accept the Tender in return for all the shares that it currently holds in STATS ChipPAC and may hold in the future.

7. In that the Target Company of the acquisition is registered in Singapore, it is a foreign independent legal entity and has no equity relationship with the Company, and furthermore, the Company has not yet completed its acquisition of the Target Company. Difficulties therefore lie in obtaining the Target Company's detailed financial information formulated in accordance with Chinese Accounting Standards to carry out the audit process. Therefore, it is not possible to provide a Financial Report and a related Audit Report for the Target Company formulated in accordance with the Chinese Accounting Standards applicable to the Company.

According to the Target Company's publicly disclosed Annual Report and Regular Report, the Target Company's financial reports for the 2012 and 2013 fiscal years were formulated in accordance with the Singapore Financial Reporting Standards (FRS) and were audited by PricewaterhouseCoopers LLP, who furnished a standard unqualified opinion audit report. The Target Company's financial report for the first three quarters of 2014 was formulated in accordance with the Singapore Financial Reporting Standards and has not been audited by a CPA.

In this Report, the Company discloses discrepancies between the main accounting policies adopted by the Target Company and reported in its 2012 and 2013 audited annual reports and its unaudited report for the first three quarters of 2014, formulated in accordance with the Singapore Financial Reporting Standards and Chinese Accounting Standards, and provides a table of any possible discrepancies in the Target Company's annual report, if it were formulated using Chinese Accounting Standards. Moreover, it has enlisted the services of PricewaterhouseCoopers LLP to provide a Verification Report of the said table of discrepancies. According to the results of the discrepancy comparison between the main accounting policies used by STATS ChipPAC and the Chinese Accounting Standards, the preliminary verdict reached by the Company's management is that: we have noted no items of significance that we believe to be discrepant according to the main relevant stipulated discrepancies between the accounting policies and the Chinese Accounting Standards and that are not disclosed in STATS ChipPAC's Annual Report as of 30 December 2012, its Annual Report as of 29 December 2013 and its 9-month report as of 28 September 2014, reported using the Singapore Financial Reporting Standards. Within three months of the formal delivery of the Target Company's equity, the Company shall complete a financial report and an audit of the Target Company in accordance with the Chinese Accounting Standards and the Company's accounting policies and furthermore disclose the results thereof to its investors.

8. Prior to the completion of the acquisition, the Target Company is unable to produce more detailed financial information and earnings projections due to restrictions of the listing authority or commercial confidentialities. Furthermore, the Target Company of the acquisition is a company listed on the Singapore Exchange, and a public forecast of its profits could result in fluctuations in the Target Company's share value and affect the desire of its current shareholders to sell off stock, increasing the uncertainty of the success of the acquisition; therefore, no earnings projection is made in relation to the acquisition.

II. The Tender Offer Acquisition Does Not Constitute an Affiliated Transaction

The parties involved in the Transaction are all independent legal entities, wherein the Company is a Chinese independent legal entity, the Target Company is a Singaporean independent legal entity, and the Company and the Company's controlling shareholder have no affiliation with the Target Company or the Target Company's controlling shareholder. Tender Offer Acquisition therefore does not constitute an affiliated transaction.

III. The Transaction Constitutes a Major Asset Reorganization

The Target Company's revenue in 2013 was US Dollars 1.599 billion (approximately RMB 9,827 billion yuan) and the Company's revenue in 2013 was RMB 5.102 billion yuan. The Target Company's operating revenue accounts for approximately 192.6% of the Company's operating revenue. The Target Company's total assets at the end of 2013 were valued at US Dollars 2.378 billion (approximately RMB 14.394 billion yuan) and the Company's total assets at the end of 2013 were valued at RMB 7.583 billion yuan. The total equivalent price of the Acquisition is around 1 billion Singapore Dollars (approximately RMB 4.78 billion yuan) and the Target Company's total assets account for approximately 189.8% of the Company's total assets. Pursuant to the relevant provisions of *Measures for Restructuring*, the Transaction constitutes a major restructuring of assets.

IV. The Transaction Shall Not Result in Changes to The Company's Controlling Equity and Does Not Constitute Backdoor Listing

The Transaction is a cash acquisition, and does not involve changes in the Company's equity. After the Transaction is complete, the Xinchao Group shall remain the largest shareholder of Changjiang Electronics Technology, and Mr Xinchao Wang shall remain the actual controller of Changjiang Electronics Technology; therefore, the Transaction shall not result in any changes to the Company's controlling equity. The Transaction does not constitute backdoor listing pursuant to the provisions of Article XIII of the *Measures for Restructuring*.

V. The pricing method for this transaction

In that the Target Company is a company listed on the Singapore Exchange, a Valuation Report has not been used as the basis for the transaction price of the acquisition and, furthermore, an assets evaluation has not been performed for the acquisition. The determining factors of the acquisition price include the value of the Target Company's net assets, marker value, technology, brand and channels, in addition to the value of cooperative synergy subsequent to the acquisition. The total transaction consideration of the Tender Offer is US Dollars 780 million, equivalent to approximately 1.026 billion Singapore Dollars (calculated according to the middle exchange rate of 1.31505 Singapore Dollars to 1 US Dollar on 19 December 2014).

VI. Brief introduction of the effect of this transaction to the Listed Company

This transaction is a cash merger with no effect on the equity structure of Changjiang Electronics Technology.

In the long run, this merger will benefit Changjiang Electronics Technology in elevating its international influence and industrial position; it will broaden the foreign market and expand the client base; it will allow for the acquisition of advanced packaging technology, elevation of research and development capabilities, and Changjiang can become one of the top packaging and testing enterprises in the world.

In the short run, the Target Company suffers from losses in 2013 and the first three quarters of 2014, primarily due to such effects as insufficient capacity utilization, higher operating costs as well as the plant movement on the Company's profitability. Currently, the Target Company remains in a loss state and needs time to be integrated after the completion of the Transaction. The underlying company may continue to suffer from losses and results in the reduction of net profits of the Listed Company on a consolidated basis. In that the Company has not yet completed the acquisition of the Target Company, therefore, it is difficult to obtain an audit of its detailed accounts drafted according to Chinese Accounting Standards and it is also not possible to draft a consolidated report. In consideration that the Target Company's losses for 2013 and the first three quarters of 2014 were US Dollars 47.49 million and US Dollars 25.28 million respectively, it is preliminarily projected that if a consolidated report of the latest year and first quarter were drafted, Changjiang Electronics Technology's merged path net profit would show a loss, and therefore, it is advised that the Investors pay attention to the investment risks.

VII. This transaction still requires relevant filling and approval

The acquisition remains subject to filing and approval from the relevant competent authorities. In China, once the acquisition has been approved by the Board of Directors and the Shareholder's Meeting, it must be filed or approved by the NDRC, the Department of Commerce of Jiangsu Province and the local department of the State Administration of Foreign Exchange (SAFE). Furthermore, the acquisition is subject to Antitrust Review in China, the USA and South Korea. At the same time, the acquisition must satisfy the relevant legal requirements of the Singapore Securities Industry Council (SIC).

Restructuring of Taiwanese subsidiaries must be approved by Taiwan's Investment Commission. The restructuring in this instance shall not be implemented prior to approval by competent authorities.

Investors are reminded to carefully read the related chapters of the Report and to be aware of investment risks.

VIII. Measures to protect the rights of JCET shareholders in this transaction

During the Transaction, the Listed Company will take the following measures to protect the legitimate rights and interests of investors:

1. During the course of the Transaction, the Listed Company will, in strict accordance

with the *Measures for Restructuring*, *Notice on Regulating the Information Disclosure of Listed Companies and the Acts of all Related Parties*, *Extraordinary Provisions on Strengthening the Supervision over Abnormal Stock Trading Related to the Material Asset Reorganizations of Listed Companies* and other relevant laws and regulations, make timely and complete disclosure of relevant information, perform its legal obligation of information disclosure, and fairly disclose to all investors major events that may significantly impact the stock price of the Listed Company or the progress of the Transaction.

2. According to the *Measures for Restructuring*, the Company has engaged an independent financial advisor and a legal counsel for verification of the Transaction, and an accounting firm with securities business qualifications to issue a verification report. The said independent financial advisor and legal counsel will respectively issue independent financial consultant reports and legal opinions regarding the Transaction, according to the requirements of the relevant laws and regulations.

3. Before the Transaction-related matters were submitted to the Company's Board of Directors for deliberation, the Company obtained the independent directors' prior approval of the Transaction, and all independent directors of the Company have issued independent opinions on Transaction-related matters:

4. At the Shareholders' Meeting that considers and reviews the Transaction, the Company will make the stock exchange trading system available to all shareholders as an on-line voting platform, and the shareholders will vote through the said system to effectively protect the legitimate rights and interests of shareholders.

Statement of Major Risks

The Major Asset Purchase involves the following risks:

1. The risk that the Transaction does not gain approval

The Major Asset Purchase is subject to the necessary filing and approval procedures before it can be implemented. These include, but are not limited to:

(1) The Company's Shareholder's Meeting approval of the Transaction and related matters concerning the Transaction;

(2) STATS ChipPAC Shareholder's Meeting approval of the capital reduction, the restructuring of the Taiwanese Subsidiaries and matters in relation to the revision of STATS ChipPAC's Articles of Association in accordance with perpetual securities clauses;

(3) The Singapore courts approve STATS ChipPAC's capital reduction and the restructuring of the Taiwanese Subsidiaries;

(4) Filing or review and approval of the Transaction by the NDRC, the Department of Commerce of Jiangsu Province and the SAFE;

(5) Antitrust Review in China, the USA and South Korea;

(6) Approval of the Investment Commission, MOEA, Taiwan concerning matters in relation to divestment of the Taiwanese Subsidiaries.

(7) Other necessary approvals, filings or authorizations (if any).

The aforementioned filings or approvals are prerequisites to implementing the Transaction. Uncertainty exists concerning whether or not the relevant filings or approvals will be gained and how long the said filings or approvals will take. Therefore, uncertainty exists as to whether or not the major purchase of assets on this occasion can be successfully implemented. If the Transaction does not gain approval, the Transaction may be subject to suspension, termination or revocation.

2. Legal and policy risks of the Transaction

The Transaction involves the laws and policies of Singapore, the PRC and Taiwan. The Company is a listed company, registered and established in China, and the Target Company is a listed company, registered in Singapore. Moreover the Transaction involves the divestment of the Taiwanese Subsidiaries. Therefore, the acquisition must comply with the policies, laws and regulations of each country in relation to overseas mergers and acquisitions and foreign investment mergers and acquisitions and, hence, a certain amount of legal risk exists.

3. Business integration risk and the Target Company's risk of continuing losses

The Target Company is an offshore company, whose main assets, business and manufacturing facilities are located in Singapore, South Korea, Taiwan and Shanghai. Discrepancies exist between the Target Company and the Company in terms of operation and management, such as applicable legal regulations, accounting and tax systems, business conventions, the company management systems and corporate culture. In addition, in that the scope of the acquisition is rather broad, it will take a certain amount of time, once the Transaction is complete, to fully integrate the Target Company's product sales, R&D, human resources and management, etc. For this reason, the risk exists that the Company will not be able to fulfil business integration within a short period of time or that business integration will not be successful.

The Target Company made a loss in 2013 and the first three quarters of 2014. The main reason for this was insufficient capacity utilization and rather high operating costs. At the same time, conditions such as moving factories, etc., further impacted the Target Company's profitability. After the completion of the transaction, integration will take a certain amount of time and therefore, the Target Company may continue to run at a loss, which may also result in a reduced consolidated net profit for JCET. Investors should be aware of the investment risk.

4. Risk due to the Company's lack of a reserve pool of talent for international operations

Once the acquisition is complete, and in order to satisfy the requirements for its international operations, the Company should establish a team of talent with rich international business management experience. If the reserve pool of talent with international experience cannot satisfy the requirements for future strategic development, the Company will face the risk of not being able to smoothly implement its overall plans due to poor executional capabilities. In addition, once the Transaction is complete, the Company's business scope will quickly broaden, and if the Company's internal organization and management systems cannot keep apace, it could have a negative impact on the Company's operations.

5. Risk of industrial fluctuation

The Company and the Target Company's business conditions and earnings potential are greatly impacted by the economic climate of the semiconductor industry. Furthermore, the semiconductor industry experiences the feature of cyclical fluctuation.

Affected by the financial crisis, in Q4 of 2008 and in 2009, the semiconductor industry's economic climate suddenly crashed, falling to an all-time low. In 2010, the industry bounced back and began a strong recovery; moreover, China's integrated circuit market quickly developed to become the world's leading marketplace. In 2011, affected by the European Sovereign Debt Crisis, the semiconductor industry went into recession once more, a trend that continued from 2011 into 2012 as the industry hovered around its lowest ebb. In 2013, the economic climate once again began to recover.

The fluctuation of growth in the semiconductor industry can have a certain impact on the operations of the Company and the Target Company. The Company will closely follow market requirements and trends, increase the pace of technical innovation and carry out timely adjustments to product structures, to lower the operating risks brought about by industrial fluctuations.

6. Target Company's risk of dependence on customers and risk of customer loss after the acquisition

The Target Company generates about 70% of its revenues from the American market, and it relies to a certain degree on large customers. If, after the acquisition announcement is made, the Company cannot maintain good cooperation with these customers, the Target Company's sales will be affected. After the acquisition, the Company will communicate with the Target Company's existing major customers as soon as possible to ensure the maintenance and transition of customer relationships. Although the Company will actively take measures to maintain customer relationships, the risk of losing customers after the acquisition still remains.

7. Risk of the Target Company's rather high leverage ratio

From start to finish, the Target Company's leverage ratio sits at a rather high level. The rather high interest expenditure is also the main reason for its net losses. Although Changjiang Electronics Technology is not excluding the possibility of debt replacement for the Target Company, the related proposal may not necessarily be smoothly implemented, resulting in the possibility that the Target Company's capital structure cannot be effectively improved. In the short term, the risk exists that the Target Company will continue to bear a rather high interest liability, its operating capital will be stretched and, therefore, its ability to carry out its strategy for market expansion will be impeded.

8. Risks related to the Break Fee Agreement

In the Transaction, JCET, Xinchao Group and STATS ChipPAC have signed the Break Fee Agreement and Further Agreement, wherein the main content pertaining to JCET's break fee arrangement is as follows:

(A) Subject to JCET obtaining its shareholders' approval for the Offer, JCET will pay STATS ChipPAC US$23,400,000 if:

(i) any of the regulatory approvals required to make the Offer under applicable laws and regulations in the PRC as at the date of the Break Fee Agreement (including the approvals of National Development and Reform Commission of the PRC ("NDRC") and State Administration of Foreign Exchange of the PRC ("SAFE") and the approval of Ministry of Commerce of the PRC ("MOFCOM") in relation to any matter not involving anti-trust, but excluding the approval of MOFCOM in relation to anti-trust matters ("MOFCOM Anti-trust Approval") is not obtained by or does not remain in full force and effect on the Long-Stop Date; or

(ii) the Offeror fails to make, apply or file any of the mandatory or appropriate anti-trust authorisations identified by the Offeror as necessary or appropriate for or in connection with the Offer (other than the MOFCOM Anti-trust Approval and the notification or filing under the United States Hart-Scott-Rodino Antitrust Improvement Act 1976 (as amended) and the regulations promulgated thereunder required to be made by the Company);

(B) subject to JCET obtaining its shareholders' approval for the Offer, JCET will pay STATS ChipPAC US$7,000,000 if any of the new regulatory approvals required to make the Offer which is introduced or arising from the change in any applicable written law or regulation of the PRC is not obtained by or does not remain in full force and effect on the Long-Stop Date.

According to the relevant provisions of the aforementioned Break Fee Agreement, if conditions arise to trigger the payment of a break fee, JCET must promptly pay the break fee as stipulated and the break fee shall be recorded as a loss for the actual period, having a negative impact on JCET's earnings..

9. The risk of co-investors' put options

In the transaction, the subsidiary company jointly established by JCET, IC Fund and

Siltech Semiconductor shall acquire STATS ChipPAC, a company listed on the Singapore exchange, by means of a voluntary conditional Tender Offer. According to the relevant agreements signed by JCET, IC Fund and Siltech Semiconductor, IC Fund and Siltech Semiconductor as co-investors of the transaction have put options within a certain timeframe to sell their equity in Suzhou Changdian Xinke Investment Co., Ltd. or Suzhou Changdian Xinpeng Investment Co., Ltd. to JCET after the acquisition and according to a stipulated rate of return. Moreover, they have the right within the scope approved by CSRC, to choose the payment method used by JCET for the purchase consideration. The aforementioned arrangement could impact JCET's share structure and liquidity conditions, etc., and investors are advised to carefully review the relevant sections of the Transaction Report, and to be aware of the investment risks.

10. The risk of unresolved lawsuits

On 7 October 2014, the Target Company publicly announced that the German company ERS Electronic GMBH was charging that two of the Target Company's welding machines infringed its patent rights. The pre-hearing of this case was convened on 26 November 2014 and the Target Company has already hired a legal defence team to handle the case. A further pre-hearing for the case shall be convened on 28 January 2015.

As stated in the Target Company's announcement dated 7 October 2014, the Target Company does not expect this action to have a material financial impact. The Target Company has sought legal advice and is of the opinion that the claim is groundless and without merit and intends to take all necessary steps to vigorously defend the claim, including but not limited to, a counterclaim for revocation of the patents which the Target Company has been alleged to infringe.

11. Risk of fluctuation in share price

In addition to operating performance and financial status, the Company's share price is also affected by factors such as the international and domestic macroeconomic situations, trends in capital markets, investor expectations and all types of major incidents. When considering an investment in the Company's shares, investors should take all of the aforementioned factors of investment risks into account and make a careful assessment.

12. Risk of foreign exchange fluctuations

In that the Target Company's daily operations involve multiple currencies including US Dollars, Singapore Dollars and Euros, and the Company's consolidated reports are formulated in Renminbi yuan, fluctuations in the foreign currency exchange rate between Renminbi yuan, US Dollars, Singapore Dollars and Euros may result in foreign exchange risk with regard to the Transaction and the Company's future operations.

13. Other risks

The Company does not exclude the possibility of impact from other uncontrollable factors brought about by political administration, the economy or natural disasters.

The Company discloses the risk of the Major Asset Purchase in this Report's Chapter Ten "Risk Factors". Investors are reminded to read this section carefully and to pay attention to investment risks.

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Definitions

In the Report, unless otherwise expressly indicated, the following terms bear the given definitions:

The Report	refers to	Jiangsu Changjiang Electronics Technology Co., Ltd. Major Asset Purchase Report (Draft)
Changjiang Electronics Technology/the Company/the listed company/JCET	refers to	Jiangsu Changjiang Electronics Technology Co., Ltd.
Target Company/STATS ChipPAC	refers to	STATS ChipPAC Ltd., the said company is listed on the Singapore Exchange
The Acquisition/the Transaction/the Tender Offer/the Major Asset Purchase	refers to	A voluntary and conditional Tender Offer by the subsidiary company established between Changjiang Electronics Technology, the IC Investment Fund and Siltech Semiconductor, to purchase the full shareholding of STATS ChipPAC, a company listed on the Singapore Exchange.
Restructuring of the Taiwanese Subsidiaries	refers to	STATS ChipPAC will establish a new company “Newco” in Singapore and the equity holding of the two Taiwanese Subsidiaries belonging to STATS ChipPAC shall be transferred to Newco; STATS ChipPAC will then issue Newco shares and pay cash to all of the shareholders by way of capital reduction; thereby divesting itself of the Taiwanese Subsidiaries.
Xinchao Group	refers to	Jiangsu Xinchao Technology Group Co., Ltd., the Company’s largest shareholder
SMIC	refers to	Semiconductor Manufacturing International Corporation
Siltech Semiconductor	refers to	Siltech Semiconductor (Shanghai) Co., Ltd., a wholly-owned subsidiary of SMIC
IC Investment Fund	refers to	China Integrated Circuit Industry Investment Fund Co., Ltd.
Co-investor	refers to	Siltech Semiconductor and the IC Investment Fund in their joint investment with the Company in the acquisition

Changdian Xinke	refers to	Suzhou Changdian Xinke Investment Co., Ltd., the company specifically created among Changjiang Electronics Technology and the IC Investment Fund and Siltech Semiconductor in the Suzhou Industrial Park for the special purpose of the Transaction.
Changdian Xinpeng	refers to	Suzhou Changdian Xinpeng Investment Co., Ltd., the special purpose company specifically created among Suzhou Changdian Xinke and the IC Investment Fund in the Suzhou Industrial Park for the purpose of the Transaction
Offeror / Tenderer	refers to	JCET-SC (Singapore) Pte. Ltd., a special purpose company established by Suzhou Changdian Xinpeng in Singapore for the purpose of the Transaction
Temasek	refers to	Temasek Holdings (Private) Limited, the actual controller of STATS ChipPAC controlling shareholder.
STSPL	refers to	STATS ChipPAC controlling shareholder, Singapore Technologies Semiconductors Pte Ltd.
Conditional Tender Offer	refers to	The pre-conditional General Offer of a voluntary cash tender issued by the Company to STATS ChipPAC
Formal Offer	refers to	After the conditions of the conditional General Offer have been satisfied or exempted, the voluntary conditional cash Tender Offer issued by the special purpose company specifically established by the Company for the purpose of the Transaction, to STATS ChipPAC as a formal offer and with the following conditions: (1) the Offeror having received, by the closing date of the Offer, valid acceptances in respect of such number of shares which, together with the shares owned, controlled or agreed to be acquired by the Offeror (and persons acting in concert with it) before or during the offer, will result in the Offeror (and persons acting in concert with it) holding such number of shares carrying more than 50% of the voting rights attributable to the maximum potential issued share capital of the Company; (2) the restructuring of the Taiwan Subsidiaries is complete; and (3) the target company having made its perpetual securities offering to the shareholders of STATS ChipPAC on the date of announcement of the Formal Offer.
Deadline	refers to	The last day on which the conditions of the Conditional Tender Offer must be fully satisfied or

		exempted, i.e.: 5.00 p.m. on 30th June, 2015 or at a later time as confirmed by the Target Company and the Offeror after consultation with the Singapore SIC
Taiwanese Subsidiaries	refers to	SCT 1 in which STATS ChipPAC owns 52% equity and SCT 3, in which STATS ChipPAC owns 100% equity
SCT 1	refers to	STATS ChipPAC Taiwan Semiconductor Corporation in which STATS ChipPAC owns 52% equity
SCT 3	refers to	STATS ChipPAC Taiwan Co., Ltd. in which STATS ChipPAC owns 100% equity
DBS Bank / DBS	refers to	DBS Bank Ltd.
Taiwan Investment Commission	refers to	Investment Commission, Ministry of Economic Affairs (MOEA), Taiwan
Singapore SIC	refers to	Securities Industry Council of Singapore
Singapore Code on Take-overs and Mergers	refers to	Singapore Code on Take-overs and Mergers
WSTS	refers to	World Semiconductor Trade Statistics
Company Law	refers to	*Company Law of the People's Republic of China*
Securities Act	refers to	*Securities Act of the People's Republic of China*
Measures for Reorganization	refers to	*Administrative Measures for the Material Asset Reorganizations of Listed Companies*
Financial Advisory Business Guidelines	refers to	*Memorandum No. 2 on Information Disclosure of Major Asset Reorganizations of Listed Companies: Financial Advisory Business Guidelines for the major asset reorganization of listed companies (Provisional)*
Listing Rules	refers to	*Stock Listing Rules of the Shanghai Stock Exchange*
NDRC	refers to	National Development and Reform Commission of the People's Republic of China
CSRC	refers to	China Securities Regulatory Commission
Independent Financial Adviser/CICC	refers to	China International Capital Corporation Limited

Legal Adviser	refers to	Jiangsu C&T Partners
CAGR	refers to	The abbreviation of Compound Annual Growth Rate
Singapore Dollar	refers to	Singapore Dollar
WLCSP	refers to	Wafer level chip scale packaging
Copper Pillar Bumping	refers to	Copper pillar bumping
SiP	refers to	System in package
FC	refers to	Flip chip
MIS	refers to	Molded interconnected system
Discrete devices	refers to	A single-function circuit transistor device that mainly includes transistors such as various types of diodes and bipolar transistors
IC	refers to	Integrated Circuits (abbreviated to IC, also known as chips) are a micro-electronic component or part. Using a certain process, all of the required transistor, diode, resistance and sensor elements of a whole circuit, are mutually laid out and connected on a small board or several small boards of semi-conductor wafer or slices of a media base and then sealed within a tube casing to create a micro-type structure that bears all of the required circuit functions.
eWLB	refers to	Embedded wafer level ball grid array, referring to a type of packaging technique authorised by Infineon to be used by STATS ChipPAC
Teradyne platform	refers to	Testing platforms supplied by Teradyne, the world's largest supplier of integrated circuit automatic testing equipment.
IPD	refers to	Integrated Passive Device
TSV	refers to	Through Silicon Via
fcBGA	refers to	flip-chip Ball Grid Array
fcFBGA	refers to	flip-chip Fine-Pitch Ball Grid Array
fcLGA	refers to	flip-chip Land Grid Array

Some of the last digits of total counts in the Report are discrepant from individual direct values; this is due to the practice of rounding up to the nearest integer.

Chapter One. Overview of the Transaction

I. Background and Objectives of the Transaction

（I）Background of the Transaction

1. Chinese enterprises to achieve "Go Global" strategy through overseas acquisitions, to penetrate the global economy

The Transaction complies with the overall greater trend for Chinese enterprises to strengthen their multinational resources and the strategic direction of national policy. In 2014, the State Council expressed in its *Government Work Report* that: "We will increase China's competitiveness through expansion of its overseas business presence. We will carry out reform of the management of outbound investment so that such investment is mainly reported for the record, and delegate much of the review and approval power over such investment to lower-level governments." Since its reform and opening, China's economy has experienced gradual development, and foreign investment has been attracted through diverse methods such as joint investment, cooperation, new investment and mergers and acquisitions to participate in the growth of the Chinese economy and joint investment with Chinese enterprises. With the comprehensive increase in strength and development of Chinese enterprises, the latest trend is for Chinese companies to seek out even more opportunities for growth. One of the methods for such development is integrating domestic and offshore resources to share the delegation of work.

Chinese enterprises are using methods such as trading activities, overseas mergers and acquisitions and multinational investments, etc. to participate in the global economy and to establish resources on a global scale. In recent years, an increasing number of Chinese enterprises have used the method of direct outbound investment to extend their manufacturing chains and market coverage overseas, with a view to gradually laying the foundation for growth into global multinational corporations. A 2013 joint publication from agencies such as the Ministry of Commerce indicated some statistics on direct Chinese outbound investments: in 2013, direct Chinese outbound investment reached an all-new historical record high of US Dollars 107.84 billion, which was a year-on-year growth of 22.8% and ranked China as the world's third largest outbound investor for the second consecutive year; as of the end of 2013, the accumulated net total (stock) of direct Chinese outbound investments had already reached US Dollars 660.48 billion, rising from being ranked 13 to being ranked 11 in the world; China's outbound investment in the non-financial sector reached US Dollars 543.4 billion.

The Transaction will aid Changjiang Electronics Technology in more quickly and efficiently merging into international markets, in compliance with the development trend for Chinese enterprises to "Go Global".

2. Recovery of the global semiconductor manufacturing industry and vigorous demand in China

After the economic nadir between 2008 and 2012, the global semiconductor manufacturing industry moved into recovery in 2013, breaking past US Dollars 300 billion for the first time and eventually reaching a turnover of US Dollars 305.6 billion, representing a 4.8% growth rate. According to forecasts from the WSTS, the global semiconductor market will continue to grow in 2014 and, spurred on by the increase in demand for processer chips and memory chips in emerging markets such as mobile communications, it is predicted that industry turnover will further climb to around US Dollars 316.6 billion in 2014 and US Dollars 327.3 billion in 2015. The scope of the Chinese market for semiconductor packaging and testing has been affected by external factors such as a global shift to place global testing capabilities in China, with domestic packaging and testing technology experiencing a breakthrough; moreover, a rise in the demand for domestic brand semiconductor equipment and the growth in demand for electronic equipment among downstream consumers, has meant continued stable growth, and the scope of business in this area now exceeds RMB 100 billion yuan. Currently, China is already the largest consumer market for semiconductors in the world, but it only supplies around 40% of that amount itself, with the majority share still being supplied by foreign enterprises. As a huge consumer market and a nation with production potential, in the future China will greatly increase and maintain growth in its own semiconductor sector, to meet the vigorous demand for the localization of microchip production.

3. Clear strategic positioning of the semiconductor industry; Chinese enterprises must increase overall competitiveness

The integrated circuit manufacturing industry is strategic to the development of the national economy and social development. As a foundational and pioneering industry, it nurtures the development of strategic emerging industries, promotes informatization and is a key foundation for deeper industrialization. It provides a means to change the economic development mode, adjust manufacturing structures and assure the important pillar of securing national information, and presents a clear vision for strategic positioning. The Company's integrated circuit packaging and testing production is an essential part of the integrated circuit industry; most enterprises in the industry follow a processing model that keeps up with industrial developments. Competition is fierce between domestic enterprises, and many find themselves disadvantaged when facing competition from overseas, requiring a transformed model for development.

The *"12th Five Year Plan" Development Plan for Integrated Circuit Manufacturing* stated that, by the end of the *"12th Five Year Plan"*, the industry will have at least doubled in size; key core technologies and products will have achieved breakthrough progress, structural adjustment will show clear results and production chains will be improved, resulting in a group of enterprises that can compete on an international level. The current scale of most domestic enterprises remains small, however, with severe competition among the same types of products. Overall, the industry remains in a catch-up mode of development. Subject to its own limited levels of technology and manufacturing processes, Chinese enterprises continue for the most part to lag in comparison with their industrial competitors in Japan, South Korea and Taiwan. In terms of the semiconductor packaging and testing industry, on the one hand, labour costs are constantly increasing and the low-cost advantage is gradually weakening; on the other hand, terminal manufacturers are exercising even tighter control over technologies and design processes, constricting the profitability of the packaging and testing industry. The transition from the original development models will take longer than anticipated, and will require much greater investment. Cross-border mergers and acquisitions allow Chinese manufacturers to quickly learn from advanced offshore technologies and give them an opportunity to integrate international resources, increasing the overall competitiveness and the right to global discourse.

4. Grasping the opportunity to achieve a crossover development model through merger and acquisition

The Target Company's main activities lie in the business of semiconductor chip outsourced packaging and testing, and it is a main global supplier within the semiconductor packaging and testing industry. The Target Company's headquarters are located in Singapore, and it has semiconductor packaging and testing operations in four locations: Singapore, South Korea, Shanghai, China and Taiwan. It owns four manufacturing test centres and two R&D

centres. It also has sales teams based out of the USA, South Korea, Japan, Shanghai, China, Taiwan, Singapore and Malaysia.

Affected by a weak market for terminal products, the Target Company has not performed well in recent years and its controlling shareholder wishes to sell off its shares in the company. Therefore, the Company has an opportunity to fully acquire the Target Company at an appropriate transaction price, and to realize leap-forward development by means of this merger and acquisition.

（II）Objectives of the Transaction

1. Increase international influence and industrial positioning

The Transaction will increase the Company’s international influence and help the Company to take advantage of the Target Company’s brand performance to quickly establish recognition of it as a Chinese enterprise in overseas markets. The Target Company has already established subsidiary and branch organizations in other countries and regions including Singapore, the USA, South Korea, Malaysia and Taiwan, and has more than 20 years of experience in the industry. Based on its total sales, it is the fourth largest operator of semiconductor outsourced assembly and test (OSAT). It holds a leading position in the field of advanced assembly technology and its management teams have rich business and management experience. If the Transaction is successfully completed, it will effectively promote the Company’s international advancement, and the coordinated use of resources will help the Company to increase its global industrial standing.

The Target Company provides an integrate series of semiconductor solutions and services, including packaging design, solder bumping, probe pins, assembly, testing and delivery, relying on its current technological superiority in areas such as inverse chip installation, wafer components and 3D packaging to provide its customers with innovative and high cost-performance semiconductor solutions. If the Transaction is successfully completed and subsequently smoothly integrated, the Target Company’s main products and technologies will effectively supplement the Company’s existing business, and aid the Company in increasing its technology and service levels, to realize scaled benefits.

2. Expand overseas markets and broaden the customer base

The Transaction will expand the Company’s overseas markets and help it to establish a broader base of high-end customer groups. The Target Company has sales and business deployed in all major global regions and has a complete team offering expert sales services, including departments for sales, project management, product technology marketing and customer service that provide a series of integrated sales services. The Target Company's sales in the European and American markets accounts for a rather high share of its total revenue. In 2013, the Target Company's revenue in the USA accounted for 69.2% of its total revenue, and its sales revenue in Europe accounted for 11.8% of its total revenue. The Target Company's customer quality is also quite high; in 2013, around 11 of the world's Top 20 semiconductor customers had business dealings with the Target Company and it also had coverage among the remaining customers. If the Transaction is successful, it will help the Company to quickly expand its overseas market coverage, and will take advantage of coordinated effectiveness to strengthen its international structure.

3. Obtain advanced packaging technology and increase R&D strength

The Transaction will help the Company to effectively realize its product development strategy of "appropriate development of traditional packaging, focused development of high-end packaging and speedier development of packaging with special characteristics". Flip-chip is the Target Company's most important business activity, accounting for approximately 90% of sales revenue from its top five customers. The Target Company's business characteristics and the Company's development strategy are mutually congenial.

The Target Company is an industrial leader in terms of advanced packaging technology, with strong R&D capabilities, and it has its own complete R&D processes and systems. The Target Company has a total of 2,594 patent applications distributed across the USA, Singapore, South Korea, China and Taiwan; 76% of its patents have been registered in the USA and are well matched to its focus on sales in the American market. The Target Company has approximately 300 key core patents, most of which concern aspects of the Fan-Out and Solder Bump Flip Chip. The Target Company's technology and product types are mutually rather compatible with the Company's and its relatively complete R&D systems and clear technological strategy makes it well suited to the demands of the marketplace, which will help to increase the Company's R&D strength and lay a foundation for the Company to become a packaging enterprise with advanced technology, mature management, excellent business performance and the best international-level internal systems.

II. Specific Plan of the Transaction

(I) Specific Plan of the Transaction

1. Basic information about the Tender Offer

Acquisition consortium: Jiangsu Changjiang Electronics Technology Co., Ltd., China Integrated Circuit Industry Investment Fund Co., Ltd. and Siltech Semiconductor (Shanghai) Co., Ltd.

Purchaser: JCET-SC (Singapore) Pte. Ltd. (i.e., the Offeror)

Transaction object: STATS ChipPAC Ltd. (not including the Taiwanese Subsidiaries)

Transaction counterparty: All shareholders of the Target Company

Acquisition method: Changjiang Electronics Technology, the IC Investment Fund and Siltech Semiconductor, through their jointly established subsidiary, by means of a voluntary and conditional full Tender Offer, shall purchase the full shareholding of STATS ChipPAC, a company listed on the Singapore Exchange.

Purchase consideration: The consideration of the Tender Offer is to be paid in cash: the purchase price of each STATS ChipPAC share shall be about 0.466 Singapore Dollars.

If, after the Conditional Tender Offer is publicised, the Target Company's shares become subject to events such as having their rights or dividends excluded, the Offeror reserves the right to make the corresponding adjustments to the offer price.

Total transaction consideration: If 100% of the equity is acquired, the total Transaction consideration is US Dollars 780 million, equivalent to approximately 1.026 billion Singapore Dollars (calculated according to the middle price exchange rate of 1.31505 Singapore Dollars to 1 US Dollar on 19 December 2014), and equivalent to approximately RMB 4.774 billion yuan (calculated according to the middle price exchange rate of RMB 6.1205 yuan to 1 US Dollar on 19 December 2014). The total Tender Offer consideration of 1.026 billion Singapore Dollars is confirmed. Upon public notice of the Formal Tender, the finalized purchase price per share will be determined according to the number of all shares outstanding issued by STATS ChipPAC (including all new ordinary shares issued due to the exercising of options under stock option plans outstanding as at the date of announcement of the Formal Offer)

The pre-conditions for this conditional offer include:

(1) The shareholders of JCET having passed the necessary resolutions to approve, implement and effect the Offer at a general meeting of the shareholders of JCET;

(2) The shareholders of the target company having passed at a general meeting the necessary resolutions to approve, implement and effect the Taiwan Distribution and the Taiwan Restructuring, and matters in relation to the revision of STATS ChipPAC's Articles of Association in accordance with perpetual securities clauses;

(3) The High Court of Singapore having approved of the Taiwan Distribution;

(4) By whichever of the following dates is earliest, the Target Company's total consolidated interest-bearing debt (bank loans and already issued notes and bonds) shall not exceed US dollars 1.28 billion: (1) the announcement date of the Formal Tender Offer; or (2) 30 April 2015;

(5) All filings, approvals or authorization related to this Tender Offer and the Taiwan Restructuring have been obtained and become effective, including but not limited to: filings or approval of the NDRC, Jiangsu Provincial Department of Commerce and local Administration of Foreign Exchange as well as approval of the Investment Commission, MOEA, Taiwan, etc.;

(6) Antitrust Authorisations in China, USA, South Korea, etc., have been successfully completed;

(7) Other necessary approvals or authorization (if any).

The official offer will not be made unless and until the pre-conditions are fullfilled or waived. In the event that any condition pursuant to the offer fails to be fully satisfied or waived after the deadline (Singapore time 5:00 pm 30 June 2015, or other later time determined by the Target Company and offeror after consulting with the Securities Industry Council in Singapore), the official offer shall not be issued.

Subject to the satisfaction or waiver of the pre-conditions, the Offeror, indirectly controlled by the Company, will issue to STATS ChipPAC voluntary conditional offer, which will formally enter into force subject to and upon the fulfilment of the following conditions:

(1) the Offeror having received, by the closing date of the Offer, valid acceptances in

respect of such number of shares which, together with the shares owned, controlled or agreed to be acquired by the Offeror (and persons acting in concert with it) before or during the offer, will result in the Offeror (and persons acting in concert with it) holding such number of shares carrying more than 50% of the voting rights attributable to the maximum potential issued share capital of the Company, and for this purpose the "maximum potential issued share capital of the Company" means the enlarged share capital of the Company taking into account all Shares which would be in issue if all the Options and/or Awards outstanding which may be exercised or vested prior to the close of the Offer (if any) have been validly exercised or vested as of the date of the Offer being declared unconditional as to acceptances, excluding any Shares held in treasury;

(2) the completion of the Taiwan Restructuring.

(3) the target company having made its perpetual securities offering to the shareholders of STATS ChipPAC on the date of announcement of the Formal Offer.

2. Basic information about the restructuring of Taiwanese Subsidiaries

Given certain policy constraints imposed on mainland-funded companies' investment in Taiwanese companies in the semiconductor-related industries in Taiwan, the Taiwanese Subsidiaries of the Target Company will be indirectly controlled by the mainland-funded companies after the purchase of the target company if failure to restructure the Taiwanese Subsidiaries happens at the same time. To avoid any impact on the execution of the Tender Offer, it has been negotiated between Changjiang Electronics Technology and the Target Company and its controlling shareholders that they intend to restructure the Taiwanese Subsidiaries simultaneously with the Tender Offer. The actual plan is as follows: SCT 1, a Taiwanese Subsidiary whose shares are 52% owned by STATS ChipPAC, will purchase from STATS ChipPAC the Taiwanese Subsidiary SCT 3, whose shares are 100% owned by STATS ChipPAC, at the price of US Dollars 15 million. After the purchase, SCT 3 will become a wholly-owned subsidiary of SCT 1. STATS ChipPAC will establish a new company "Newco" in Singapore and transfer its 52% equity holding in SCT 1 to Newco at a price of approximately US Dollars 74.12 million for the shares, thus acquiring the shares issued to it by Newco. STATS ChipPAC will then issue all Newco shares and pay cash in a total amount of US Dollars 15 million to all of the shareholders by way of capital reduction;

thereby divesting itself of the Taiwanese Subsidiaries. The aforementioned capital reduction will not result in cancellation of STATS ChipPAC's outstanding shares or a change in its total capital stock. The shareholders of STATS ChipPAC can choose to receive either cash or shares in Newco; however, STSPL, the controlling shareholder of STATS ChipPAC, undertakes to choose to receive all Newco shares. The shares in Newco will not be listed on the stock exchange of any market. The said restructuring of the Taiwanese Subsidiaries constitutes the capital reduction of STATS ChipPAC, which is required to be considered and adopted at the shareholders' meeting of STATS ChipPAC and approved by a court of Singapore. Pursuant to the relevant regulations of the regions of China and Taiwan, the matters on the restructuring of the Taiwanese Subsidiaries are subject to approval by the Investment Commission, MOEA, Taiwan. At the time of restructuring the Taiwanese Subsidiaries, SCT 3 will repay the obligation of US Dollars 127 million due to STATS ChipPAC. At the same time, to ensure the stable reorganization process of the Taiwanese Subsidiaries, STATS ChipPAC will sign a Business Contract with the Taiwanese Subsidiaries.

3. STATS ChipPAC's debt restructuring and issuance of perpetual securities

Given that the Transaction will result in changes to the controlling shareholders of STATS ChipPAC, STATS ChipPAC will restructure the debts in accordance with relevant terms and provisions for its current bank lending and outstanding senior notes. As at the date of issuance of this Report, Changjiang Electronics Technology has already made the necessary arrangements for debt restructuring.JCET has already signed an engagement letter with DBS on debt restructuring arrangement, pursuant to which, DBS will conduct debt restructuring on the Target Company by providing bridge loans up to US Dollars 890 million to the Target Company. The said bridge loans are sufficient to meet the entire debt restructuring demand of the Target Company.

The aforementioned bridge loan provided by DBS must be paid back in one lump sum at maturity. The maturity date shall be within 6 months after the date that the bridge loan agreement is signed by DBS and STATS ChipPAC. Subject to the payment of the Extension Fees, Borrower may extend the Maturity Date by 3 (three) months to 9 (nine) months from the Facility Agreement Date with an option for a further 3 (three) months extension to 12 (twelve) months from the Facility Agreement Date. Interest on the bridge loan shall be calculated at the relevant USD LIBOR + applicable margin, with the specific fee arrangement as follows:

Applicable pricing	6 months from the Facility Agreement Date	9 months from the Facility Agreement Date	12 months from the Facility Agreement Date
Applicable spread	1.5% per annum	2% per annum	2.4% per annum
Arrangement fee (one-time payment)	1.35% flat on the Facility Amount, payable on the first drawdown date.	Extension fee of 0.60% flat on the Facility Amount, payable at the beginning of the 7th month from the Facility Agreement Date.	Extension fee of 0.55% flat on the Facility Amount, payable at the beginning of the 10th month from the Facility Agreement Date.

After expiry of the bridge loan, DBS shall provide a maximum US dollars 500 million Senior Take-out Syndicated Term Loan Facility ("Take-out Facility"), and shall assist the Target Company in its undertaking of other debt (whether pursuant to bank borrowings or debt instruments or a combination) to further complete the Target Company's debt replacement. The term of the Take-out Facility shall be 5 years from Agreement Date, and the available period is in a single draw down, up to a period of 3 months from Agreement Date. Loan interest shall be calculated at the relevant USD LIBOR + applicable margin, specifically as follows:

Credit rating	Applicable margin	Arrangement fee
Ba2/BB+	3.700% per annum	1.20% flat on the Facility Amount, payable on the first drawdown date.
Ba3/BB	3.700% per annum	2.20% flat on the Facility Amount, payable on the first drawdown date.
B1/BB-	3.700% per annum	3.20% flat on the Facility Amount, payable on the first drawdown date.

At the same time, in order to cooperate with the aforementioned debt restructuring and to replace part of STATS ChipPAC's existing debt, STATS ChipPAC intends to allot the perpetual securities to all the shareholders in a size of US Dollars 200 million, which STSPL, the controlling shareholder of STATS ChipPAC undertakes to subscribe for the perpetual securities up to US Dollars 200 million and at the contractually stipulated time, to pay the subscription price. Following discussion with STATS ChipPAC's auditors, the aforementioned perpetual securities shall be entered as an equity instrument under STATS ChipPAC's balance sheet.

Changjiang Electronics Technology intends to furnish a guarantee pledge that if STATS ChipPAC has not repurchased the aforementioned perpetual securities within three years, the owner of the perpetual securities is entitled to sell all of its perpetual securities to Changjiang Electronics Technology; as the Guarantor of the perpetual securities, Changjiang Electronics Technology's compensation according to the sales prices shall include the principal of the perpetual securities and all payable interest.The security holders cannot require JCET to buy the securities within three years unless Stats fails to pay after giving notice that it intends to redeem the securities. The aforementioned guarantee is subject to the approval of Changjiang Electronics Technology's Shareholders' Meeting and becomes valid upon issuance of the perpetual securities.

4. Squeeze out

Pursuant to the relevant laws of Singapore, where the equity of a target company that has effectively accepted a tender offer represents at least 90% of voting rights of the target company, then the Offeror may implement statutory squeeze out procedures to acquire the remaining equity; if the acquired shareholding percentage fail to reach the aforesaid percentage, the target company's compulsory acquisition cannot be effected.

(II)Tender Offer acquisition process

The Tender Offer acquisition process is as follows:

1. Changjiang Electronics Technology shall convene a Board of Directors Meeting to deliberate and pass the specific Tender Offer acquisition proposal and related matters, agreements in relation to the acquisition and documents providing disclosure of information.

2. Changjiang Electronics Technology shall disclose the *Jiangsu Changjiang Electronics Technology Co., Ltd. Major Asset Purchase Report (Draft)* and related documents providing disclosure of information, such as its Summary, and the a public announcement with regard to the Conditional Tender Offer shall be made.

3. The Changjiang Electronics Technology Shareholder's Meeting shall approve the acquisition and its related matters.

4. The Target Company's Shareholder's Meeting shall approve the capital reduction and restructuring of the Taiwanese Subsidiaries and matters in relation to the revision of STATS

ChipPAC's Articles of Association in accordance with the perpetual securities clause; the Singapore courts shall approve the capital reduction and restructuring of the Taiwanese Subsidiaries.

5. Changjiang Electronics Technology shall handle the filing for review and approval of the Transaction by the related authorities, such as the NDRC, the Department of Commerce of Jiangsu Province and the SAFE in its registered location.

6. All relevant antitrust reviews or applications shall be completed.

7. Once the pre-conditions of the Conditional Tender Offer have been fully satisfied or are exempted, a Formal Offer shall be publicly announced.

8. STATS ChipPAC shall deliver the Formal Tender documents from Changjiang Electronics Technology, the Shareholder's Notification and the perpetual securities allocation confirmation form to all shareholders. .

9. Divestment of the Taiwanese Subsidiaries will be completed; STSPL's acceptance of the Tender Offer, and STATS ChipPAC's other shareholders shall decide whether or not to accept the Tender Offer.

10. Once the conditional terms of the Formal Offer have been reached, the offer shall be announced as an unconditional offer.

11. The Tender Offer will be completed.

12. If the Formal Offer admission ratio exceeds 90%, STATS ChipPAC shall enter into compulsory acquisition procedures.

(III) Forecast timetable for the Transaction

The following is an indicated timetable for the Tender Offer prior to its issue. The actual timetable arrangement provided in the Company's public announcement shall prevail:

Timing	Content
26 December 2014	Changjiang Electronics Technology shall convene a Board of Directors Meeting to deliberate and pass the specific Tender Offer acquisition proposal and related matters, agreements in relation to the acquisition and documents providing disclosure of information.
29 December 2014	Changjiang Electronics Technology shall release the *Jiangsu Changjiang Electronics Technology Co., Ltd. Major Asset Purchase Report (Draft)* and related documents providing disclosure of information, such as its Summary, and a public announcement in relation to the Conditional Tender

Timing	Content
	Offer shall be made.
January 2015	Changjiang Electronics Technology convenes a Shareholder's Meeting
June 2015 or earlier	Once the conditions of the conditional Tender Offer have been fully satisfied or are exempted, a Formal Tender Offer shall be publicly announced.

(IV) Transaction structure and financing plan

1. Transaction structure

Changjiang Electronics Technology, for the purpose of the Acquisition, has established the special purpose company Suzhou Changdian Xinke in Suzhou Industrial Park, and SilTech Semiconductor and the IC Investment Fund shall carry out a capital increase in accordance with provisions of the Joint Investment Agreement. For the purpose of the Acquisition, Suzhou Changdian Xinke has established Suzhou Changdian Xinpeng in Suzhou Industrial Park, and the IC Investment Fund shall carry out a capital increase in accordance with the provisions of the Joint Investment Agreement. Suzhou Changdian Xinpeng, for the purpose of the Acquisition, shall establish JCET-SC (Singapore) Pte. Ltd. in Singapore to serve as a financial platform for financial lending in relation to the merger and acquisition and the executing subject of the Acquisition, i.e., the Offeror. After the acquisition is complete JCET-SC (Singapore) Pte. Ltd. shall hold a maximum of 100% of STATS ChipPAC equity, and the Company shall indirectly have the controlling share of STATS ChipPAC.

2. Financing plan

In terms of Suzhou Changdian Xinke, Changjiang Electronics Technology, the IC Investment Fund and Siltech Semiconductor shall all provide cash investments, with a total planned investment of the RMB equivalent of US Dollars 510 million, specifically invested as follows:

1) Changjiang Electronics Technology plans to invest the RMB equivalent of US Dollars 260 million in cash;

2) The IC Investment Fund plans to invest the RMB equivalent of US Dollars 150 million in cash;

3) Siltech Semiconductor plans to invest the RMB equivalent of US Dollars 100 million in cash;

In terms of Suzhou Changdian Xinpeng, Suzhou Changdian Xinke and the IC Investment Fund plan make a total investment of the RMB equivalent of US Dollars 520 million specifically invested as follows:

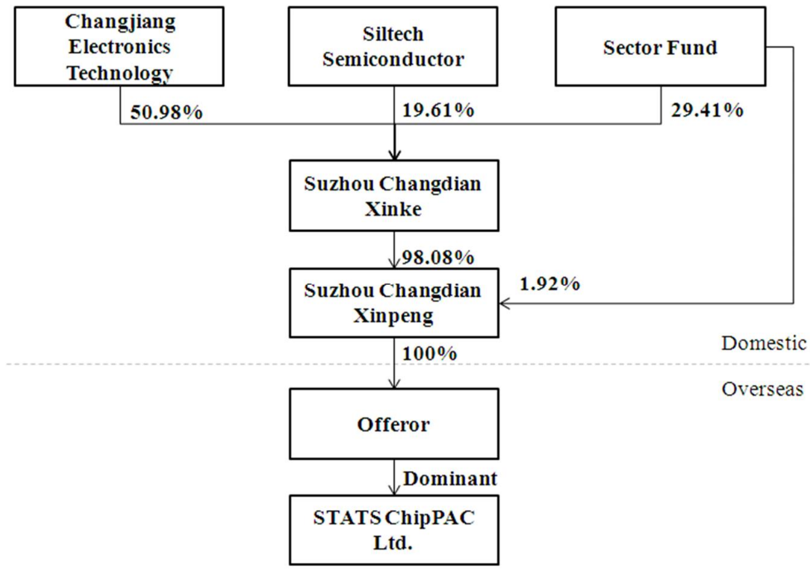
1) Suzhou Changdian Xinke plans to invest the RMB equivalent of US Dollars 510 million in cash;

2) The IC Investment Fund plans to invest the RMB equivalent of US Dollars 10 million in cash;

3) In addition, the IC Investment Fund will also provide a shareholder's loan to Suzhou Changdian Xinpeng of the RMB equivalent of US Dollars 140 million; the said shareholder's loan can be converted to shares pursuant to contractual agreement between the two Parties.

Suzhou Changdian Xinpeng plans to provide the aforementioned RMB equivalent of US Dollars 660 million to the Offeror JCET-SC (Singapore) Pte. Ltd as a capital injection. The remaining acquisition amount shall be raised through a bank loan taken by JCET-SC (Singapore) Pte. Ltd. Changjiang Electronics Technology has already obtained a Bank Loan Letter of Commitment for US Dollars 120 million on 27 December 2014 from the Bank of China, Wuxi branch. Pursuant to the Bank Loan Letter of Commitment, if the Acquisition satisfies the relevant conditions, the Bank of China commits to provide financing arrangements for the Acquisition. The acquisition loan period is 48 months after the initial withdrawal; the terms and conditions of the said financing have yet to be finalized. Changjiang Electronics Technology will guarantee the loan for this Acquisition.

The financing plan of the Transaction is shown below:



In the aforementioned investments, the source of Changjiang Electronics Technology's investment is from its own capital and the altered use of a non-public issue of a portion (RMB 0.59 billion) of fund-raising capital, of which, the altered use of the previous non-public issue of fund-raising capital remains subject to the approval by Changjiang Electronics Technology's Shareholder's Meeting.

(V) Basic conditions of the co-investors

1. The IC Investment Fund

Enterprise name: China Integrated Circuit Industry Investment Fund Co., Ltd.

Nature of enterprise: Limited Company

Date of establishment: 26 September 2014

Place of registration: Beijing

Main office address: No. 718, 7th Floor, Block 52, BDA Enterprise Avenue, No. 2, Jingyuan N. Street, Beijing Economic-Technological Development Area

Legal Representative: Zhanfu Wang

Scope of Business: The China Integrated Circuit Industry Investment Fund Co., Ltd. was established in September 2014, with a total fundraising scope of RMB 130 billion yuan. The Fund was established to invest in all types of enterprises within the integrated circuit industry, with a focus on investments in integrated circuit chip manufacturers; it also provides consulting services in regard to chip design, packaging and testing, and equipment and material manufacturing, etc. With the Fund Company's entrustment, Huaxin Investment Management Limited is responsible for the selection of projects, and investment and retraction investment management activities.

The IC Investment Fund and JCET are not related parties.

2. Siltech Semiconductor

Enterprise name: Siltech Semiconductor (Shanghai) Co., Ltd.

Date of establishment: 3 March 2009

Place of registration: Shanghai

Main Office Address: No. 18 Zhangjiang Road, Pudong New District, Shanghai

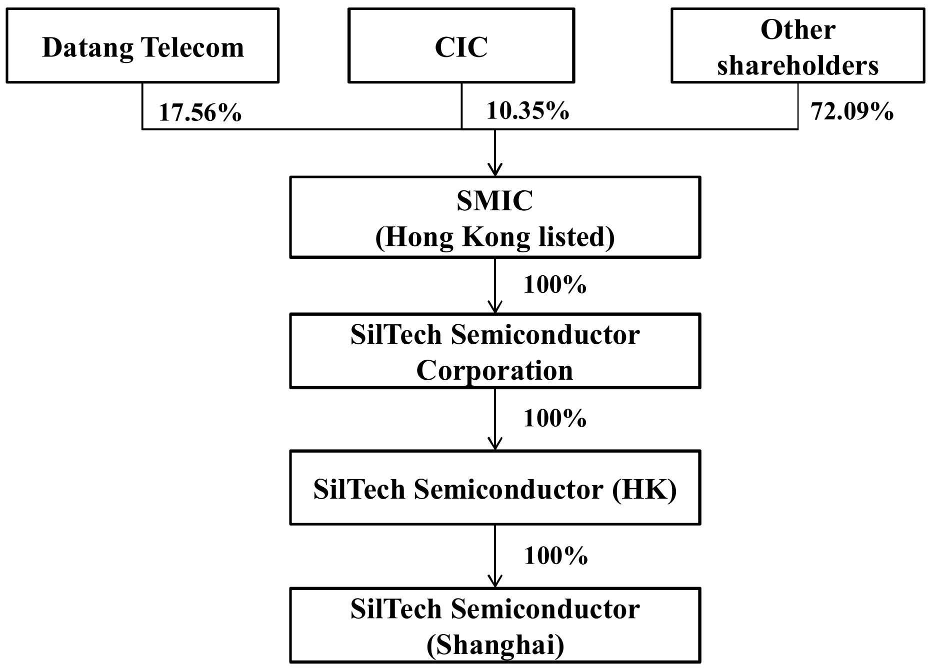
Legal Representative: Ciyun Qiu

Largest Shareholder: Siltech Semiconductor (Hong Kong) Co., Ltd.

Business status: Siltech Semiconductor (Shanghai) Co., Ltd. is a foreign-owned enterprise invested and established in Shanghai Pudong New Area by Siltech Semiconductor (Hong Kong) Co., Ltd. Siltech Semiconductor was established on 3 March 2009 with an operation period of 50 years. Siltech Semiconductor is primarily engaged in the manufacture, probe measurement and testing of IC chips of semiconductors (silicon chip and various compound semiconductors) and development, design services, photomask manufacture, packaging testing and sale of self-manufactured products related to IC (where any activity is subject to any administrative license, it should be operated with such license). The registered capital of Siltech Semiconductor is US Dollars 12 million and it is a wholly-owned, indirectly-held subsidiary of Semiconductor Manufacturing International Corporation, a Hong Kong listed company. Datang Telecom Technology & Industry Holdings Co. Ltd. is SMIC's largest shareholder.

SMIC is a world leading OEM of integrated circuit wafers. It is also the largest-scale and most technically advanced OEM of integrated circuit wafers in China. SMIC supplies 0.35 micron to 28 nanometer wafer OEM and technical services to customers worldwide. SMIC's international headquarters are in Shanghai; also in Shanghai it has a 300 mm wafer manufacturing facility as well as an extra-large scale 200 mm wafer manufacturing facility. In addition, SMIC owns multiple testing laboratories and tools to provide chemical and materials analysis, product failure analysis, compliance rate improvement, reliability testing and control as well as equipment calibration. Throughout the entire production process and during the whole service process from research and development to volume production, SMIC has integrated a complete series of product quality and control systems. SMIC has sales offices in the USA, Europe, Japan and Taiwan providing customer service, and it has also established a representative office in Hong Kong.

Siltech Semiconductor's actual controller is SMIC. As of 30 June 2014, Siltech Semiconductor and SMIC's equity structure is as follows:



In November 2014, SMIC and JCET's wholly-owned subsidiary, Changjiang Electronics International (Hong Kong) Trading & Investing Limited jointly invested and established the joint venture company SJ Semiconductor Corp. in the Cayman Islands, with a registered capital of US dollars 50 million, in which SMIC is a 51% equity owner and Changjiang Electronics International (Hong Kong) Trading & Investing Limited is a 49% equity owner. With the exception of the aforementioned Joint Venture Company, no other affiliated relationship whatsoever exists between SMIC and JCET.

(VI) Target Company's continuity management and operations

The Company guarantees that after the Transaction is complete, the Target Company will continue with its current operating activities. Similarly, and at the present time, the Company has no intention to make any significant changes to the Target Company's business activities; will make proper adjustments to the Target Company's current organizational structure and personnel according to the development strategies of the Company and the Target Company. Changjiang Electronics Technology will provide the necessary resources and support so that the Target Company can enjoy further sustainable development, and at the same time carve out opportunities for collaborative performance between the two parties wherever possible.

III. The Tender Offer Acquisition Does Not Constitute an Affiliated Transaction

The parties involved in the Transaction are all independent legal entities, wherein the Company is a Chinese independent legal entity, the Target Company is a Singaporean independent legal entity, and the Company and the Company's controlling shareholder have no affiliation with the Target Company or the Target Company's controlling shareholder. Tender Offer Acquisition therefore does not constitute an affiliated transaction.

IV. The Transaction Constitutes a Major Reorganization of Assets

The Target Company's revenue in 2013 was US Dollars 1.599 billion (approximately RMB 9,827 billion yuan) and the Company's revenue in 2013 was RMB 5.102 billion yuan. The Target Company's operating revenue accounts for approximately 192.6% of the Company's operating revenue. The Target Company's total assets at the end of 2013 were valued at US Dollars 2.378 billion (approximately RMB 14.394 billion yuan) and the Company's total assets at the end of 2013 were valued at RMB 7.583 billion yuan. The total equivalent price of the Acquisition is around 1 billion Singapore Dollars (approximately RMB 4.78 billion yuan) and the Target Company's total assets account for approximately 189.8% of the Company's total assets. Pursuant to the relevant provisions of *Measures for Reorganization*, the Transaction constitutes a major reorganization of assets.

V. The Transaction Shall Not Result in Changes to The Company's Controlling Equity and Does Not Constitute Backdoor Listing

The Transaction is a cash acquisition, and does not involve changes in the Company's equity. After the Transaction is complete, the Xinchao Group shall remain the largest shareholder of Changjiang Electronics Technology, and Mr Xinchao Wang shall remain the actual controller of Changjiang Electronics Technology; therefore, the Transaction shall not result in any changes to the Company's controlling equity. The Transaction does not constitute backdoor listing pursuant to the provisions of Article XIII of the *Measures for Reorganization*.

VI. The Decision-Making Process and Approval Status of the Transaction

(I) The Transaction's decision-making process

On 5 November 2014, the Company convened the 20th extraordinary meeting of the fifth session of the Board of Directors, wherein it was deliberated and resolved to issue a proposal of a non-legally binding acquisition motion to STATS ChipPAC. On 20 December 2014, the Company's 22nd extraordinary meeting of the fifth session of the Board deliberated and resolved the Joint Investment Agreement involved in the Transaction and other relevant motions. On 26 December 2014, the Company's 23rd extraordinary meeting of the fifth session of the Board deliberated and resolved the actual plan and related matters of the Tender Offer Acquisition, agreements in relation to the Acquisition and documents containing disclosure of information. It agreed to carry out the Acquisition and issued a Conditional Tender Offer to STATS ChipPAC. The Acquisition and its related matters are still subject to deliberation and the passage of a motion from the Company's Shareholder's Meeting.

For the purpose of the Acquisition, the matters of the restructuring of the Taiwanese Subsidiaries involving the capital reduction of STATS ChipPAC and the revision of STATS ChipPAC's Articles of Association according to the perpetual securities clause must still be submitted to the STATS ChipPAC Shareholder's Meeting for deliberation and approval.

(II) The Transaction remains subject to authorization, approval and filing

1. Relevant approvals or filings within China

(1) NDRC

Pursuant to the relevant provisions of the *Measures for the Administration of Confirmation and Recordation of Overseas Investment Projects* (NDRC 2014 No. 9), overseas investment projects carried out by local enterprises in which the Chinese party has invested more than US Dollars 300 million, shall be filed on record by the NDRC.

(2) Department of Commerce

Pursuant to the provisions of Article VI and Article IX of the *Measures for the Administration of Overseas Investments* (Ministry of Commerce Decree 2014 No. 3), the Acquisition must be reported to the Department of Commerce of Jiangsu Province for filing on record.

Pursuant to the provisions of the *Antimonopoly Law of the People's Republic of China* and the *Provisions of the State Council on Thresholds for Prior Notification of Concentrations of Undertakings* (People's Republic of China State Council Decree No. 529), this concentration between undertakings satisfy the said criteria and shall be reported in advance to the Ministry of Commerce.

(3) SAFE

Pursuant to the *Provisions on the Foreign Exchange Administration of the Overseas Direct Investment of Domestic Institutions*, the Company and its co-investors are increasing the total investment in overseas subsidiaries to use for the purpose of the Acquisition, and therefore are required to undertake overseas direct investment procedures with the State Administration of Foreign Exchange.

2. Other approvals and filings required in relation to the Transaction

(1) In addition to having to make a filing for concentration of undertakings with MOFCOM, the Acquisition is also subject to antitrust reviews or reporting in the USA and South Korea.

(2) The matters of the restructuring of the Taiwanese Subsidiaries in relation to the Acquisition are subject to examination and approval in Taiwan. In addition, one of the two Taiwanese Subsidiaries of STATS ChipPAC, SCT 1, is a Taiwan listed company. 52% of its shares are owned by STATS ChipPAC. The transfer by STATS ChipPAC of these shares to Newco has to be submitted to the Taiwan Investment Commission for an exemption from the

Tender Offer obligation.

(3) STATS ChipPAC intends to restructure the Taiwanese Subsidiaries through means of a capital reduction, which is subject to approval from the Singapore courts.

VII. The effect of this transaction on the Listed Company

In the long run, this merger will benefit Changjiang Electronics Technology in elevating its international influence and industrial position; it will broaden the foreign market and expand the client base; it will allow for the acquisition of advanced packaging technology, elevation of research and development capabilities, and Changjiang can become one of the top packaging and testing enterprises in the world.

In the short run, the Target Company suffers from losses in 2013 and the first three quarters of 2014, primarily due to such effects as insufficient capacity utilization, higher operating costs as well as the plant movement on the Company’s profitability. Currently, the Target Company remains in a loss state and needs time to be integrated after the completion of the Transaction. The underlying company may continue to suffer from losses and results in the reduction of net profits of the Listed Company on a consolidated basis.

In that the Company has not yet completed the acquisition of the Target Company, therefore, it is difficult to obtain an audit of its detailed accounts drafted according to Chinese Accounting Standards and it is also not possible to draft a consolidated report. In consideration that the Target Company’s losses for 2013 and the first three quarters of 2014 were US Dollars 47.49 million and US Dollars 25.28 million respectively, it is preliminarily projected that if a consolidated report of the latest year and first quarter were drafted, Changjiang Electronics Technology’s merged path net profit would show a loss, and therefore, it is advised that the Investors pay attention to the investment risks.

Chapter Two. Overview of Listed Company

I. About Changjiang Electronics Technology

Official Chinese name: 江苏长电科技股份有限公司

Official English name: Jiangsu Changjiang Electronics Technology Co., Ltd.

Registered capital: RMB 984,570,000 yuan

Legal representative: Xinchao Wang

Stock exchange: Shanghai Stock Exchange

Stock abbreviation: JCET

Stock code: 600584

Registered Address: No.78 Changshan Road, Chengjiang Town, Jiangyin City, Jiangsu Province

Office address: No.275 Binjiang Middle Road, Jiangyin City, Jiangsu Province

Postal code: 214431

Tel: 0510-86856061

Fax: 0510-86199179

Website: www.cj-elec.com

Scope of business: Licensed businesses: none. General businesses: research, development, production and sale of semiconductors, electronic components, specialist electronic and electrical equipment; sales of company's own mechanical and electronic products and complete installations; export and import of own and clients' products and technology; and developing businesses of processing imported materials and provided samples, assembling supplied components, and compensation trade.

II. History of Changjiang Electronics Technology

(I) Company establishment and restructuring

Changjiang Electronics Technology, formerly known as Jiangyin Changjiang Electronics Co., Ltd., was founded on 6 November 1998, jointly funded by Jiangyin Changjiang Electronics Corporation, the Jiangyin Changjiang Electronics Corporation Trade Union Committee, Xiamen Yonghong Electronics Co., Ltd., Ningbo Kangqiang Electronics Co., Ltd., and Lianyungang Huawei Electronics Group Co., Ltd. Jiangyin Integrity of the Union

Alpha CPA Ltd. has verified the contribution made by each contributor, and provided Capital Verification Report CXY (1998) No. 102 to confirm that all contributors have contributed.

In 2000, by resolution of the board of directors and the general meeting of shareholders of Jiangyin Changjiang Electronics Co., Ltd. and with the approval of Jiangsu People's Government Document SZF (2000) No. 227, Jiangyin Changjiang Electronics Co., Ltd was incorporated based on an audit date of 31 October 2000, with net audited assets of RMB 127.87 million yuan and the limited company was changed to a limited corporation at a conversion ratio of 1:1. On 6 December 2000, the issuer convened the inaugural meeting and the first general meeting of shareholders. On 12 December 2000, details of the company change were registered with the Jiangsu Provincial Administration of Industry and Commerce with a registered capital of RMB 127.87 million yuan and registration number 3200001105008. Jiangsu Gongzheng Certified Public Accountants Co., Ltd. provided Capital Verification Report XKB (2000) No. 0168 on 7 December 2000.

The Shareholders upon establishment were:

Shareholder name	Ownership type	Number of shares	Percentage (%)
Jiangyin Xinchao Technology Co., Ltd.	Corporate shares	43,777,546	34.24
Shanghai Huayi Investment Co., Ltd.	Corporate shares	29,977,278	23.44
Shanghai Hengtong Consulting Network Co. Ltd.	Corporate shares	21,767,512	17.02
Jiangyin Changjiang Electronics Industry Corporation	Corporate shares	9,745,632	7.62
Xiamen Yonghong Electronics Co., Ltd.	Corporate shares	6,853,832	5.36
Hangzhou Silan Microelectronics Co. Ltd.	Corporate shares	6,730,000	5.26
Ningbo Kangqiang Electronics Co., Ltd.	Corporate shares	4,689,464	3.67
Lianyungang Huawei Electronics Group Co., Ltd.	Corporate shares	4,328,736	3.39
Total		**127,870,000**	**100.00**

(II) Historical changes in structure of ownership

(1) Initial public offering of A-shares and listing in 2003.

With the approval of CSRC Document ZJFHZ (2003) No. 40, on 19 May 2003, Changjiang Electronics Technology issued 55 million shares in ordinary shares (A shares) with a face value of RMB 1.00 yuan per share and an issue price of RMB 7.19 yuan per share, raising a total of RMB 395.45 million yuan in capital. After deducting issuance costs of RMB 17,551,445 yuan, the net capital raised was RMB 377,898,555 yuan, of which RMB 55 million yuan was recorded as capital stock. Registered capital was increased to RMB 182.87 million yuan. Jiangsu Gongzheng Certified Public Accountants Co., Ltd. provided Capital Verification Report SGW (2003) No. B080 on 23 May 2003. The shareholding structure after Changjiang Electronics Technology's initial public offering was as follows.

Share class	Number of shares	Percentage (%)
Sponsor shares (non-tradable shares)	127,870,000	69.92
Comprised of: Jiangyin Xinchao Technology Co., Ltd.	43,777,546	23.94
Shanghai Huayi Investment Co., Ltd.	29,977,278	16.39
Shanghai Hengtong Information Network Co. Ltd.	21,767,512	11.90
Jiangyin Changjiang Electronics Industry Corporation	9,745,632	5.33
Xiamen Yonghong Electronics Co., Ltd.	6,853,832	3.75
Hangzhou Silan Microelectronics Co., Ltd.	6,730,000	3.68
Ningbo Kangqiang Electronics Co., Ltd.	4,689,464	2.56
Lianyungang Huawei Electronics Group Co., Ltd.	4,328,736	2.37
Public shares	55,000,000	30.08
Total	**182,870,000**	**100.00**

(2) Conversion of capital reserves to capital stock in 2004

After the resolution was passed on 2003 annual general meeting of shareholders, on 19 April 2004 Changjiang Electronics Technology transferred 6 stock shares per 10 stock shares to all shareholders. Added to the based of 182,870,000 total shares as of 31 December 2003, the total increase by conversion was 109,722,000 shares, which increased the total capital stock of Changjiang Electronics Technology to 292,592,000 shares. Jiangsu Gongzheng Certified Public Accountants Co., Ltd. provided Capital Verification Report SGW (2004) No. B065 for this increase on 30 April 2004. After this conversion, the shareholding structure was as follows.

Share class	Number of shares (shares)	Proportion (%)
Sponsor shares (non-tradable shares)	204,592,000	69.92
Comprised of: Jiangyin Xinchao Technology Co., Ltd	70,044,074	23.94
Shanghai Huayi Investment Co., Ltd.	47,963,645	16.39
Shanghai Hengtong Information Network Co. Ltd.	34,828,019	11.90
Jiangyin Changjiang Electronics Co., Ltd.	15,593,011	5.33
Xiamen Yonghong Electronics Co., Ltd.	10,966,131	3.75
Hangzhou Silan Microelectronics Co., Ltd	10,768,000	3.68
Ningbo Kangqiang Electronics Co., Ltd.	7,503,142	2.56
Lianyungang Huawei Electronics Group Co., Ltd.	6,925,978	2.37
Public shares	88,000,000	30.08
Total shares	**292,592.000**	**100.00**

(3) Equity Division Reform in 2005

On 7 December 2005, Changjiang Electronics Technology convened a general meeting of shareholders and approved a proposal for equity division reform. The proposal stipulated that all shareholders of non-tradable shares pay 3.2 shares of equity per 10 shares to shareholders of tradable shares, and holders of non-tradable shares pay in total 28,160,000 shares of equity to the holders of tradable shares for the right of their non-tradable shares to be listed and traded. On 23 December 2005, Changjiang Electronics Technology published its Announcement of Implementation of Equity Division Reform. After implementation of the reform, the shareholding structure was as follows.

Share class	Number of shares (shares)	Proportion (%)
Tradable shares with limited sales conditions	176,432,000	60.30
Comprised of: Jiangyin Xinchao Technology Group Co., Ltd	58,425,348	19.97
Shanghai Huayi Investment Co., Ltd.	40,007,562	13.67
Jiangyin Changjiang Electronics Co., Ltd.	13,006,484	4.45
Xiamen Yonghong Electronics Co., Ltd.	9,147,098	3.13
Jiangsu Foretech Investment Co., Ltd.	10,914,010	3.73
Suzhou Industrial Park Haijing Zhiye Co., Ltd.	10,914,009	3.73
Hangzhou Silan Microelectronics Co., Ltd.	8,981,833	3.07
Qingdao Hisyn Trust & Investment Co., Ltd.	8,000,000	2.73

Ningbo Kangqiang Electronics Co., Ltd.	6,258,541	2.14
Lianyungang Huawei Electronics Group Co., Ltd.	5,777,115	1.97
Jiangsu Winfast Investment Development Co., Ltd.	5,000,000	1.71
Tradable shares without sales limitation	116,160,000	39.70
Total shares	**292,592,000**	**100.00**

(4) Non-public share offering in 2007

Changjiang Electronics Technology achieved the non-public offering of shares on 16 January 2007, which was deliberated and passed at the second extraordinary general meeting of shareholders in 2006 on 18 August 2006 and approved by CSRC Document ZJFXZ(2007) No. 2. The issue price was RMB 8.01 yuan per share and 80,000,000 shares were issued, raising RMB 640.8 million yuan in capital, for a net amount of RMB 632.71 million yuan. Changjiang Electronics Technology registered the non-public offering of shares with the Shanghai Branch of China Securities Depository and Clearing Co., Ltd. on 30 January 2007. After the issuance, total capital stock increased to 372,592,000. Jiangsu Gongzheng Certified Public Accountants Co., Ltd. provided the Capital Verification Report SGW (2007) No. B001 for this increase on 17 January 2007. After this non-public share issuance, the shareholding structure was as follows.

Share class	Number of shares	Percentage (%)
Tradable shares with limited trading conditions	198,631,329	53.31
Tradable shares without limited trading conditions	173,960,671	46.69
Total shares	**372,592,000**	**100.00**

After this issuance, the shareholdings of the top 10 shareholders were as follows.

No.	Shareholder name	A share with limited trading conditions (shares)	Tradable A share (shares)	Total number (shares)	Percentage (%)
1	Jiangsu Xinchao Technology Group Co., Ltd.	58,425,348	0	58,425,348	15.68
2	Shanghai Huayi Investment Co., Ltd.	25,377,962	2,881,275	28,259,237	7.58
3	Xiamen Yonghong Electronics Co., Ltd.	10,000,000	7,252,098	17,252,098	4.63
4	Wuxi Baolian Investment Co., Ltd.	15,000,000	0	15,000,000	4.03

5	Xincheng Jingcui Chengzhang Securities Investment Fund	9,000,000	5,062,701	14,062,701	3.77
6	Jiangsu Foretech Investment Co., Ltd.	10,914,010	0	10,914,010	2.93
7	Suzhou High-Gear Information Technology Group Co., Ltd.	10,914,009	0	10,914,009	2.93
8	Jiangyin Changjiang Electronics Co., Ltd.	10,000,000	0	10,000,000	2.68
9	Zhejiang Paradise Silicon Valley Kun Cheng Venture Investment Co., Ltd.	10,000,000	0	10,000,000	2.68
10	Pufeng Securities Investment Fund	0	9,988,888	9,988,888	2.68

(5) Conversion of capital reserves to capital stock and issuance of stock dividends in 2008

A profit sharing plan was considered at the 2007 annual general meeting of stockholders and passed on 18 April 2008. Based on a total capital stock of 372,592,000 shares as of 31 December 2007, Changjiang Electronics Technology issued two stock dividends per ten shares, and transfered 8 shares per 10 shares to all shareholders, which increased the holdings of all shareholders by a total of 372,592,000 shares. Total capital stock increased from 372,592,000 shares to 745,184,000 shares after this distribution. The scheme was officially completed on 29 May 2008. On 30 April 2008, Jiangsu Gongzheng Certified Public Accountants Co., Ltd. issued Capital Verification Report SGW (2008) No. B062 for this conversion and bonus issue. The resulting shareholding structure was as follows:

Share class	Quantity of shares	Percentage (%)
Tradable shares with limited trading conditions	145,011,920	19.46
Tradable shares without limited trading conditions	600,172,080	80.54
Total amount of shares	**745,184,000**	**100.00**

(6) Allotment in 2010

On 15 January 2010, the first extraordinary general meeting of the shareholders of Changjiang Electronics Technology deliberated and passed a pre-arranged plan for the allotment of shares in 2010. Based on the total capital stock of 745,184,000 shares, Changjiang Electronics issued on 31 December 2009, and allotted shares to all shareholders in the ratio of 10:1.5. The price of each allotted share was RMB 5.69 yuan. Xinchao Group, shareholder of Changjiang Electronics Technology, agreed to subscribe and fully match its allotment of shares in cash. On 20 September 2010, the allotment of shares was permitted by CSRC Document ZJXK (2010) No. 1328.

Capital stock increased 107,949,610 shares after completion of this allotment, and a total of RMB 614,233,300 yuan of capital was raised. The net amount was RMB 596,711,600 yuan after deducting issuance costs, with the total capital stock of Changjiang Electronics Technology Co., Ltd increasing to 853,133,610 shares. On 22 October 2010, Jiangsu Gongzheng Tianye Certified Public Accountants Co., Ltd. provided Capital Verification Report SGW (2010) No. B106. The shareholding structure after this allotment is listed as follows:

Share type	Quantity (shares)	Percentage (%)
Tradable shares with limited trading conditions	0	0
Tradable shares without limited trading conditions	853,133,610	100.00
Total amount of shares	**853,133,610**	**100.00**

The shareholdings of the top ten shareholders after completion of this issue were as follows:

No.	Name of Shareholders	Quantity (share)	Percentage (%)
1	Jiangsu Xinchao Technology Group Co., Ltd.	138,927,411	16.28
2	Ningbo Kangqiang Electronics Co., Ltd.	6,670,000	0.78
3	Central China Securities Co., Ltd.	5,500,000	0.64
4	Yanqing Teng	2,161,770	0.25
5	ICBC CO., Ltd. - GF CSI 500 Index Fund (LOF)	2,004,667	0.23
6	Huaming Chen	1,840,000	0.22
7	ICBC Co., Ltd. – SSE Private-owned Enterprises 50 Index ETF	1,747,281	0.20
8	Beijing Sinonet Science and Technology Ltd.	1,700,000	0.20
9	Xin Ren	1,615,290	0.19
10	Huisheng Yi	1,592,889	0.19

(7) Non-public offering in September 2014

By resolution of the tenth extraordinary meeting of the fifth session of the board of directors, the eleventh extraordinary meeting of the fifth session of the board and the third extraordinary general meeting of shareholders in 2013, and with the approval of the CSRC as per Document ZJXU [2014] No. 874, Reply on Approving Non-public Offering Shares of Jiangsu Changjiang Electronics Technology Co., Ltd., Changjiang Electronics Technology was approved to hold a non-public issue of no more than 235,404,896 new shares.

On 24 September 2014, Jiangsu Gongzheng Tianye Certified Public Accountants Co., Ltd. issued Capital Verification Report SGW (2014) No. B103 for this allotment. As of 23 September 2014, Changjiang Electronics Technology had issued 131,436,390 ordinary shares (A shares), at an issue price of RMB 9.51 yuan per share, raising a total of RMB 1,249,960,068.90 yuan in capital, and the net amount of raised capital was RMB 1,186,332,625.62 yuan. The accumulated paid-in capital (capital stock) after this non-public offering increased from RMB 853,133,610.00 yuan to RMB 984,570,000.00 yuan.

Issues and restricted stock trade period

No.	Name of issue	Subscription Quantity (share)	Restricted Stock Trade Period
1	Wuxi Kunran Equity Investment Enterprise (limited partnership)	26,288,117	12 months
2	E Fund Management Co., Ltd.	21,030,494	12 months
3	Shichen Wang	21,030,494	12 months
4	Aegon-Industrial Fund Management Co., Ltd.	14,931,650	12 months
5	Caitong Fund Management Co., Ltd.	13,144,058	12 months
6	Nanjing Ruisen Investment Management Partnership Firm (limited partnership)	13,144,058	12 months
7	Guotai Asset Management Co., Ltd.	13,144,058	12 months
8	Guotai Junan Allianz Fund Management Co., Ltd.	8,723,461	12 months
	Total	131,436,390	

After completion of this issue, the shareholdings of the top ten shareholders were as follows:

No.	Name of Shareholders	Quantity (shares)	Percentage (%)
1	Jiangsu Xinchao Technology Group Co., Ltd.	138,927,411	14.11
2	Wuxi Kunran Equity Investment Enterprise (limited partnership)	26,288,117	2.67
3	Shichen Wang	21,530,494	2.19
4	National Social Security Fund Portfolio 502	21,030,494	2.14
5	Bank of China—Yinhua Prime Growth Equity Fund	18,400,000	1.87
6	Kangtai Life Insurance Co., Ltd. — Dividends-Individual Dividends-019L-FH002 Shanghai	17,208,205	1.75
7	Nanjing Ruisen Investment Management Partnership Enterprise (limited partnership)	13,144,058	1.34
8	Industrial Bank Co., Ltd.—Aegon Industrial Trend Investment Mixed Securities Investment Fund	12,243,105	1.24
9	ICBC — CN-Energy Strategic Mixed Securities Investment Fund	8,852,721	0.90
10	Guotai Junan Allianz-ICBC-Huarong Trust Huarong Haixi Chenggan No. 2 Equity Investment Fund Trust Plan	8,723,461	0.89

III. Changes in Control of Changjiang Electronics Technology over the last three years

There have been no changes in control of the company over the last three years. The first major shareholder is Jiangsu Xinchao Technology Group Co., Ltd, and the actual controller is Mr. Xinchao Wang.

IV. Overview of Changjiang Electronics Technology's controlling shareholder and actual controller

(I) Overview of controlling shareholder

Name of company: Jiangsu Xinchao Technology Group Co., Ltd.

Enterprise type: limited company (natural person holding)

Date of establishment: 7 September 2000

Registered address: No. 99 Chengjiang East Road, Binjiang Development Area, Jiangyin City

Legal representative: Xinchao Wang

Registered capital: RMB 54.350 million yuan

Scope of business: general businesses: photo-electronics, automation equipment; lasers; applied products; manufacturing, development, production and marketing of moulds; machine finishing; investment in electronic and electrical equipment, electromechanical and other industries.

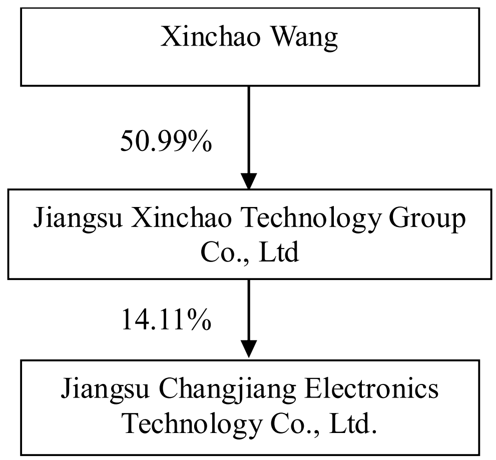
(II) Actual controllers

The chairman of Jiangsu Changjiang Electronics Technology Co., Ltd., Mr. Xinchao Wang holds 50.99% equity in the Xinchao Group, and he is the controlling shareholder of Xinchao Group, which holds 138,927,411 shares of Changjiang Electronics Technology, accounting for 14.11% of total capital stock and being the first major shareholder of the Changjiang Electronics Technology. Xinchao Wang is the actual controller of Changjiang Electronics Technology.

Chairman Xinchao Wang, male, was born April 1956, is a Chinese national, a member of the Communist Party of China, a holder of a PhD, and a senior economist and part-time research fellow at Southeast University. He is concurrently director of IC Packaging and Testing Industry Chain Technology Innovation Strategic Alliance, director of the National Engineering Laboratory for high-density integrated circuit packaging technology, and deputy director of the China Semiconductor Industry Association. He has held the posts of vice plant manager and Party branch secretary at the Jiangyin Transistor Factory; general manager and Party branch secretary at Jiangyin Changjiang Electronics Industry Corporation; president, general manager and Party branch secretary at Jiangyin Changjiang Electronics Industry Co., Ltd.; and chairman and member of the board of directors of Jiangsu Changjiang Electronics Technology Co., Ltd. In 2005, the Ministry of Information Technology named him as one of the 9 leading figures of the semiconductor industry, and a National Model Worker of the information industry. In 2009, he was named as one of the 10 people of the year for China’s electronic components industry and a Jiangyin City Times Pioneer, while in 2011 he was a recipient of China Gold Patent Award for inventors and was named one of Jiangyin’s Top Ten best talents for technological innovation and entrepreneurship.

(III) Equity control relationship between the actual controller and the company

The equity control relationship between the actual controller and the company is shown as follows:



V. Major Asset Reorganizations of Changjiang Electronics Technology in the last three years

The company has not carried out any major reorganization of assets over the last three years.

VI. Development of core business of Changjiang Electronics Technology

As the first listed Chinese company in the semiconductor packaging and testing industry, Changjiang Electronics Technology is a world leader with a continuously expanding business. The company has mastered a series of high-end integrated circuit packaging and testing technologies, especially WLCSP, Copper Pillar Bumping, SiP, FC, and MIS packaging technologies, which lead the industry. Changjiang Electronics Technology is a world leader in the manufacturing of small discrete devices. Its products are very competitive and have bright growth prospects. The main customers of Changjiang Electronics Technology are international chip designers and manufacturers, and the products are mainly targeted at the areas of consumer electronics, power management and automobile electronics.

(I) Composition of operating revenue by business

The following lists the company's operating revenue composition and changes over the past three years and first three quarters of 2014, by core and other business:

Unit: Ten thousand Yuan

Item	January-September 2014		2013		2012		2011	
	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
Core business revenue	469,159.60	99.69%	508,076.17	99.58%	442,053.35	99.65%	371,823.05	98.83%
Other business revenue	1,475.14	0.31%	2,129.84	0.42%	1,562.62	0.35%	4,420.20	1.17%
Total	**470,634.74**	**100.00%**	**510,206.01**	**100.00%**	**443,615.97**	**100.00%**	**376,243.25**	**100.00%**

Source: Periodic company reports

Over the previous three years and the first three quarters of 2014, the Company's total operating revenue increased steadily from RMB 3,762,432.5 thousand yuan to RMB 4,436,159.7 thousand yuan, RMB 5,102,060.1 thousand yuan and RMB 4,706,347.4 thousand yuan, of which core business revenue accounted for more than 98% of total operating revenue. The company's core business is dominant.

(II) Composition of core business revenue by region

The following lists the composition of the company's operating revenue and changes over the past three years and first three quarters of 2014, by region:

Unit: Ten thousand Yuan

Item	January-September 2014		2013		2012		2011	
	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
Domestic	174,740.81	37.25%	214,186.75	42.16%	171,158.42	38.72%	157,060.87	42.24%
Overseas	294,418.79	62.75%	293,889.42	57.84%	270,894.93	61.28%	214,762.18	57.76%
Total	**469,159.60**	**100.00%**	**508,076.17**	**100.00%**	**442,053.35**	**100.00%**	**371,823.05**	**100.00%**

Source: Periodic company reports

Looking at the composition of the core business revenue, foreign sales have accounted for an increasing percentage of company revenue over the last three years. Foreign sales revenues were respectively RMB 2,147,621.8 thousand yuan, RMB 2,708,949.3 thousand yuan, RMB 2,938,894.2 thousand yuan and RMB 2,944,187.9 thousand yuan in each reporting period, accounting for 57.76%, 61.28%, 57.84% and 62.75% of core business revenue.

(III) Composition of core business revenue by product

The following lists the composition of the company's operating revenue and changes over the past three years and first three quarters of 2014 by product type:

Unit: Ten thousand Yuan

Product	January-September 2014		2013		2012		2011	
	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
Leadframe ICs	170,228.11	36.29%	175,918.41	34.62%	169,337.19	38.31%	132,935.76	35.75%
Discrete devices	103,323.61	22.02%	126,580.90	24.91%	126,501.04	28.62%	121,518.25	32.68%
Wafer scale ICs	96,559.90	20.58%	91,842.23	18.08%	76,321.62	17.27%	72,372.02	19.46%
Substrate ICs	52,741.16	11.24%	64,853.05	12.76%	38,607.92	8.73%	17,467.26	4.70%
Camera modules	26,540.31	5.66%	21,261.55	4.18%	4,072.42	0.92%	-	-
Chip sales	19,766.51	4.21%	27,620.04	5.44%	27,213.15	6.16%	27,529.75	7.40%
Total	469,159.60	100.00%	508,076.17	100.00%	442,053.35	100.00%	371,823.05	100.00%

Source: Periodic company reports

Over the past three years and first three quarters of the current year, the company's core business revenue was respectively RMB 3,718,230.5 thousand yuan, RMB 4,420,533.5 thousand yuan, RMB 5,080,761.7 thousand yuan and RMB 4,691,596 thousand yuan, and is rising steadily.

As the company's traditional leading products, leadframe ICs and discrete devices account for a relatively higher percentage of core business revenue. Total revenue from both products reached RMB 2,544,540.2 thousand yuan, RMB 2,958,382.2 thousand yuan, RMB 3,024,993.1 thousand yuan and RMB 2,735,517.1 thousand yuan, which accounted for over 55% of core business revenue in all of the reporting periods.

As the company's most competitive dominant product, wafer scale ICs are a key component of its core business. The total revenue of this product reached RMB 723,720.2 thousand yuan, RMB 763,216.2 thousand yuan, RMB 918,422.3 thousand yuan and RMB 965,599.0 thousand yuan over the respective reporting periods, comprising over 17% of core business revenue in all periods.

As the key high-end products developed in the company's process of adjusting its product structure, substrate ICs and camera modules have shown rapid growth in scale, and their contribution to business revenue has risen gradually over all reporting periods. Total revenue from both products reached RMB 174,672.6 thousand yuan, RMB 426,803.5

thousand yuan, RMB 861,146.0 thousand yuan and RMB 792,814.7 thousand yuan in the respective years, accounting for 4.70%, 9.66%, 16.94% and 16.90% of core business revenue.

Chip sales are of the company's own brand products developed independently using a chip industrial chain and chip packaging and testing technology. Chip sales generated relatively stable revenue of RMB 275,297.5 thousand yuan, RMB 272,131.5 thousand yuan, RMB 276,200.4 thousand yuan and RMB 197,665.1 thousand yuan respectively over the reporting periods.

VII. Main financial indicators for Changjiang Electronics Technology over the past three years and first three quarters of 2014

Based on the audited company financial statements for 2011, 2012 and 2013 and unaudited quarterly financial statements for the first three quarters of 2014, the company's main financial data for the last three years and first three quarters of the current year are listed below.

(I) Main data from consolidated balance sheets

Unit: Ten thousand Yuan

Item	30 September 2014	31 December 2013	31 December 2012	31 December 2011
Total assets	1,001,115.69	758,252.66	701,037.93	601,648.32
Monetary capital	264,679.25	86,925.11	69,529.97	62,794.20
Total liabilities	603,029.84	494,263.02	441,482.10	345,968.21
Total current liabilities	496,658.93	393,770.25	384,135.56	274,475.42
Shareholder equity	398,085.85	263,989.64	259,555.82	255,680.11
Parent company shareholder equity	373,383.31	243,235.16	242,276.73	241,236.05

Source: Periodic company reports

(II) Main data from consolidated profit statements

Unit: Ten thousand yuan

Item	January –September 2014	2013	2012	2011
Gross operating revenue	470,634.74	510,206.01	443,615.97	376,243.25
Operating profits	18,186.38	2,680.48	-15,025.63	683.54

Item	January –September 2014	2013	2012	2011
Total profits	20,608.51	7,850.98	6,061.90	10,330.60
Net profits to shareholders of parent company	12,689.78	1,112.22	1,041.00	6,731.71

Source: Periodic company reports

(III) Main data from consolidated cash flow statements

Unit: Ten thousand Yuan

Item	January –September 2014	2013	2012	2011
Net cash flow generated by operating activities	59,639.60	81,032.23	50,625.23	48,459.33
Net cash flow generated by investing activities	-59,810.38	-114,452.63	-101,952.45	-153,519.52
Net cash flow generated by financing activities	177,957.81	39,666.07	54,800.35	95,938.29
Net increase in cash and cash equivalents	177,672.85	4,513.11	3,433.92	-9,890.81

Source: Periodic company reports

(IV) Main financial indicators

Unit: Yuan

Item	January – September 2014	2013	2012	2011
Basic earnings per share (yuan)	0.15	0.01	0.01	0.08
Basic EPS after deducting non-recurring gains and losses	-	-0.0006	-0.20	-0.04
Weighted average return on net assets (%)	5.10	0.46	0.43	2.80
Weighted average return on net assets after deducting non-recurring gains and losses (%)	2.84	0.02	-7.16	-1.57
Net cash flow per share generated by operating activities	0.61	0.95	0.59	0.57
Net assets per share of parent company shareholders	3.79	2.85	2.84	2.83

Source: Periodic company reports

VIII. Changjiang Electronics Technology has not been subject to administrative or criminal penalties during the last three years

Changjiang Electronics Technology has not undergone judicial investigation for suspicion of a crime nor has the Chinese Securities Regulatory Commission initiated any investigations for suspected illegal activities; therefore, for the last three years the company has not been subject to administrative or criminal penalties.

IX. Purchaser in this Transaction

Changjiang Electronics Technology, for the purpose of the Acquisition, has established a special purpose company, Suzhou Changdian Xinke, in Suzhou Industrial Park, and SilTech Semiconductor and the IC Investment Fund shall carry out a capital increase in accordance with provisions of the Joint Investment Agreement. For the purpose of the Acquisition, Suzhou Changdian Xinke has established Suzhou Changdian Xinpeng in Suzhou Industrial Park, and the IC Investment Fund shall carry out a capital increase in accordance with the provisions of the Joint Investment Agreement. For the purpose of the acquisition, Suzhou Changdian Xinpeng shall establish JCET-SC (Singapore) Pte. Ltd. in Singapore as the financing platform to carry out the acquisition and debt financing. It shall also serve as the purchasing entity of the acquisition, i.e., the Offeror. The basic conditions of Suzhou Changdian Xinke, Suzhou Changdian Xinpeng and JCET-SC (Singapore) Pte. Ltd. are as follows:

1. Suzhou Changdian Xinke

English Name: Suzhou Changdian Xinke Investment Co., Ltd.

Registration No.: 320594000363375

Address: Room 201-5, 2/F Jianceng Building, No. 188 Wangdun Road, Suzhou Industrial Park.

Legal Representative: Xinchao WANG

Registered Capital: RMB 10 million yuan

Date of establishment: 19 November 2014

Business scope: Industrial investment. (Projects that require special approval can be developed and operated subject to the relevant approvals).

2. Suzhou Changdian Xinpeng

English Name: Suzhou Changdian Xinpeng Investment Co., Ltd.

Registration No.: 320594000365657

Address: Room 201-6, 2/F Jianceng Building, No. 188 Wangdun Road, Suzhou Industrial Park.

Legal Representative: Xinchao WANG

Registered Capital: RMB 10 million yuan

Date of establishment: 27 November 2014

Business scope: Industrial investment. (Projects that require special approval can be developed and operated subject to the relevant approvals).

3. JCET-SC (Singapore) Pte. Ltd.

The purchaser of the transaction is JCET-SC (Singapore) Pte. Ltd. which is indirectly controlled by the company. The specific details of the purchasing company are as follows:

English name: JCET-SC (Singapore) Pte. Ltd.

Major scope of business: investment in controlling shares

Registered capital: 1 US Dollar

Establishment date: 19 December 2014

Registration certificate no.: 201437735C

Registered address: 10 Collyer Quay #10-01, Ocean Financial Centre, Singapore (049315)

Chapter Three. Counterparties of the Acquisition

I. Profile of Counterparties

This Transaction is a Tender Offer, namely, the Company and co-investors intend to acquire all shares held by all shareholders of the Target Company through the subsidiary JCET-SC (Singapore) Pte. Ltd established exclusively for the purpose of this Transaction. Given that the Target Company is listed on the Singapore Exchange, the counterparties refer to all shareholders of the Target Company, of which the biggest shareholder is STSPL, a wholly-owned subsidiary of Temasek, holding 1,845,715,689 common shares, up to 83.8% shareholdings of the Target Company.

II. Overview of Main Counterparty

Only Singapore Technologies Semiconductors Pte Ltd. holds more than 5% of the common shares of the Target Company. The following is an overview of the counterparty:

Name: Singapore Technologies Semiconductors Pte Ltd

Nature: a wholly-owned unlisted subsidiary of Temasek Holdings (Private) Limited

Date of establishment: 29 April 1995

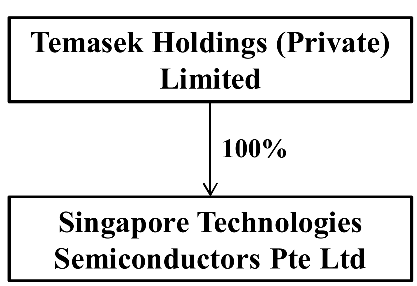
Place of registration: Singapore

Main office: 60B Orchard Road #06-18 Atrium @ Orchard, Singapore (238891)

Directors: Leong Wai Leng, Khoo Ken Hui

Controlling shareholder: Temasek Holdings (Private) Limited

The structure of Singapore Technologies Semiconductors Pte Ltd is as follows:



Business: STSPL is an investment holding company. No changes have occurred in this company's issued capital over the most recent three years. The actual controller Temasek, established in Singapore on 25 June 1974, is an investment company wholly owned by Singapore's Ministry of Finance. Supported by 11 offices globally, Temasek owned a S$223 billion portfolio as of 31 March 2014, mainly in Singapore and Asia. Temasek's portfolio covers a broad spectrum of industries: financial services; telecommunications; media and technology; transportation and industrials; life sciences, consumer and real estate; as well as energy and resources. Some of Temasek's investments include Bank of China, Industrial and Commercial Bank of China, CPIC, Singapore Airlines and Kunlun Energy.

III. Main Financial Indicators of Counterparties for the Last Three Years

Main parent company financial data of counterparties in 2011, 2012 and 2013 are as follows:

(I) Main data on balance sheets

Unit: million US Dollars

Items	December 31, 2013	December 31, 2012	December 31, 2011
Total Assets	996.08	1,127.37	1,342.96
Total Liabilities	34.98	34.82	34.63
Shareholders' Equity	961.10	1,092.55	1,308.33

Source: ACRA[2]

(II) Main data on income statement

Unit: million US Dollars

Items	2013	2012	2011
Revenue	-	-	-
Administrative Expense	0.16	0.19	0.13
Other Expense	131.29	215.59	834.40
Profit Before Tax	(131.45)	(215.78)	(834.52)
Income Tax Expense	-	-	-

[2] ACRA: The Accounting and Corporate Regulatory Authority, i.e., the national regulatory authority in Singapore for corporate entities and public accounting; all businesses in Singapore are required to register with ACRA and to disclose relevant information on its Website.

Items	2013	2012	2011
Revenue	-	-	-
Net Profit	(131.45)	(215.78)	(834.52)

Source: ACRA

(III) Main data on cash flow statement

Unit: million US Dollars

Items	2013	2012	2011
Net Cash Flow from Operating Activities	-	-	(0.02)
Net Cash Flow from Investing Activities	-	-	-
Net Cash Flow from Financing Activities	-	-	0.02
Net Increase in Cash and Cash Equivalents	-	-	-

Source: ACRA

IV. Other Details of Counterparties

(I) Explanation of relationships between counterparties and Changjiang Electronics Technology

The aforementioned counterparties have no related relationship with the Company and have never made any recommendation of directors or senior managerial staff to the Company.

(II) Explanation of administrative penalties (excluding those evidently not related to the Securities Market), criminal penalties or major cases of economic dispute or arbitration incurred by the transaction counterparties or their main management personnel in the most recent five years:

As of the signing of the Report, STSPL or its main management personnel have not incurred administrative penalties (excluding those evidently not related to the Securities Market), criminal penalties or major cases of economic dispute or arbitration in the most recent five years.

Chapter Four. Basic information of the Target Company

I. Basic facts of the Target Company

Legal Name: STATS ChipPAC Ltd.

Registered Address: 10 Ang Mo Kio Street 65, #05-17/20, Techpoint, Singapore (569059)

Office Address: 10 Ang Mo Kio Street 65, #05-17/20, Techpoint, Singapore (569059)

CEO: Tan Lay Koon

Registered Capital: 2,343,908,031.29 Singapore Dollars

Registration No: 199407932D

Date of Establishment: 31 October 1994

Listing Place: Singapore Exchange (SGX-ST)

Stock Code: STATSChP

Company Website: http://www.statschippac.com/

Main Business: to provide a complete set of semiconductor solutions which covers packaging design, solder bumping, wafer sort, assembly, testing and distribution etc.

II. Main historical evolution of the Target Company

(I) Establishment of the Target Company

On 31 October 1994, the Target Company's predecessor ST Assembly Test Services, Ltd (hereinafter referred to as "STATS") was established, which mainly engaged in semiconductor assembly and testing services.

(II) Establishment and listing of ChipPAC, Inc

In 1997, ChipPAC, Inc (hereinafter referred to as "ChipPAC") was established, with the office address at Fremont, California, and was listed for trading on NASDAQ (NASDAQ's trading code: CHPC). ChipPac operates in the semiconductor testing and packaging business, and is an advanced packaging service company which can satisfy the need for semiconductors used in wireless communication, including flip chip, chip-level and chip stacking technology.

(III) Listing of STATS

In January 2000, STATS listed on the Nasdaq National Market and the Singapore Stock Exchange (Nasdaq's trading code: STTS; Singapore Exchange's trading code: ST Assembly).

(IV) STATS' acquisition of Winstek

In August 2001, STATS announced the completion of its acquisition of 51% stake in Taiwan Winstek Semiconductor Corporation (hereinafter referred to as "Winstek"). Winstek is a company with the ability to test optical fibre, mixed signal, digital and radio frequency (RF) devices, and can provide services including wafer testing, final testing and turnkey contracting, and deliver the goods directly to customers. The company has a 220,000 square-feet four-storey factory in Hsinchu County, Taiwan, and it has also set up a technical support office in San Jose, California. After the merger of STATS and ChipPac, the Target Company renamed Winstek as SCT 1.

(V) STATS' acquisition of Conexant Systems Company's testing business in Santiago

On 20 December 2002, STATS acquired Conexant Systems Company's (hereinafter referred to as "Conexant") test facility in San Diego through its subsidiary FastRamp Test Services (hereinafter referred to as "FastRamp"), and obtained its broadband communications test platform business. The main assets include: mixed signal tester, testers and probers. The deal also includes a long-term testing service contract between Conexant and FastRamp.

(VI) STATS merged with ChipPac, Inc

In August 2004, STATS merged with ChipPac Inc. At the same time, Target Company's name was changed from STATS to STATS ChipPAC Ltd., thus becoming a leading company in the world in independent semiconductor packaging and testing solutions. After the merger, the Target Company's product portfolio includes the most advanced testing and packaging technology, such as mixed signal testing, bar form testing, chip level, stack chips, flip chip, wafer-level and system in a package technology, as well as wafer bumping mass production abilities.

(VII) Target Company's Taiwanese subsidiaries listed on the Taiwan Stock Exchange

In August 2005, Target Company's subsidiary SCT 1 started trading by way of an IPO on the over-the-counter (OTC) market of the Taiwan Stock Exchange

(VIII) Temasek's tendered for Target Company

In March 2007, Temasek offered through its wholly-owned subsidiary STSPL to acquire all the issued shares in the Target Company, and finally completed the Tender Offer at 1.75 Singapore Dollars per share. After the Tender Offer, Temasek's shareholding proportion increased from 35.6% to 83.1%.

(IX) Target Company's acquisition of LSI Corp.'s testing and assembly business in Thailand

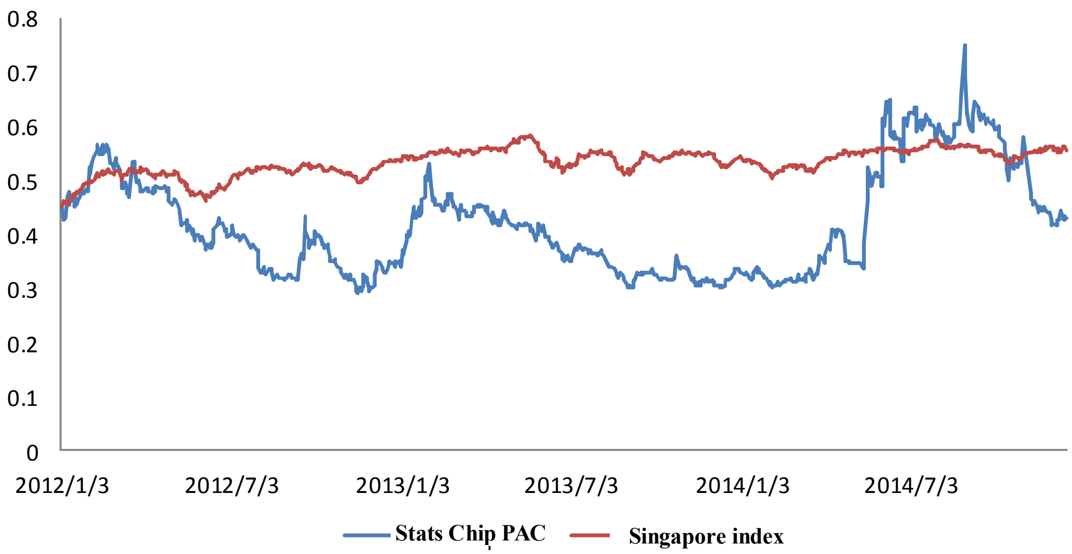
In October 2007, Target Company purchased LSI Corp.'s assembly and testing business in Thailand for US Dollars 100 million.

(X) The increase or reduction of capital and stock price trends of the Target Company in the last three years.

The Target Company is a listed company in Singapore. There were no instances of capital addition or reduction, and there has also been no evaluation or restructuring in the last three years.

As of 19 December 2014, the price of the Target Company’s share is 0.435 Singapore Dollar/share; market value is 958 million Singapore Dollars. The corresponding price-to-book ratio was 0.82 in 2013 and price-to-sales ratio is 0.47. Due to losses in 2013, there is no reference for the corresponding price-to-earnings ratio. The trend of the Target Company’s share price is as follows:

Figure: the trend of the Target Company's share price since 2012



Source: Bloomberg, Singapore index data having been standardised

III. Target Company's shareholding structure

(I) Target Company's shareholding structure before the Acquisition

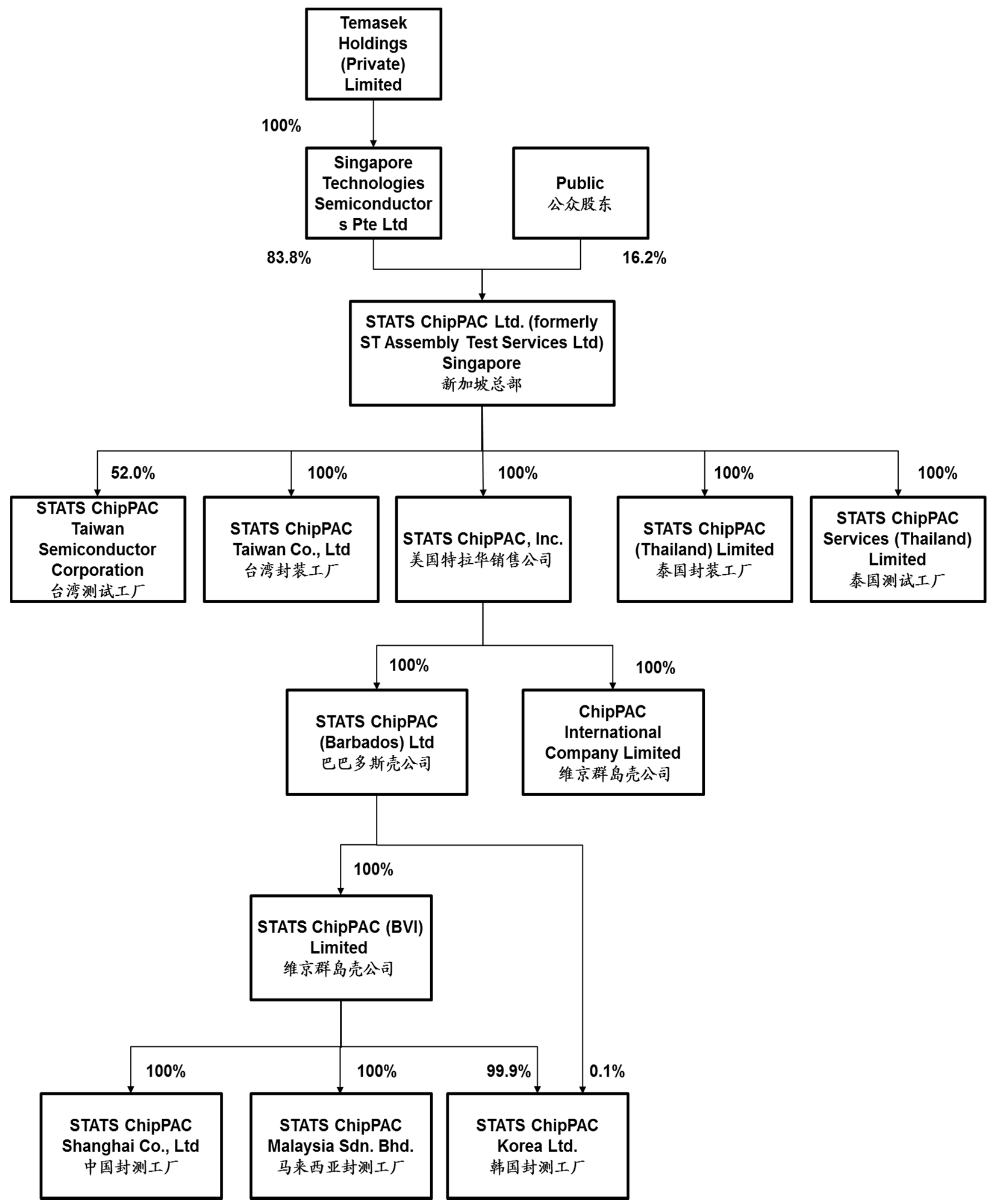
As at the date of issue of this Report, the total number of issued shares in the Target Company is 2,202,218,293.

According to results of legal due diligence, in regard to the Target Company there are no defects of capital contribution or circumstances that would affect its legal existence.

1. Ordinary shareholders who hold more than 5% of Target Company

As at the date of issue of this Report, only STSPL holds more than 5% of the Target Company's ordinary shares. STSPL is a wholly-owned subsidiary of Temasek and holds 83.8% of Target Company's shares. In the year 2000 when STATS listed, Temasek held a total of 72.1% of the Target Company's shares. After the merge by exchanging shares between STATS and ChipPAC in August 2004, STSPL's shareholding ratio dropped to 36.7%. Before the Tender Offer in March 2007, STSPL's shareholding ratio was 35.6%. After the completion of the Tender Offer at 1.75 Singapore Dollars per share, STSPL's shareholding ratio rose to 83.1%. Then through the exercise of convertible bonds, Temasek's shareholding ratio increased to 83.8% at the end of 2008, and there has been no significant change since.

2. Target Company and its subsidiaries' organizational structure before the Acquisition

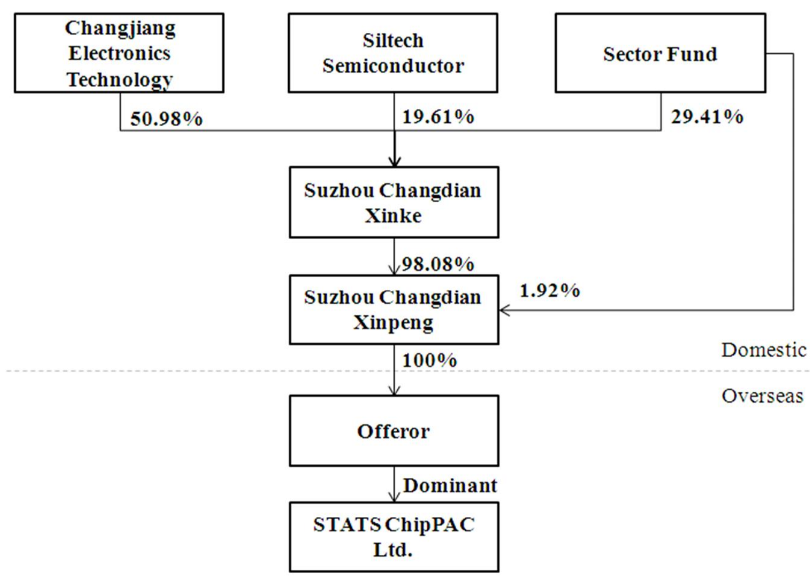


Source: Provided by Target Company

Note: the Target Company's two factories in Thailand and the factory in Malaysia are currently closed.

(II) Target Company's shareholding structure after the Acquisition

After the completion of the Transaction, if 100% of the Target Company is acquired, the subject of this Tender Offer JCET-SC (Singapore) Pte. Ltd. will hold 100% of the shares in the Target Company. JCET-SC (Singapore) Pte. Ltd. is a wholly-owned subsidiary of Changjiang Electronics Xinpeng (长电新朋). The shareholders of Changjiang Electronics Xinpeng (长电新朋) are Changjiang Electronics Shinco and IC Investment Fund, where Changjiang Electronics Shinco holds 98.08% of the shares in Changjiang Xinpeng (长电新朋), and IC Investment Fund own 1.92%. Changjiang Electronics Technology, as the controlling shareholder, will hold 50.98% of the shares in Changjiang Electronics Shinco. IC Investment Fund will hold 29.41% of the shares in Changjiang Electronics Shinco, and Siltech Semiconductor 19.61%. After the completion of the Acquisition, the Target Company's shareholding structure is shown in the figure below:



IV. Information on Target Company's subsidiaries

(I) Structure of Target Company's main subsidiaries

The Target Company's headquarters is located in Singapore, with four semiconductor packaging and testing factories and two R&D centres in Singapore, South Korea, Shanghai, and Taiwan. Meanwhile, it has sales teams in the United States, South Korea, China, Singapore, Taiwan, and Switzerland.

As at the date of issue of this Report, the Target Company has 11 subsidiaries in Singapore, the United States, China, South Korea and other places, and holds a 100% stake in 10 of them.

(II) General information on main subsidiaries

1. Basic information on the main subsidiaries of the Target Company

Name of Company	Registered Place	Proportion of shareholding	Main business
STATS ChipPAC (Barbados) Ltd.	Barbados	100%	Holding Company
STATS ChipPAC (BVI) Limited	British Virgin Islands	100%	Holding, semiconductor packaging and testing, warehouse services, and direct freight transport services
STATS ChipPAC Korea Ltd.	South Korea	100%	Semiconductor packaging and testing, R&D, warehouse services, and direct freight transport services
STATS ChipPAC Shanghai Co., Ltd	China	100%	Semiconductor packaging (including flipping) and testing, warehouse services, and direct freight transport services
STATS ChipPAC, Inc.	Delaware, U.S.A.	100%	Sales, marketing and R&D
STATS ChipPAC Malaysia Sdn. Bhd.	Malaysia	100%	Semiconductor packaging and testing, warehouse services, and direct freight transport services
STATS ChipPAC Taiwan Co., Ltd.	Taiwan	100%	Packaging services (including wafer-level packaging and flipping)
STATS ChipPAC Taiwan Semiconductor Corporation	Taiwan	52%	Testing services, R&D, warehousing services and direct freight transport services

Source: Target Company's regular reports

V. Target Company's employees

The Target Company employees are made up of four main categories of personnel: direct labour, indirect labour, administrative and management staff, and R & D staff. Of these, the personnel structure consists mainly of production personnel, which accounts for more than 90% of the total number of staff. The specific distribution of the various types of employees is shown in the following table:

	At the end of 2012	At the end of 2013	At the end of June 2014
Direct labour	6,642	7,013	7,026
Indirect labour	2,659	2,767	2,791
Administrative and management staff	656	679	699
R & D staff	366	294	277
Total	**10,323**	**10,753**	**10,793**

Source: supplied by Target Company's management

Note: Direct labour indicates personnel directly involved in the manufacturing of products during the manufacturing process. Indirect labour indicates all other labour that is not directly involved in the manufacturing of products. The division of direct and indirect labour is based upon whether or not the labour is directly involved with manufactured products.

As of June 2014, the number of employees in each region is as follows:

Area	Singapore	South Korea	China	Malaysia	Taiwan	U.S.A.	Thailand
The number of employees	3,055	2,226	3,545	979	841	112	35
Proportion	*28.3%*	*20.6%*	*32.8%*	*9.1%*	*7.8%*	*1.0%*	*0.3%*

Source: supplied by Target Company's management

VI. Target Company's main assets and liabilities

(I) Main assets

1. Overview of assets

According to three quarterly reports released by STATS ChipPAC, as at 28 September 2014, the Target Company's total assets is US Dollars 2,632,104,000, of which current assets is US Dollars 543,186,000, non-current assets is US Dollars 2,088,918,000.

The Target Company's current assets include cash and cash equivalents, short-term bank deposits, accounts receivable and inventory; non-current assets are mainly long-term bank deposits, fixed assets, deferred income tax assets, goodwill and intangible assets. The detailed structure is as follows:

Unit: US Dollars/thousand

Item	At the end of September 2014	At the end of 2013	At the end of 2012
Current assets			
Cash and cash equivalents	115,609	129,136	170,558
Short-term bank deposits	61,987	42,042	39,601
Net accounts receivable	229,728	238,441	258,043
Other Receivables	33,785	15,239	20,726
Inventory	77,888	71,055	90,203
Prepaid expenses and other current assets	24,189	18,970	24,559
Total current assets	543,186	514,883	603,690
Non-current assets			
Long-term deposits	425	11,604	489
Net fixed assets	1,668,817	1,431,247	1,242,950
Intangible assets	34,599	35,117	36,361
Goodwill	381,487	381,487	381,487
Deferred income tax assets	185	186	-
Prepaid expenses and other non-current assets	3,405	3,146	3,299
Total non-current assets	2,088,918	1,862,787	1,664,586
Total assets	2,632,104	2,377,670	2,268,276

Source: Target Company's regular reports

2. Fixed assets

At the end of June 2014, the Target Company's fixed assets had a net book value of US Dollars 1,586,897,000, which mainly includes land in possession, land use rights, housing construction, mechanical and electronic equipment and other equipment. The Target Company's fixed assets in detail are as follow:

Unit: US Dollars/thousand

Item	At the end of 2012	At the end of 2013	At the end of June 2014
Original value:			
Land in possession	9,946	9,738	9,738
Land use right	19,864	19,864	19,864
Housing construction, on-going construction project, mechanical and electronic equipment	362,227	433,589	513,684
Equipment	2,915,156	3,139,803	3,327,063
Subtotal	3,307,193	3,602,994	3,870,349
Less: accumulated depreciation	2,064,243	2,171,747	2,283,452
Net fixed assets	1,242,950	1,431,247	1,586,897

Source: Target Company's regular reports and data supplied by the management (the Target Company does not provide the data as at the end of September 2014)

At the end of June 2014, the book value of land and buildings (including those under construction, as well as machinery and electrical equipment) is as follows:

Unit: US Dollars/thousand

Item	Gross Book Value	Accumulated Depreciation	Accumulated Depreciation
Subsidiaries' land (operating location)			
STATS ChipPAC Taiwan Semiconductor Corporation	6,504	-	6,504
STATS ChipPAC Korea Ltd	3,234	-	3,234
Total	**9,738**	-	**9,738**
Subsidiaries' land use rights (operating location)			
STATS ChipPAC Shanghai Co., Ltd	4,042	1,631	2,411
STATS ChipPAC Malaysia Sdn. Bhd.	15,822	7,889	7,933
Total	**19,864**	**9,520**	**10,344**

Item	Gross Book Value	Accumulated Depreciation	Accumulated Depreciation
Subsidiaries' buildings, buildings under construction, mechanical and electrical equipment (operating location)			
STATS ChipPAC Limited.	170,754	71,436	99,318
STATS ChipPAC Korea Ltd.	127,737	19,046	108,691
STATS ChipPAC Shanghai Co., Ltd	133,629	40,339	93,290
STATS ChipPAC Malaysia Sdn. Bhd.	28,752	25,133	3,619
STATS ChipPAC, Inc.	4,148	4,063	85
STATS ChipPAC Taiwan Co., Ltd.	20,339	10,321	10,018
STATS ChipPAC Taiwan Semiconductor Corporation	28,325	20,206	8,119
Total	**513,684**	**190,544**	**323,140**

Source: supplied by Target Company's management

Information on land in possession and land use rights is as follows:

Location	Status	Area(Sq. Feet)	Function
No. 176-5, 6 Lin, Hualung Chun, Chiung Lin, 307 Hsin-Chiu Hsien, Taiwan	Free hold	224,879	Test services, research and development, warehousing services, and drop shipment services.
342-1 Gakpyong-Ri, Majang-Myeon, Icheon Si, Gyeonggi Province, Korea	Free hold	212,143	Turnkey packaging and test services, research and development, warehousing services, and drop shipment services.
188 Hua Xu Road, Qing Pu district, Shanghai, 201702, P.R. China	Land use right	983,276	Turnkey packaging and test services, flip-chip, research and development, warehousing services, and drop shipment services.
73 Lorong Enggang, Ulu Klang Free Trade Zone 54200 Kuala Lumpur	Land use right	488,448	Turnkey packaging and test services, research and development, warehousing services, and drop shipment services.

Source: supplied by Target Company's management

In addition, the Target Company leases properties in Singapore, Korea, Malaysia and the United States, of which the Target Company's leased properties in Singapore are as follows:

The location of property	Contract (lease / licence)*	Start date	Expiry date
5 Yishun Street 23, Singapore 768442	Lease	1 March 1996	1 March 2026
	Licence	1 March 1996	1 March 2026
2 Woodlands Sector 1, #01-20, Singapore 738068	Lease	23 October 2014	22 October 2017
	Licence	23 October 2014	22 October 2017
10 Ang Mo Kio Street 65, #15-17/20, Singapore 569059	Lease	1 January 2012	30 June 2015
10 Ang Mo Kio Street 65, #05-04, Singapore 569059	Lease	29 December 2014	28 December 2016

*Note: The lease herein refers to the lease of land and plants and the license means that the properties are licensed for the industrial purpose; 10 Ang Mo Kio Street 65, Singapore 569059 involves no industrial purpose and thus has no corresponding license.

Source: supplied by Target Company's management

The lease information of the Target Company's properties in South Korea is as follows:

The location of fixed assets	Contract (lease / licence)	Lessor	Start date	Expiry date
191 Jayumuyeok-ro Jung-gu, Incheon 400-340 South Korea	Lease	Incheon Int'l Airport Corp.	16 May 2013	15 May 2063
Part of Gyeongchung-dae-ro 2091, Bubal Eup, Icheon-si, Gyeonggi-do	Lease	Hydis Technologies Co., Ltd.	1 November 2013	31 October 2017
1F(part) and 5F, Ami-ri San 136-1, Bubal Eup, Icheon-si, Gyeonggi-do	Lease	Hydis Technologies Co., Ltd.	1 May 2014	31 October 2017
Ami-ri San 136-1, Bubal Eup, Icheon-si, Gyeonggi-do	Lease	SK Hynix Inc.	1 July 2005	30 June 2015
Part of Gyeongchung-dae-ro 2091, Bubal Eup, Icheon-si, Gyeonggi-do	Lease	SK Hynix Inc.	1 January 2014	30 June 2015

*Note: STATS ChipPAC's Korean factory's lease expires 30 June 2015 and it shall move premises to 191 Jayumuyeok-ro Jung-gu, Incheon 400-340 South Korea

Source: supplied by Target Company's management

The lease information of the Target Company's fixed assets in Malaysia is as follows:

The location of fixed assets*	Contract (lease / licence)
PN 7128, Lot 7716, Mukim Ulu Kelang, Gombak, Selangor	Lease
HS (M) 2601, Lot 7666, Mukim Ulu Kelang, Gombak, Selangor	Lease

*Note: The leasehold in Malaysia is for a term of 99 years. These two fixed assets of the Target Company are of leasehold and are far from their respective expiry dates.

Source: supplied by Target Company's management

The lease information of the Target Company's fixed assets in the U.S.A. is as follows:

The location of fixed assets	Contract (lease / licence)	Lessor	Start date	Expiry date
46429 Landing Parkway, Fremont, Alameda, 94538	Lease	Fremont Ventures, LLC	1 April 2014	31 March 2020
Suite 117, 1711 West Greentree Drive in Tempe, Arizona, 85284	Lease	Agave Property Center, LLC	1 March 2013	31 August 2018
9710 Scranton Road, Suite 360, San Diego, 92121	Lease	AZNL-Centrewest, LLC	1 February 2014	31 March 2017
5316 Highway 290 West, Suite 320 Austin, Texas 78735	Lease	Goldstar Investments LTD. & LTM Investments L.P.	1 July 2012	31 July 2015

Source: supplied by Target Company's management

3. Intangible assets

The Target Company capitalises direct spending related to mergers, acquisitions, development or purchases of patents, as well as technology patents used in the business, forming the original value of the intangible assets. As of the end of 2012, the end of 2013 and the end of June 2014, the Target Company's net intangible assets are respectively US Dollars 36,361,000, US Dollars 35,117,000, and US Dollars 34,799,000. At the end of 2013, the Target Company's list of intangible assets is as follows:

Unit: US Dollars/thousand

	At the end of 2012			At the end of 2013			At the end of June 2014		
	Original value	Accumulated amortisation	Net	Original value	Accumulated amortisation	Net	Original value	Accumulated amortisation	Net

	At the end of 2012			At the end of 2013			At the end of June 2014		
	Original value	Accumulated amortisation	Net	Original value	Accumulated amortisation	Net	Original value	Accumulated amortisation	Net
Patents, software, and others	63,430	32,136	31,294	68,814	35,564	33,250	69,718	35,186	34,532
Customer relationship	99,300	99,300	-	99,300	99,300	-	99,300	99,300	-
Technology and intellectual property rights	32,000	26,933	5,067	32,000	30,133	1,867	32,000	31,733	267
Trademark	7,700	7,700	-	7,700	7,700	-	7,700	7,700	-
Total	**202,430**	**166,069**	**36,361**	**207,814**	**172,697**	**35,117**	**208,718**	**173,919**	**34,799**

Source: Target Company’s regular reports and data supplied by the management (the Target Company does not provide the data as at the end of September 2014)

4. Goodwill

The Target Company's goodwill originated from the acquisition of SCT 1 in 2001 and the acquisition of ChipPAC, Inc. in 2004. In 2011 and 2012 respectively, US Dollars 24.5 million and US Dollars 24.1 million were set aside as provision for reduction of value of the goodwill for Thailand and Malaysia. Because the Target Company began business restructuring in 2013, gradually merging the same kind of production lines in factories located in different regions, in 2013 the Target Company changed the testing method for value reduction of goodwill based on region, into the testing method that regards all regions as one single business unit (a full set of semiconductor chips' outsourcing packaging and testing services) to conduct an overall value reduction testing. The goodwill of the Target Company on historical settlement dates in detail is as follows:

US Dollars/thousand	At the end of 2012	At the end of 2013	At the end of September 2014
South Korea	247,747	381,487	381,487
China	70,305		
Malaysia	53,114		
Taiwan	1,321		
Total	381,487		

Source: supplied by Target Company's management

5. Matters in relation to relocation of STATS ChipPAC's Shanghai factory

STATS ChipPAC Shanghai, Co., Ltd. ("SCC"), has entered into various agreements (the "Compensation Agreements") with relevant PRC local authorities in connection with the expropriation of SCC's land and factory buildings located at No. 188 Huaxugong Road, Xujing Town, Shanghai, People's Republic of China due to zoning adjustments and development and construction by the relevant PRC local authorities of the West Hongqiao area (the "Expropriation").

The Expropriation is expected to be completed before the end of 2017. SCC will receive a total compensation amount of RMB1,026,000,000 from the relevant PRC local authorities, which will be payable in certian manner pursuant to the terms of the Compensation Agreements.

(II) Main liabilities

As of 28 September 2014, the Target Company's total liability is US Dollars 1,688,134,000, of which current liabilities are US Dollars 561,598,000 and non-current liabilities are US Dollars 1,126,536,000. Detailed information is as follows:

Unit: US Dollars/thousand

Item	At the end of September 2014	At the end of 2013	At the end of 2012
Current liabilities			
Accounts payable and other payables	185,181	138,004	164,301
Payable fixed asset purchases	183,681	141,998	42,746
Accrued operating expenses	105,189	124,640	113,476
Income tax payable	14,518	18,207	13,155
Short-term loan	73,000	37,947	50,690
Short-term funds payable to related parties	29	100	28
Total current liabilities	561,598	460,896	384,396
Non-current liabilities			
Long-term loan	1,064,314	874,281	792,609
Deferred Income Tax liabilities	46,559	47,476	47,141
Other non-current liabilities	15,663	24,228	21,532

Item	At the end of September 2014	At the end of 2013	At the end of 2012
Current liabilities			
Total Non-current liabilities	1,126,536	945,985	861,282
Total liabilities	1,688,134	1,406,881	1,245,678

Source: Target Company's regular reports

The Target Company's non-current liabilities include a total of US Dollars 811 million issued senior notes, of which US Dollars 200 million will expire in 2016, with a coupon rate of 5.375%, and US Dollars 611 million will expire in 2018 with a coupon rate of 4.5%.

Given that the Transaction will result in changes in the controlling shareholders of STATS ChipPAC, STATS ChipPAC will restructure the debts in accordance with relevant terms and provisions of its current bank lending and outstanding senior notes. As at the date of issuance of this Report, Changjiang Electronics Technology has already made necessary arrangements for the debt restructuring arrangement. Changjiang Electronics Technology has already signed an engagement letter with DBS Bank on debt restructuring arrangement, pursuant to which, DBS Bank will conduct debt restructuring on the Target Company by providing bridge loans up to US Dollars 890 million to the Target Company. The said bridge loans are sufficient to meet the entire debt restructuring demand of the Target Company. After expiry of the bridge loan, DBS shall provide term loan and shall assist the Target Company in its undertaking of other debt (whether pursuant to bank borrowings or debt instruments or a combination) to further complete the Target Company’s debt replacement.

VII. The Target Company has not been subject to administrative or criminal penalties during the last three years

The Target Company has not undergone judicial investigation for suspicion of a crime nor has the Chinese Securities Regulatory Commission, the Singapore Exchange or the Securities Industry Association of Singapore initiated any investigations for suspected illegal activities; therefore, for the last three years the company has not been subject to administrative or criminal penalties.

VIII. Target Company's guarantees, mortgages, financial commitments and

litigation

(I) Target Company's external guarantees and mortgages

As at the signing date of this Report, the Target Company has no external guarantees or mortgages.

(II) Target Company's significant financial commitments

As of the end of June 2014, the amount of the Target Company's contractual commitments is approximately US Dollars 555 million. Details are as follows:

Unit: US Dollars/thousand

	Within1 year	**1-3 years**	**3-5 years**	**More than 5 years**	**Total**
Capital commitments	246,943	-	-	-	246,943
Operating lease commitments	36,744	19,285	12,644	94,547	163,220
Raw materials purchase commitments	124,211	-	-	-	124,211
Patent right and licence commitments	4,349	8,698	7,634	-	20,681
Total	**412,247**	**27,983**	**20,278**	**94,547**	**555,055**

Source: supplied by Target Company's management

1. Capital commitments

In above capital commitments, about US Dollars 118 million is related to the movement of the existing plant and construction of a new plant in South Korea.

2. Operating lease commitments

The Target Company signed leases on manufacturing and office space in Singapore, South Korea and the United States. At the same time, it signed land leases in South Korea, Malaysia and China. Most of the operating lease commitments are related to land and machinery equipment leasing for the new factory in South Korea which is under construction. The corresponding approximate amounts within a year, one to three years, three to five years and more than five years are respectively US Dollars 4.3 million, 10.3 million, 10.3 million and 89.6 million.

3. Raw materials purchase commitments

The Target Company has signed unconditional raw material procurement contracts with some suppliers. Usually these unconditional procurement contracts have a term of less than one year.

4. Patent right and licence commitments

The Target Company has signed a series of patent licensing contracts.

The Company has paid attention to the Target Company's significant financial commitments, and has communicated with the Target Company. Based on the communication with the Target Company, the above major financial commitments have been fully anticipated in the Target Company's annual budget, and can be satisfied by its cash flows generated from operating activities, unused bank facilities and other means. The net cash flows from operating activities of the Target Company during the reporting period are listed in the table below. The abovementioned financial commitments will not affect the Target Company's ability to operate on an on-going basis. The Offeror has taken this into consideration when making the pre-conditional offer.

Unit: US Dollars/thousand

Item	2014 Q1-Q3	2013 FY	2012 FY
Net cash flows from operating activities	243,131	380,496	375,199

(III) Target Company's litigation

1. The litigation between the Target Company and Tessera Inc.

In February 2006, Tessera Inc. (hereinafter referred to as "Tessera") sued the Target Company for patent infringement. In January 2013, the Target Company signed a settlement agreement with Tessera, and ended the patent litigation between the two. Tessera agreed to grant the Target Company a 5-year patent licence of semiconductor packaging technology.

2. The litigation between the Target Company and U-Freight Singapore Pte Ltd

In 2013, the Target Company had a claim against U-Freight Singapore Pte Ltd (hereinafter referred to as "U-Freight") for the damage caused by the equipment it transported and sought 204,319 Singapore Dollars for compensation. The Target Company has received compensation from the relevant insurance, and the insurance is pursuing a claim against U-Freight. The Target Company is assisting the insurance company in their claim against U-Freight. As at the end of June 2014, the defendant has not raised any defence.

3. The litigation between the Target Company and ERS electronic GMBH

On 7 October 2014, the Target Company announced that the German company ERS electronic GMBH claimed that two of the Target Company’s welding machines infringed its patent rights. The pre-hearing for the case was convened on 26 November 2014. The Target Company has already retained defence lawyers to defend the lawsuit. The matter is scheduled for another pre-hearing on 28 January 2015.

As stated in the Target Company’s announcement dated 7 October 2014, the Target Company does not expect this action to have a material financial impact. The Target Company has sought legal advice and is of the opinion that the claim is groundless and without merit and intends to take all necessary steps to vigorously defend the claim, including but not limited to, a counterclaim for revocation of the patents which the Target Company has been alleged to infringe.

IX. Target Company's continuous operation

(I) Overview of the business

The Target Company is a world leading semiconductor packaging and testing company, and provides a complete solution for semiconductors which covers packaging design, solder bumping, wafer sort, assembly, testing, and delivery. Relying on existing technological advantages for flip chips, wafer-level, and 3D packaging, the Target Company can provide creative and cost efficient semiconductor solutions for customers.

The Target Company's headquarters is located in Singapore, with the main revenue coming from the United States. In 2013, revenue from the United States accounted for 69.2% of the total revenue, revenue from Asian areas 19.0%, and revenue from European areas 11.8%. In 2013, packaging revenue accounted for 77.7% of total revenue of the Target

Company, of which advanced packaging accounted for 46.9% of total revenue and wirebond packaging accounted for 30.8%. The other 22.3% comes from testing.

In 2012, the Target Company achieved total revenue of US Dollars 1.702 billion, which decreased 0.3% year-on-year. In 2013, the Target Company achieved total revenue of US Dollars 1.599 billion, which decreased 6.1% year-on-year. In the first three quarters of 2014, the Target Company achieved total revenue of US Dollars 1.179 billion, which decreased 2.0% year-on-year. From the Target Company's perspective, the decrease is caused by the slowdown in the growth rate of end-market demand of the high-end smart phones, personal computers etc. as well as by the semiconductor packaging industry's gradual preference from wirebond packaging to advanced packaging, which had a further impact on the Target Company's wirebond packaging business. In addition, from the wider perspective of the external environment, the global semiconductor industry's overall growth has slowed down, the industry’s structure is facing adjustment, and production capabilities are undergoing regional adjustments, all of which also have a negative impact on the Target Company's operations.

In 2012, 2013 and the first three quarters of 2014, the Target Company achieved a gross profit of US Dollars 288 million, 218 million, and 134 million respectively. The Target Company's gross margin decreased from 16.9% in 2012 to 13.6% in 2013, the main reason being that production equipment was underemployed, capacity utilisation dropped from 75% in 2012 to 66% in 2013, which caused higher fixed costs such as depreciation and amortisation.

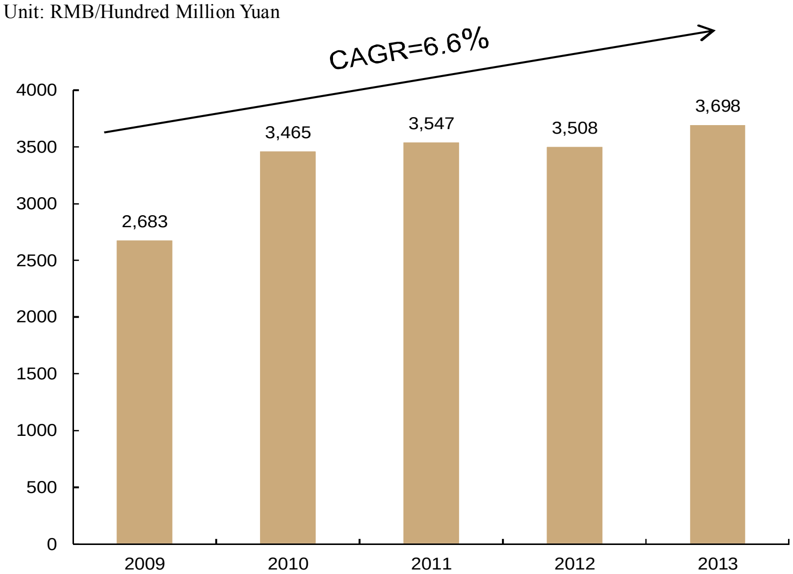
(II) Overview of the IC packaging and testing industry

1. Overview of the semiconductor industry

1) The semiconductor industry in the world begins to recover

The global semiconductor industry went through 2012 in the continual global economic downturn caused by the economic crisis. The global semiconductor industry's scale is about US Dollars 350.8 billion, which decreased by 1.1 % compared with 2011’s US Dollars 354.7 billion. After the trough in 2012, the global semiconductor industry began to recover in 2013, the industry’s scale recovered to US Dollars 369.8 billion which is a 5.4 % increase compared with 2012. In general, the worldwide semiconductor industry grew steadily with a CAGR of 6.6% from 2009 to 2013. The semiconductor industry's worldwide sales from 2009 to 2013 are as follows:

Unit: RMB/Hundred Million Yuan



Source: Marketline

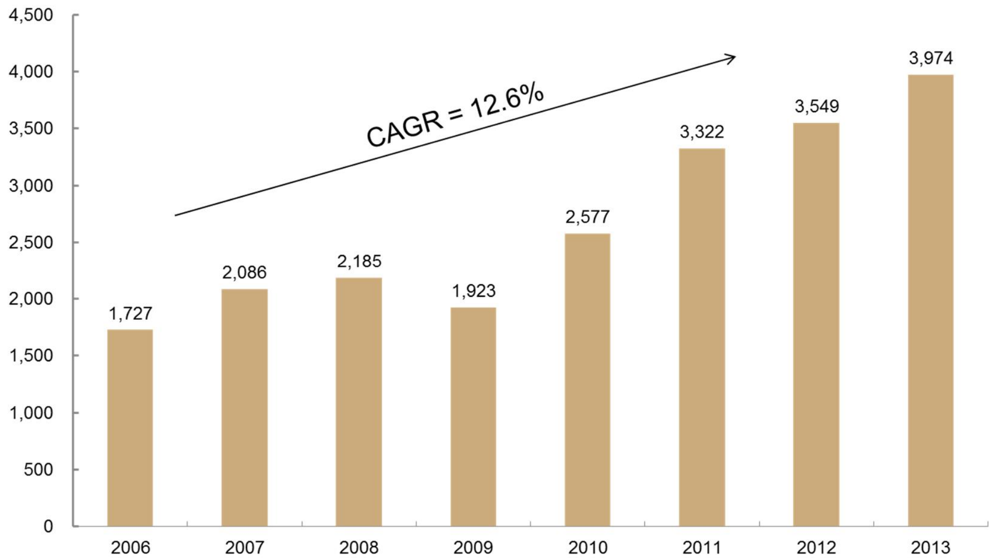
In regional markets, sales in all regions of the world shrank in 2012. Of these, the total sales in the United States' semiconductor market is US Dollars 54.4 billion with a decrease of 1.5% compared with 2011; the total sales in the Japanese semiconductor market was US Dollars 41.1 billion with a decrease of 4.3% compared with 2011; the total sales in the European semiconductor market is US Dollars 33.2 billion, a decrease of 11.3% compared with 2011; the total sales in the Asian semiconductor market is US Dollars 163 billion with a decrease of 0.6% compared with 2011.

In 2013, the semiconductor market's total sales in America rebounded to US Dollars 69.6 billion, and the sales in Europe reached US Dollars 38 billion. Asia saw the largest growth of 52%, reaching US Dollars 248.1 billion in 2013.

2) China's semiconductor industry continues to grow with strong demand

Growth in the foreign semiconductor market is slowing, but China's semiconductor market shows a healthy ability to withstand risk and strong market demand. The industrial scale of China's semiconductor industry achieved RMB 397.4 billion yuan during the whole year of 2013 with a year-on-year increase of 12.0%. From 2006 to 2013, the CAGR in these 8 years reached 12.6%, which was significantly higher than the growth rate of the global semiconductor market. The industrial scale of China's semiconductor industry from 2006 to 2013 is as follows:

Unit: RMB/Hundred Million Yuan



Source: China Semiconductor Industry Association

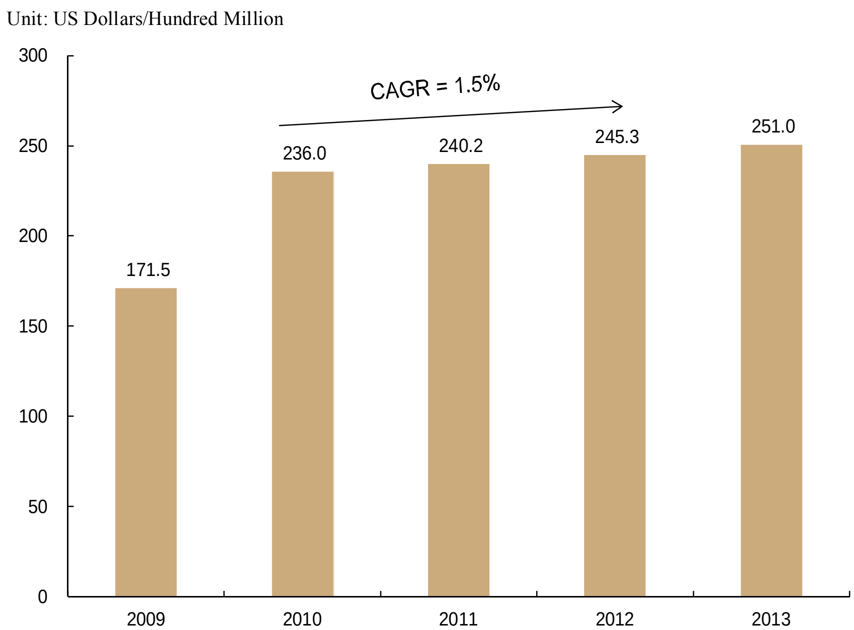
2. Current status of the semiconductor packaging and testing industry

The semiconductor industry chain can be divided into four parts from top to bottom, which are IC design, wafer foundry, packaging and testing and downstream demand. The design company's R & D personnel firstly completes the logic design of chips' register level and the physical design of the transistor level, and delivers the verified and passed circuit layout to the foundry. The wafer foundry specialises in the manufacture of semiconductor wafers, and accepts the IC design company's commission to manufacture, but does not engage in the design itself. Its products are wafers which contain hundreds and thousands of crystal grains (every grain is an IC); and then, through a multi-channel packaging process, the packaging factories elicit electronic signals from grain I/O soldering pads and produce pin/solder balls, achieving the interconnection of the electrical chip with external electrical signals. Testing is the final step in IC manufacturing, its functions being to verify whether the IC can work normally according to the designed function and is located in the downstream of industry chain.

1) Growth of worldwide semiconductor packaging and testing industry is slowing

From a global perspective, overall testing capacity except for China shrank in 2012. Demand in the global semiconductor's testing market was in downturn, but rebounded in 2013. In 2013, the gross revenue of the global semiconductor testing market is US Dollars

25.1 billion with an increase of 2.3% compared with 2012. After a sharp increase from 2009 to 2010, CAGR from 2010 to 2012 was only 1.5%. The growth of the worldwide semiconductor testing industry from 2009 to 2013 is as follows:



Source: Gartner

Currently, in the IC packaging and testing industry, international giants, such as ASE, Amkor, SPIL, STATS ChipPAC and other large-scale worldwide packaging enterprises still dominate the market of high-end technologies and high-end products.

In 2013, the total revenue of the global semiconductor packaging and testing market was US Dollars 25.1 billion, with a growth of 2.3% compared with 2012. ASE still tops other players in terms of the share of operating revenue and Changjiang Electronics Technology ranks the sixth place of the world's IC packaging and testing industry, which is the only mainland-funded packaging and testing enterprise that enters into top 10 of the world's packaging and testing industry. The top 10 global packaging and testing companies and their market shares are shown in the figure below:

Company Name	**Market Share in 2013 (by the operating revenue)**
ASE	19%
Amkor	12%
SPIL	9%
STATS ChipPAC	6%

Company Name	Market Share in 2013 (by the operating revenue)
Powertech Technology	5%
Changjiang Electronics Technology	4%
J-Devices	3%
UTAC	3%
ChipMOS	3%
Chipbond	2%

Source: Gartner

2) Market demand in semiconductor packaging and testing industry in China has grown for a long time, with the industry booming

The Chinese packaging and testing industry expanded against a tide of shrinking of the semiconductor industry. The corresponding CAGR reached 18.1% from 2010 to 2012, which is far more than the 1.5% at a world level. In 2012, the overall growth of Chinese packaging and testing plant area is 5%, while the packaging and testing plant area in other parts of the world decreased by 2%. China's packaging and testing production capacity accounts for 21% of the world capacity.

The size of the Chinese semiconductor packaging and testing industry market is mainly driven by four aspects: the transfer of global packaging and testing production to China, the breakthrough of domestic packaging and testing technology, rising domestic demand for domestically produced semiconductor equipment and growth of demand in downstream consumer electronic equipment. In 2012, the domestic packaging and testing industry maintained a steady growth, its size has exceeded RMB 100 billion yuan and reached RMB 103.567 billion yuan, which was a year-on-year increase of 6.1% compared with RMB 97.57 billion yuan in 2011. Based on the sales of major domestic packaging and testing companies in 2012, most of these enterprises maintained the growth momentum. The threshold for being one of the 10 largest packaging and testing companies has reached the level of RMB 2 billion yuan.

3) Chinese national policy encourages the development of the semiconductor packaging and testing industry

The government issued a number of policies to actively encourage and develop the semiconductor packaging sector. "Information Industry Science and Technology

Development "Eleventh Five-Year Plan" and the Mid- and Long-term Planning Framework 2020" suggested that focus should be put on developing key technologies for IC, including MEMS technology and new, high density IC packaging and testing. In 2011, MIIT and MOFCOM designated the packaging of chips with width under 65 nm as a current high technology industry for priority development. In addition, the "Integrated Circuit Industry's Twelfth Five-Year Development Plan" in 2011 stated the active development of advanced packaging and testing technology, pushing forward the development of high-density stacked 3D packaging of products, and supporting the upgrading and capacity expansion of packaging technology.

4) Rapid growth in the demand of IC industry's downstream consumer electronic equipment

The domestic semiconductor packaging and testing industry mainly benefits from the continuous growth of demand in downstream consumer electronics equipment, among them, high-end equipment manufacturing, smart grids and others all need electronic components. In particular, intelligent mobile terminals and the LED lighting market can obtain sustained growth.

In addition, with the advent of the mobile Internet era, China's mobile intelligent terminal industry has developed rapidly; the market has expanded rapidly and has great development potential. In the next few years, smartphones can still maintain double-digit growth, tablet computers can to a great extent make up the impact of PC's falling demand. Meanwhile, 4G’s global expansion speeds up, and the boom in space exploration is beneficial to the development of the semiconductor market in the field of industry and others.

(III) Target Company's products and overall solution

The Target Company provides integrated solutions for semiconductor packaging and testing. Based on the product type, business is mainly divided into three types, namely advanced packaging, wirebond packaging, and testing services. From the perspective of the end-users market, the Target Company's business is mainly divided into communication, consumer, multi-applications & others, as well as PC. From the perspective of regional distribution, the Target Company’s business is mainly in the United States, Europe and Asia. The Target Company’s business structure from 2011 to 2013 is as follows:

Advanced Packaging: the Target Company uses advanced IC packaging technologies including wafer bumping, flip chip, fan-out wafer level packaging, eWLB and so on.

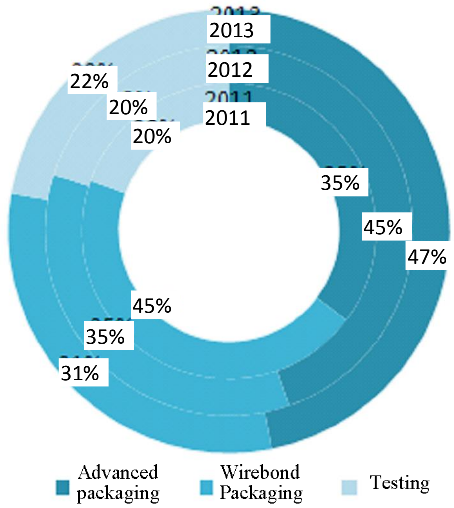
Advanced packaging business develops rapidly, with a proportion in the Target Company's overall revenue increasing from 35% in 2011 to 47% in 2013, accounting for the highest proportion out of the three strands of business and is one of the most important growth drivers in the Target Company's future development. It shows mainly in the use of wafer level packaging in production approaching maturity and is becoming widely adopted, and eWLB technology is attracting more and more customers.

Wirebond Packaging: the Target Company uses wirebond IC packaging technology which includes lead packaging and laminate packaging. In 2013 wirebond packaging contributed 31% of the Target Company's overall revenue.

Test Services: the Target Company provides a service which includes wafer probe pin and final testing, and has notable strength in the testing of mixed signal, radio frequency and other electronic equipment. In 2013, the testing business contributed 22% of the Target Company's total revenue.

In 2013, revenue from the Target Company's advanced packaging business dropped year-on-year by 1.4% to US Dollars 750 million, which was mainly due to falling demand for packaging in the wireless communications market. In 2013, revenue from the wirebond packaging business had a large year-on-year decrease of 17.8% to US Dollars 492 million, which is mainly due to the decrease demand in packaging for personal computers and other electronic equipment. In addition, the overall development trend of the semiconductor packaging industry is moving from wirebond packaging to advanced packaging, which also produces an adverse effect on the Target Company's wirebond packaging business. In 2013, the Target Company's testing services had eye-catching performance, bucking the trend with a year-on-year growth of 4.2% to US Dollars 356 million. In 2013, advanced packaging, wirebond packaging and testing took up 47%, 31% and 22% of the total revenue. The Target Company's main revenue composition in the last three fiscal years is as follows:

Classification based on types



Source: Target Company's annual report

The Target Company's income according to product subdivisions from 2011 to 2013 is as follows:

US Dollars/million	2011	2012	2013
Advanced packaging	602	761	750
Year-on-year growth rate	-	*26.3%*	*-1.4%*
Wirebond packaging	771	599	492
Year-on-year growth rate	-	*-22.4%*	*-17.8%*
Testing	333	342	356
Year-on-year growth rate	-	*2.8%*	*4.2%*

Source: Target Company's annual report

(IV) Target Company's product strategy

1. Advanced packaging

The Target Company firmly grasps the future expansive market prospects of advanced packaging products. For flip chips, the Target Company regards wireless communications as a possible new growth area, focusing on issues related to external size and cost, and deeply develops the technologies of flip chip's fine-pitch ball grid array, Ultra HD and so on. With regard to wafer-level packaging technology, the Target Company mainly aims at wafers of

300 mm, and focuses on the development of fan-out wafer level packaging.

In the future, in terms of flip chip, the Target Company will continue to enhance cost efficiency, focusing on the smartphone and tablet market as well as on improving the flip chip and pitch ball grid array technologies for limited networks and consumer sectors. In terms of wafer-level products, the Target Company will focus on developing FlexLine technology process, promoting market demand and completing capacity expansion. The Target Company will also continue to develop eWLB technology and related products.

2. Wirebond Packaging

In terms of wirebond packaging, the Target Company focuses on chip size packaging which includes chip stacking fine pitch ball grid array packaging and quad flat no-lead packaging, and focuses on expanding the Target Company's leading position in the field of wafer stacking.

The Target Company plans to merge five wirebond packaging factories into two by 2015, including moving the Malaysian factories to China and transferring part of the South Korean business to China. The Target Company will continue to promote gold backfill and simulation in order to improve the utilisation of the old wirebonders, and following core customers' demand to give appropriate consideration to the expansion of the production capacity of the copper wire, and to focus on the smartphone market.

3. Testing services

In terms of testing services, the Target Company focuses on the Teradyne platform, in order to avoid memory tests and niche platforms, and implements advanced IT solutions, to improve efficiency and reduce cost. In addition, the Target Company increases its support in a targeted way for pure testing business and focuses on supplementing underutilised assets.

In the future, the Target Company plans to expand the tab management platform, and in view of the selected new pure testing business, to re-establish its sales and marketing team.

4. Target Company’s Main Product Quality Controls

The Target Company’s quality controls currently use the head office uniform method, a complete system, and the hands-on experience at the quality control management level is relatively abundant. The level of the Target Company’s information system in quality event alarms and tracking management is relatively advanced.

(V) Target Company's marketing and sales strategy

1. Overview of the target market

1) Market segmentation by end-users

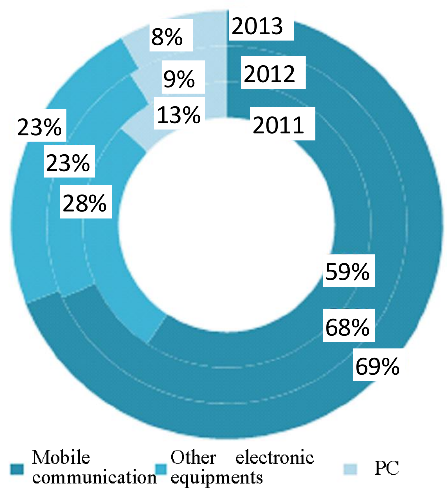
The Target Company provides packaging and testing services for equipment including mobile terminals, personal computers, etc. The main terminal market is the mobile communications market, which in 2013 contributed 69% of the Target Company’s total income, whereas other electronic equipment and personal computers contributed 23% and 8% of the income respectively. In the third quarter of 2014, about 66% of the Target Company's income is from the communications market, 8% from the personal computers market, and the remaining 26% from other electronic equipment. Compared to 2013, the terminals market of the Target Company's products is more dispersed.

The Target Company's business in the mobile communications market maintained growth from 2010 to 2012. In 2013, the smartphone market's differentiation became obvious, resulting in a fall in demand for the Target Company’s high-end smartphones which performed well in the past, while the low-end smartphone market grew rapidly. Since the Target Company’s influence in the low-end smartphone market is only average, the Target Company’s income in 2013 from the mobile communications market fell by 5% year-on-year.

The Target Company's scope of business in the personal computers sector mainly focuses on disk drives and others. The disk drives business revenue of the Target Company accounted for more than half of the total personal computers revenue. In addition, the sales downturn in the personal computers market has had an adverse effect on the Target Company’s performance. In 2013, the Target Company’s revenue had a year-on-year decrease of 15% in the personal computers market. In 2014, the proportion of personal computers business in total income is the same compared to the previous year.

The proportion of different end-user market income from 2011 to 2013 is as follows:

Classification based on end-users market



Source: Target Company's annual report

Details of income based on end-user market from 2011 to 2013 are as follows:

Unit: US Dollars/million

	2011	**2012**	**2013**
Mobile communication	1,012	1,162	1,103
Year-on-year growth rate	-	*14.8%*	*-5.1%*
Other electronic equipment	471	386	366
Year-on-year growth rate	-	*-18.0%*	*-5.2%*
Personal computers	224	153	129
Year-on-year growth rate	-	*-31.5%*	*-15.4%*

Source: Target Company's annual report

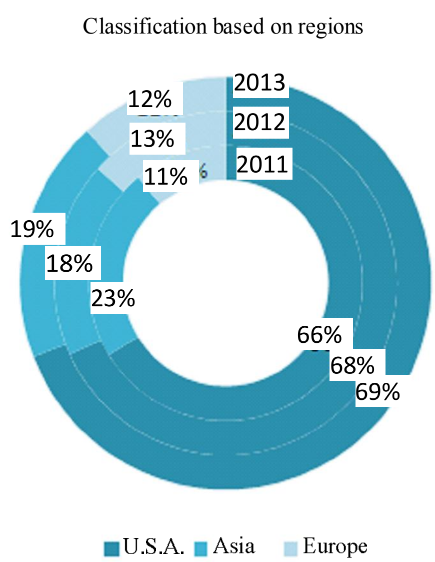
In 2013, Target Company sales to its top five customers amounted to US Dollars 795 million, accounting for 49.7% of the Target Company's total revenue.

Any director, supervisor, senior officer of the target company has not had any interest in any vendor or client that ranks among the top five in the company.

2) Classification according to region

The Target Company's business is mainly concentrated in the US market. In 2013, affected by the whole market as well as the Target Company's own business operation, the Target Company's income in the Asian and United States market decreased slightly by 3% and 5% respectively. A larger decline occurred in the European market with a year-on-year decrease of 17% in income.

The Target Company pays attention to developing new markets. Its business is strengthening in developing countries. In the third quarter of 2014, the proportion of the Target Company's income from Asia rose in proportion to overall revenue to 26.6%, which is a year-on-year increase of 7.4%, and compared with the second quarter of 2014, it was even a drop by 2.2%. The proportion of income from different regions from 2011 to 2013 is as follows:



Source: Target Company's annual report

Details of income according to region from 2011 to 2013 are as follows:

US Dollars/million	2011	2012	2013
U.S.A.	1,130	1,160	1,106
Year-on-year growth rate	-	*2.7%*	*-4.7%*
Asia	387	313	304
Year-on-year growth rate	-	*-19.2%*	*-3.0%*
Europe	188	228	189
Year-on-year growth rate	-	*21.5%*	*-17.3%*

Source: Target Company's annual report

2. Marketing strategies and model

Each department manager is responsible for dealing with the Target Company's customer orders, and distributes orders, after receiving them, to corresponding factories according to the packaging requirement (advanced packaging, traditional packaging). After the factory has delivered to customers, the business department is responsible for obtaining payment for the goods.

The Target Company's corresponding sales departments are: 4 US sales departments, 1 European sales department, 1 Greater China/Taiwan sales department, 1 South Korean sales department and 1 Japanese sales department.

(VI) Target Company's supply chain strategy and model

The Target Company's suppliers can be divided into two categories, namely production suppliers and environmental suppliers. The production suppliers refer to the suppliers which provide the raw materials, outsourcing materials, equipment and tools needed in the production processes of the Target Company. The environmental suppliers refer to the suppliers which provide waste disposal services for the matters resulting from the production processes of the Target Company.

1. Operation model of the Target Company's supply chain

The operation model of the Target Company is relatively mature. Specifically it is made up of eight main strategies, as follows:

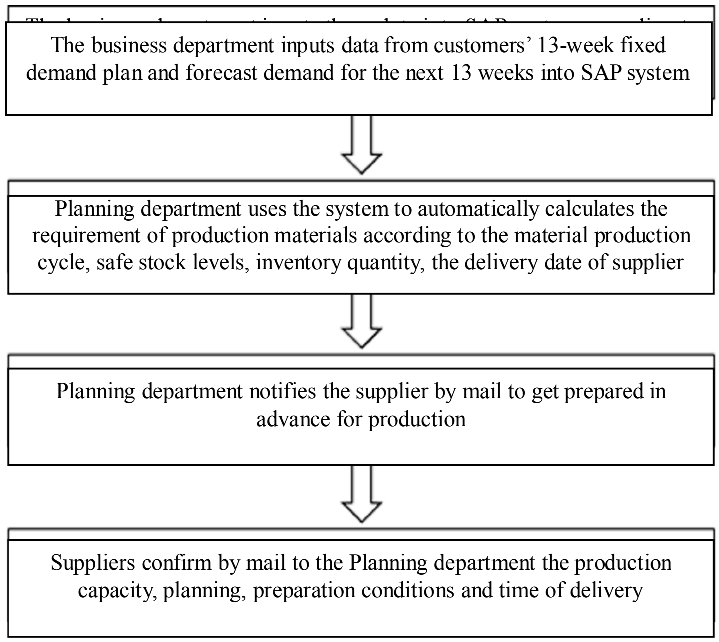
Name of strategy	Specific measures
Development strategy	1. Formulate a group suppliers development plan based on the principle of low cost 2. Implement suppliers double development at an early stage 3. Implement development of Chinese suppliers 4. Ease and reduce the risk of material purchasing (BOM)
Supplier management	1. Online management of supplier delivery and production capacity 2. Price referencing of suppliers 3. Periodic evaluation of suppliers 4. Ease and reduce the risk of material purchasing (BOM) 5. Balance other costs and expenses
Negotiation strategies	1. Combine quarterly and temporary negotiations 2. Adopt the strategy of bidding from both sides

Name of strategy	Specific measures
	3. Implement new cost management of commercial materials 4. Pricing strategy of alternative materials 5. Focus on trends of cost reductions 6. Develop suppliers of low cost
Value engineering and optimal BOM strategy	1. Develop suppliers cooperation projects 2. Promote new product designs 3. Assist suppliers with adoption of low-cost technology 4. Reduce the use and procurement of gold wire 5. Reduce the diameter and length of gold wires 6. Increase copper wire products 7. Redesign lead frames and base plates
SDE strategy	1. Develop suppliers with effective cost control strategies 2. Fix the entry price of materials, draw up cost roadmaps
Suppliers development plan	1. Provide online technical support for suppliers 2. Adopt new technical support
Technology development	1. Search for low-cost materials 2. Exert the leverage of strategic suppliers' cooperative development projects
Suppliers' portal strategy	1. Improve the visibility of supply chain, promote cooperation with suppliers 2. Forecast demand plans 3. Ensure the execution and confirmation of purchase orders 4. Advanced notice of shipment 5. Improve the visibility of suppliers' ability 6. Implement monitoring of suppliers' WIP status 7. The requirements and tracking of offer visibility

Source: supplied by Target Company's management

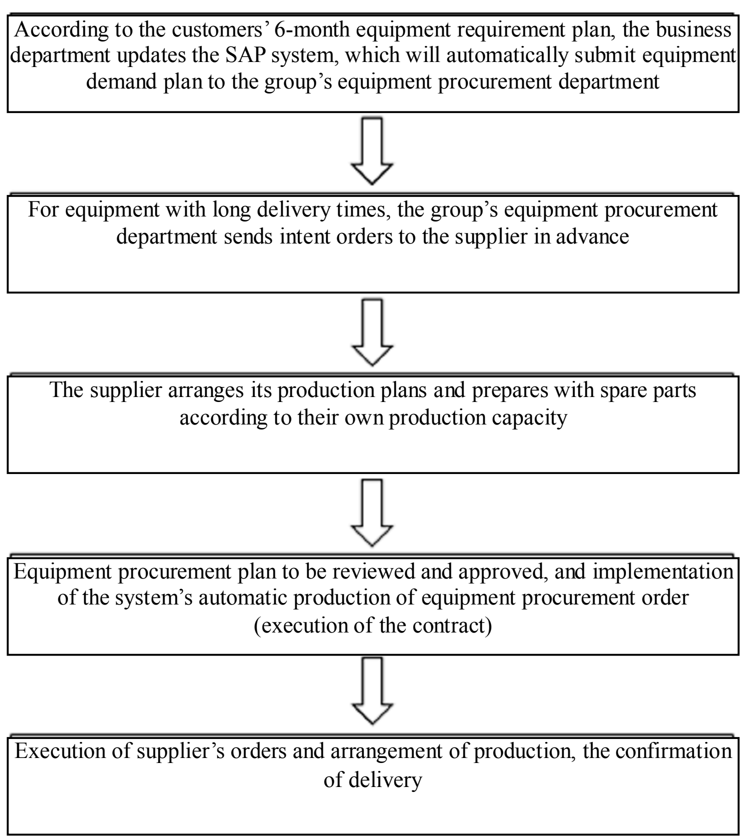
2. Target Company's purchasing process

1) Materials procurement process



Source: supplied by Target Company's management

2) Equipment procurement process



Source: supplied by Target Company's management

(VII) Target Company's R & D status

The Target Company focuses on improving the technology application in the production process and places high emphasize on research and development. R&D expenses accounted for 3.0% of the Target Company’s overall income in 2012, and 2.9% in 2013. With insight, the Target Company grasped the general trend that the semiconductor packaging industry will move towards advanced packaging in the future, and so actively developed related technologies. It obtained significant achievements in the field of advanced wafer-level packaging, especially eWLB technology. At present, the technology is more and more widely used in the mobile communication market.

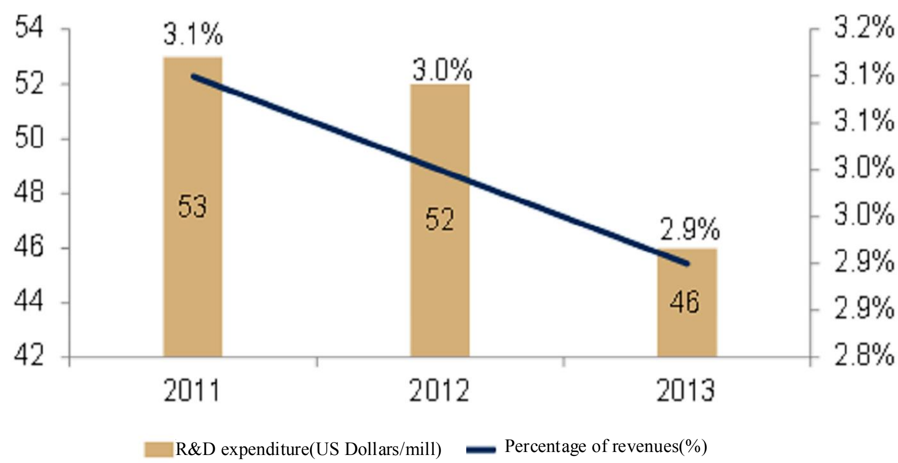
The Target Company already has a comprehensive R&D system and process. The selection, development and investment of all new technologies must be entered into the process for strict reviews and control, and the corresponding research results need to be uploaded to the specialised information system. Under this R&D system, the number of white papers on technology the Target Company has published from 2010 to 2014 is as follows:

Technology category	The number of white papers on technology
Wafer-level packaging technology	29
Flip-chip packaging technology	25
3D packaging technology	18
Copper wirebond packaging technology	4

Source: supplied by Target Company's management

Meanwhile, the R&D system can also combine the R&D team and the technology marketing team in a better way. The technology marketing department is responsible for market demand research to ascertain its technology needs. The R&D department is responsible for designing new technologies that can satisfy the demand, then it completes the related validation and data collection through the internal process. Finally, the technology marketing department conducts corresponding marketing promotion.

During 2011-2013, the average percentage of the Target Company's R&D expenditure accounted for 3% of revenue. R&D expenses and its percentage compared to revenue is as follows:



Source: Target Company's regular report

X. Target Company's discontinued operations

(I) Target Company closed factories in Malaysia

In June 2013 the Target Company announced the closure of its factories in Malaysia, and its plans to integrate the packaging and testing business in Malaysia into the factories in China to expand the scale of its Chinese operations and optimise the cost structure. The Target Company's management said that the plan of closure and integration of the Malaysian business would be conducted in stages during 2013 and 2014, and would be completed before the end of 2014.

Most customers of the Malaysian business have already agreed to transfer product orders to the Target Company’s factories in China. The transfer of customer relationships was completed by the end of September 2014.

The Target Company's management has analysed the usability of the Malaysian factories’ fixed assets: equipment which can still be used will all be moved to the Chinese factories; housing and buildings which can be sold will be sold; and provision will be made for the reduction in value at the net book value of factories, buildings and equipment which cannot be used or sold. Provision for fixed asset value reduction has already been made in 2012 and 2013 at US Dollars 21.549 million for the factories in Malaysia. As of the end of June 2014, the net book value of the Malaysian factories' fixed assets is US Dollars 30.731 million, which includes about US Dollars 10 million of housing and buildings which can be sold and about US Dollars 20 million of equipment which will be transferred to the Chinese factories. According to the Target Company's regular report, this part of the assets needs no provision for value reduction.

(II) Target Company closed two factories in Thailand

In February 2012, the Target Company announced its plans to close and terminate the operations of the packaging and testing factories in Thailand. These two Thai factories have stopped production in 2012 and were in the process of asset disposal.

These two Thai factories suffered floods in 2011 which caused severe losses to the factory premises and equipment. Therefore, US Dollars 16.313 million was put aside as provision for fixed assets value reduction. At the same time, the Target Company has confirmed insurance compensation for the Thailand floods in 2012 and 2013 in the amount of US Dollars 26.74 million and US Dollars 19.58 million respectively.

(III) Treatment of profits / losses of discontinued operations

Unit: US Dollars/thousand	2012	2013	Mid-2014
Closure costs of Malaysia factories	-	36,909	-
Other costs of factory closures in Malaysia	-	288	397
Early redemption premium of bonds and debt restructuring	-	15,701	-
Costs on the solutions related to floods	10,061	3,000	-
Cost of issuing sterilisation bonds	-	2,392	-
Compensation for dismissals	5,715	1,886	-
Loss of value in goodwill/assets	27,919	-	2,261
Investment loss/(income)	739	-	-
Disposal of fixed assets loss/(income)	(661)	(1,161)	(541)
Insurance compensation for floods	(26,741)	(19,582)	-
Exchange loss/(income)	(1,023)	(3,065)	350
ANST loss/(income)	(2,756)	-	-
Other non-operating expenses/(income)	21,298	2,200	15
Total	**34,551**	**38,588**	**2,482**

Source: supplied by Target Company's management

XI. Major financial indicators of the Target Company in recent two years and quarters

(I) Major financial data of the Target Company for the last two years and quarters

The Target Company's financial data for the fiscal years 2012 and 2013 was drawn up based on Singapore Accounting Standards, and was audited by PricewaterhouseCoopers LLP. The Target Company's financial data for the first three quarters of 2014 was not audited.

1. Concise Consolidated Balance Sheet

Unit: US Dollars/thousand

Item	At the end of September 2014	At the end of 2013	At the end of 2012
Current assets	543,186	514,883	603,690
Non-current assets	2,088,918	1,862,787	1,664,586
Total assets	2,632,104	2,377,670	2,268,276
Current liabilities	561,598	460,896	384,396
Non-current liabilities	1,126,536	945,985	861,282
Total liabilities	1,688,134	1,406,881	1,245,678
Equity attributable to equity holders of the parent company	890,475	917,432	970,809

2. Concise Consolidated Income Statement

Unit: US Dollars/thousand

Item	The first three quarters of 2014	Fiscal year 2013	Fiscal year 2012
Net revenues	1,179,160	1,598,522	1,701,549
Gross profit	134,409	217,581	287,504
Operating income before exceptional items	27,619	55,030	79,190
Net income (loss) for the year	(19,174)	（39,079)	23,857
Net income (loss) attributable to parent company	(25,280)	(47,493)	16,563

Item	The first three quarters of 2014	Fiscal year 2013	Fiscal year 2012
Basic EPS (US Dollars)	(0.01)	(0.02)	0.01

3. Concise Consolidated Cash Flow Statement

Unit: US Dollars/thousand

Item	The first three quarters of 2014	Fiscal year 2013	Fiscal year 2012
Net cash provided by operating activities	243,131	380,496	375,199
Net cash used in investing activities	(436,080)	(412,681)	(371,375)
Net cash used in financing activities	179,392	(9,221)	(28,059)
Net increase in cash and cash equivalents	(13,557)	(41,406)	(24,235)
Cash and cash equivalents at end of the year	115,609	129,136	170,558

(II) Main financial data of the Target Company's parent company in the most recent two years and the first quarter

1. Parent company's concise Balance Sheet

Unit: US Dollars/thousand

Item	At the end of September 2014	At the end of 2013	At the end of 2012
Current assets	590,625	632,037	659,882
Non-current assets	1,287,738	1,253,687	1,179,744
Total assets	1,878,363	1,885,724	1,839,626
Current liabilities	231,480	332,706	316,168
Non-current liabilities	966,248	854,709	799,561
Total liabilities	1,197,728	1,187,415	1,115,729
Total equity	680,635	698,309	723,897

2. Parent company's concise Income Statement

Unit: US Dollars/thousand

Item	First half of the 2014 fiscal year	Fiscal year 2013	Fiscal year 2012
Net revenues	241,319	439,775	451,408
Gross profit	45,708	93,132	115,304
Operating income before exceptional items	7,623	7,968	39,088
Net income (loss) for the year	(10,284)	(25,235)	(13,214)

Note: Target Company has not yet disclosed its parent company's concise Income Statement for the first three quarters of 2014.

3. Parent company's concise Cash Flow Statement

Unit: US Dollars/thousand

Item	First half of the 2014 fiscal year	Fiscal year 2013	Fiscal year 2012
Net cash provided by operating activities	22,933	113,505	236,631
Net cash used in investing activities	(131,106)	(103,203)	(182,953)
Net cash used in financing activities	87,482	(32,957)	(23,229)
Net increase in cash and cash equivalents	(20,691)	(22,655)	30,449
Cash and cash equivalents at end of the year	40,862	61,549	84,204

Note: Target Company has not yet disclosed its parent company's concise Cash Flow Statement for the first three quarters of 2014.

(III) The primary accounting policies and related accounting treatment of the Target Company

In that the Target Company of this Acquisition is registered in Singapore, it is a foreign independent legal entity that is not listed on Singapore Exchange, it has no equity relationship with the Company, and furthermore, the Company has not yet completed its acquisition of the Target Company, difficulties lie in obtaining the Target Company's detailed financial reports and audit reports prepared in accordance with the Company's accounting system and policies. Within three months of the formal delivery of the Target Company's equity, the Company shall complete and disclose to the Investors the financial report and audit report of the Target Company prepared in accordance with the Chinese Accounting Standards and the Company's accounting policies as required by competent regulatory authorities. See "Chapter 9: Financial and Accounting Information on the Target Company" in this report for the primary accounting policies and related accounting treatment of the Target Company.

1. Revenue recognition principles and measurement methods

Revenue of the Target Company is derived primarily from wafer probe and bumping, packaging and testing of semiconductor integrated circuits. Net revenues represent the invoiced value of goods and services rendered net of returns, trade discounts and allowances, and excluding goods and services tax.

Revenue of the Target Company is recognised when all significant risks and rewards of ownership of the goods and services are transferred to the customer. Significant risks and rewards are generally considered to be transferred to the customers when the customer has taken undisputed delivery of the goods.

The Target Company generally does not take ownership of customer supplied semiconductors as these materials are sent to the Target Company on a consignment basis. Accordingly, the values of the customer supplied materials are neither reflected in revenue nor in cost of revenue.

Provisions are made for estimates of potential sales returns and discounts allowance for volume purchases and early payments and are recorded as a deduction from gross revenue based upon historical experience and expectations of customers' ultimate purchase levels and timing of payment. Specific returns and discounts are provided for at the time their existence is known and the amounts are estimable.

2. Basis for formulation, Consolidation and Subsidiaries

Unless otherwise disclosed in the Target Company's accounting policies, formulation of the Target Company's financial statements shall be based on the historical cost method.

The consolidated financial statements include the consolidated accounts of STATS ChipPAC and its majority-owned subsidiaries, being the companies that it controls. This control is normally evidenced when the Target Company is able to govern a company's financial and operating policies so as to benefit from its activities or where the Target Company owns, either directly or indirectly, the majority of a company's equity voting rights, or by way of contractual agreement unless in exceptional circumstances it can be demonstrated that ownership does not constitute control.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Target Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of subsidiaries are prepared for the same reporting year as the parent company and adjustments are made to bring any dissimilar accounting policies that may exist with the policies adopted by the Target Company. All intercompany balances and transactions, including unrealised profits arising from intra-Target Company transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Non-controlling interests represent the portion of total comprehensive income and net assets in subsidiaries that is not held by the Target Company.

3. The main differences between the accounting policies adopted by the Target Company and Chinese Accounting Standards

We have provided a table of possible discrepancies to address the differences between the accounting policies adopted by the Target Company and Chinese Accounting Standards, and if it were formulated using Chinese Accounting Standards. Moreover, it has enlisted the services of PricewaterhouseCoopers LLP to provide a Verification Report of the said table of discrepancies. According to the results of the discrepancy comparison between the main accounting policies used by STATS ChipPAC and the Chinese Accounting Standards, the preliminary verdict reached by the Company's management is that: we have noted no items of significance that we believe to be discrepant according to the main relevant stipulated discrepancies between the accounting policies and the Chinese Accounting Standards and that are not disclosed in STATS ChipPAC's Annual Report as of 30 December 2012, its Annual Report as of 29 December 2013 and its 9-month report as of 28 September 2014, reported using the Singapore Financial Reporting Standards. See "Chapter 9: Financial and Accounting Information on the Target Company" in this report for specific relevant content.

Chapter Five. Main Content of Tender Offer and Related Agreements

I. Main Content of Tender Offer

JCET, the Offeror and STATS ChipPAC have entered into an *Offer Implementation Agreement* setting out the key terms of the proposed Offer. The basic conditions of the Tender Offer are as follows:

(I) Transacting Parties

Co-purchasers: JCET, IC Investment Fund, Siltech Semiconductor

Tenderor: JCET-SC (Singapore) Pte. Ltd.

Target Company: STATS ChipPAC Ltd. (not including the Taiwanese Subsidiaries)

(II) Subject of Transaction

All the issued and paid-up ordinary shares (excluding issued and paid-up ordinary shares held by the Target Company as treasury shares but including all new ordinary shares issued due to the exercising of options under stock option plans outstanding as at the date of announcement of the Formal Offer).

(III) Mode of Acquisition

Subject to the fulfilment or waiver of the Pre-Conditions, the Tenderer shall, in the form of a voluntary conditional offer, purchase all shares of the Target Company on the Singapore Exchange. The offer will be in accordance with relevant regulations set forth in *Singapore Code on Take-overs and Mergers.*

(IV) Acquisition Consideration

The consideration of the Tender Offer is to be paid in cash: Acquisition price per share of STATS ChipPAC is about 0.466 Singapore Dollars.

If any dividend, right or other distribution or return of capital is announced, declared, paid or made by the target company on or after the date of the Pre-Conditional Announcement, the Offeror reserves the right to adjust the price of the offer.

The total transaction price of the offer is US Dollars 780 million, which is equivalent to

1.026 billion Singapore Dollars (calculated according to the middle exchange rate 1.31505 Singapore Dollars to 1 US Dollar on 19 December 2014). The total Tender Offer consideration of 1.026 billion Singapore Dollars is confirmed. Upon public notice of the Formal Tender, the finalized purchase price per share will be determined according to the number of all outstanding shares issued by STATS ChipPAC (including all new ordinary shares issued due to the exercising of stock option grants already issued in the Offer).

Offeror reserves the right to revise the terms of the Offer if a competing offer for the target company is announced or if any other competitive situation in relation to the target company arises after the date of the Pre-Conditional Announcement

(V) Reorganization of Taiwanese Subsidiaries

There are some policy constraints imposed on mainland companies investing in Taiwanese companies in semiconductor-related industries in Taiwan. However, Taiwan subsidiaries of the Target Company will be indirectly controlled by mainland-funded companies after the acquisition in the event of failure to reorganize the Taiwanese subsidiaries at the same time as the acquisition. To avoid any impact on the execution of the Tender Offer, JCET, the Target Company and its controlling shareholders agree to conduct reorganization of the Taiwanese subsidiaries, the specific plans of which are as follow:

Taiwanese subsidiary SCT 1 with its 52% stock rights held by STATS ChipPAC will, at a consideration of US Dollars 15 million, acquire Taiwanese subsidiary SCT 3 with its 100% stock rights held by STATS ChipPAC; upon completion of acquisition, SCT 3 will become a wholly-owned subsidiary of SCT 1. STATS ChipPAC will incorporate a new company named “Newco” in Singapore, and transfer the 52% stock rights of SCT 1 to Newco at a price of approximately US Dollars 74.12 million for the shares, thus acquiring the shares issued to it by Newco; STATS ChipPAC will then distribute all Newco shares and pay cash in a total amount of US Dollars 15 million to all of the shareholders by way of capital reduction; thereby divesting itself of the Taiwan Subsidiaries. The aforementioned capital reduction will neither result in cancellation of STATS ChipPAC’s outstanding shares, nor result in a change in its total equity, and will only result in a reduction in net asset value per share. The shareholders of STATS ChipPAC can choose whether to receive cash or shares in Newco; however, STSPL, the controlling shareholder of STATS ChipPAC, undertakes to choose to receive all Newco shares. The shares in Newco will not be listed on any stock exchange.

The said restructuring of the Taiwanese Subsidiaries constitutes the capital reduction of

STATS ChipPAC, which is subject to shareholders' approval of STATS ChipPAC and is required to be approved by a court of Singapore. Pursuant to the relevant regulations of the Taiwan authority, the restructuring of the Taiwanese Subsidiaries are subject to approval by the Investment Commission, MOEA, Taiwan.

At the time of restructuring the Taiwanese Subsidiaries, SCT 3 will discharge the obligation of US Dollars 127 million due to STATS ChipPAC. At the same time, to ensure the smooth transfer of business of the Taiwanese Subsidiaries after the reorganization, STATS ChipPAC will sign a Business Contract with the Taiwan Subsidiaries.

(VI) STSPL Undertaking

In the Tender Offer, the controlling shareholder of STATS ChipPAC has issued an *Undertaking* to the Offeror, with main contents as follow:

1. to accept the Offer in respect of its current holding and any future holding of all equity in STATS ChipPAC within certain time;

2. except pursuant to the Offer, not to dispose of, charge, pledge or otherwise encumber or grant any option or other right over or otherwise deal with any of its equity in STATS ChipPAC;

3. notwithstanding the provisions of the related regulation, not to withdraw such acceptance of the Offer;

4. not to accept any competing tender proposal whether or not such competing proposal is at a higher price than the offer price and/or on more favourable terms than those under the offer

5. to vote in favour of the resolution(s) to approve the Taiwan Restructuring at the Company's extraordinary general meeting to be convened in respect thereof; and

6. to elect to take Newco Shares pursuant to the Taiwan Distribution;

7. to vote in favour of the amendment to the articles of association of the Target Company in accordance with the perpetual securities clause at the extraordinary general meeting to be convened by STATS ChipPAC.

8. to subscribe and pay in full for (i) STSPL's pro-rata entitlement for Perpetual Securities under the Perpetual Securities Offering in relation to the Shares; and (ii) any and all excess rights to the Perpetual Securities which are not taken up by shareholders of the

Company pursuant to the Perpetual Securities Offering in accordance with the timing and sequence as set out in the Transaction Timetable.

(VII) Xinchao Group Irrevocable Undertaking

Xinchao Group has furnished an Irrevocable Undertaking to STSPL, with the main following content:

1. Xinchao Group will prompt a Changjiang Electronics Technology Shareholder's Meeting to be convened before the end of February 2015 (or an extended time as agreed upon by both Parties) to approve the proposed Offer and related matters;

2. At JCET shareholders meeting to consider the transaction and its related matters, Xinchao Group will vote in favour.

(VIII) Applicable Laws and Regulations

This Transaction shall be subject to the relevant laws and regulations of Singapore as well as the relevant provisions of the Singapore Exchange and Securities Industry Council of Singapore.

(IX) Pre-Conditional Tender Offer

The Offeror indirectly controlled by the Company issued to STATS ChipPAC a pre-conditional Tender Offer, with the pre-conditions including:

1. The shareholders of JCET having passed the necessary resolutions to approve, implement and effect the Offer at a general meeting of the shareholders of JCET.
2. The shareholders of the target company having passed at a general meeting the necessary resolutions to approve, implement and effect the Taiwan Distribution and the Taiwan Restructuring and the revision of STATS ChipPAC's Articles of Association according to the perpetual securities clause.
3. The High Court of Singapore having approved of the Taiwan Distribution;
4. By whichever of the following dates is earliest, the Target Company's total consolidated interest-bearing debt (bank loans and already issued notes and bonds) shall not exceed US dollars 1.28 billion: (1) the announcement date of the Formal Tender Offer; or (2) 30 April 2015;
5. All filings, approvals or authorization related to this Tender Offer and the Taiwan

Restructuring have been obtained and become effective, including but not limited to: filings or approval of the NDRC, Jiangsu Provincial Department of Commerce and local Administration of Foreign Exchange as well as approval of the Investment Commission, MOEA, Taiwan, etc.

6. Antitrust Authorisations in China, USA, South Korea, etc., have been successfully completed.

7. Other necessary approvals or authorization (if any).

The official offer will not be made unless and until the pre-conditions are fullfilled or waived. In the event that any condition pursuant to the offer fails to be fully satisfied or waived after the deadline (Singapore time 5:00 pm 30 June 2015, or other later time determined by the Target Company and offeror after consulting with the Securities Industry Council of Singapore), the official offer shall not be issued.

(X) Voluntary Conditional Offer

Subject to the satisfaction or waiver of the pre-conditions, the Offeror, indirectly controlled by the Company, will issue a voluntary conditional full offer, which will formally enter into force subject to and upon the following principal terms and conditions:

1. the Offeror having received, by the closing date of the Offer, valid acceptances in respect of such number of shares which, together with the shares owned, controlled or agreed to be acquired by the Offeror (and persons acting in concert with it) before or during the offer, will result in the Offeror (and persons acting in concert with it) holding such number of shares carrying more than 50% of the voting rights attributable to the maximum potential issued share capital of the Company, and for this purpose the "maximum potential issued share capital of the Company" means the enlarged share capital of the Company taking into account all Shares which would be in issue if all the Options and/or Awards outstanding which may be exercised or vested prior to the close of the Offer (if any) have been validly exercised or vested as of the date of the Offer being declared unconditional as to acceptances, excluding any Shares held in treasury.

2. the completion of the Taiwan Restructuring.

3. the target company having made its perpetual securities offering to the shareholders of STATS ChipPAC on the date of announcement of the Formal Offer.

STSPL owns 1,845,715,689 Shares in the target company representing approximately 83.8% of the total share capital of the target company. Based on the maximum potential issued share capital of the target company, upon receipt of valid acceptances from STSPL pursuant to the Undertaking granted by STSPL and together with the completion of the Taiwan Restructuring and the making of the perpetual securities offering by the target company, the conditions to the Offer will be declared unconditional in all respects.

(XI) Squeeze Out Clause

The Tender Offer is for the purpose of privatizing STATS ChipPAC. In the Tender Offer, in the event that the Offeror acquires not less than 90% of the total number of Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the Offer and excluding any Shares held by the Company as treasury shares), the Offeror would be entitled to, as per compulsory purchase rights set forth in the Singapore Companies Act, exercise the right to compulsorily acquire all the Shares of Shareholders who have not accepted the Offer, in order to realize the privatization.

II. Main terms and conditions of the Perpetual Securities

Given that the Transaction will result in changes to the controlling shareholders of STATS ChipPAC, STATS ChipPAC will restructure the debts in accordance with relevant terms and provisions for its current bank lending and outstanding senior notes. As announced by the target company, the perpetual securities offering is being undertaken to strengthen the target company's financial position and enable it to effect the proposed Taiwan capital reduction.

Pursuant to the undertaking by STATS ChipPAC's controlling shareholder STSPL, STSPL pledges to subscribe to a maximum of US Dollars 200 million perpetual securities.

The main terms and conditions of the aforementioned perpetual securities are as follows:

1. Interest rate arrangement: From the issue date, 4% per annum for the first three years, rising to 8% by the end of the first three years and then rising by 1% every year thereafter, up to a maximum of 12%. STATS ChipPAC has the right to extend payment of interest. If STATS ChipPAC is still unable in the fourth year to reimburse the perpetual securities, then the perpetual securities shall become eligible for compounded interest.

2. If STATS ChipPAC is in breach of the provisions of the terms and conditions of the

perpetual securities, triggers a breach or is in breach of any of its other liabilities (i.e., that breach of crossover), the interest on the said perpetual securities shall immediately rise to 12%.

3. While of the perpetual securities remain outstanding, without the consent of the security holders of at least 50% in aggregate principal amount of the securities STATS ChipPAC and its subsidiaries may not issue dividends, may not pay interest of a other liability junior than the said perpetual securities and may not redeem a liability junior than the said perpetual securities.

4. STATS ChipPAC must also satisfy the following terms and conditions: 1) provide timely STATS ChipPAC annual and quarterly financial information to all perpetual security holders, including STSPL; the said financial information shall be drafted according to Singapore Accounting Standards or other applicable standards, and after the end of each fiscal year, copies of audited consolidated financial statements audited by a member firm of an internationally recognized firm of independent accountants; 2) when a related transaction occurs, to notify the perpetual security holders according to the agreements; 3) when replacing DBS Bank bridging debt, to repurchase the perpetual securities to the full extent of its capability; provided however that its inability to do so shall not constitute a breach under these conditions.

5. The said perpetual securities have no fixed redemption date. STATS ChipPAC has the right to repurchase the said perpetual securities at any time.

6. If STATS ChipPAC is in breach of contract or has not reimbursed the principal within three years, holders of perpetual securities have the right appoint such number of directors to the board of directors of STATS ChipPAC as is equal to the proportion of the principal of all perpetual securities outstanding at such time to the total indebtedness. The number of appointed Directors shall be adjusted down, but shall be at least one and will always be less than the majority of directors. Moreover, any activity that would require shareholder approval shall require the prior written approval by the security holders of at least a majority of the aggregate principal amount of the perpetual securities.

JCET intends to furnish a guarantee pledge that if STATS ChipPAC is in breach of contract and has not repurchased the aforementioned perpetual securities within three years, the perpetual security holders have the right to sell all of their perpetual securities to JCET; the sale price includes the principal of the perpetual securities and all payable and unpaid interest. The security holders cannot require JCET to buy the securities within three years unless Stats fails to pay after giving notice that it intends to redeem the securities. The aforementioned pledge is subject to the approval of JCET's Shareholders' Meeting and is effective upon the rights issue of the perpetual securities.

III. Main Content of Co-Investment Agreement

In the Transaction, JCET, IC Investment Fund and Siltech Semiconductor signed a *Co-Investment Agreement*; JCET, Xinchao Group and IC Investment Fund signed an *Equity Sales Agreement*, whilst JCET, Xinchao Group and Siltech Semiconductor signed an *Investment Exit Agreement*.

(I) Main Content of *Co-Investment Agreement*

The Co-Investment Agreement was made into on 22 December 2014.

By and among: JCET, Siltech Semiconductor and the IC Investment Fund (wherein, Siltech Semiconductor and the IC Investment Fund are individually or jointly referred to as the "Investor")

1. The Parties intend, through the company jointly set up, to acquire part or all of the shares of STATS ChipPAC. According to the Parties' consultation, JCET, Siltech Semiconductor, and the IC Investment Fund jointly and domestically incorporate HoldCo A, which will domestically set up a wholly-owned company, HoldCo B (HoldCo A and HoldCo B, collectively as "HoldCo") with the IC Investment Fund; then HoldCo B will establish a wholly-owned subsidiary in Singapore, BidCo, which will act as an entity to implement the Acquisition in the future.

2. This acquisition is subject to the satisfaction of the following prerequisites:

(1) The parties have all respectively obtained the necessary approvals to carry out the acquisition, including approvals, filings and authorizations from the Directors, Shareholders and all related competent authorities;

(2) All the conditions of the offer and the pre-conditional offer by the BidCo have been fulfilled or waived.

(3) JCET will purchase 50.98% equity in HoldCo A at a RMB equivalent of US Dollars

260 million, Siltech Semiconductor will purchase 19.61% equity in HoldCo A at a RMB equivalent of US Dollars 100 million and IC Investment Fund will purchase 29.41% equity in HoldCo A at a RMB equivalent of US Dollars 150 million.

(4) HoldCo B's ownership structure is: HoldCo A's subscription at the RMB equivalent of US Dollars 510 million and IC Investment Fund subscription at the RMB equivalent of US Dollars 10 million. IC Investment Fund will also provide a shareholder's loan of US Dollars 140 million or the RMB equivalent to HoldCo B and has the option to convert its loan to equity rights of HoldCo B.

(5) All amounts required for the Acquisition will be funded by BidCo by using the equity of HoldCo B and loans from financial institutions. If the relevant financial institutions require BidCo to provide guarantees, the Company will provide the same.

(6) At any time after the expiration of three years after the Acquisition, the IC Investment Fund has the right to convert the shareholders' loan provided to HoldCo B into the equity in HoldCo B. Thereafter, corresponding shareholding ratios are: [Shareholder's loan principal / before conversion, HoldCo B's registered capital + shareholders' loan principal].

(7) If, five years after the Acquisition, the IC Investment Fund does not choose to exercise the conversion right pursuant to the provisions of the *Co-Investment Agreement*, Holdco B shall pay the interest at an annual rate of 10% (365 days per annum) on that shareholders' loan from the date when the IC Investment Fund provided the same to the expiration of five years after the Acquisition, which shall be paid within 60 days after the expiration of five years after the Acquisition. The said interest shall be calculated in one lump sum five years after the completion of the acquisition. Thereafter, Holdco B shall pay interest quarterly and repay the principal on the repayment date specified by the IC Investment Fund, which will be notified by the IC Investment Fund 90 days in advance. Notwithstanding the foregoing, if the Company violates the *Shares Sale Agreement* (refer to *Shares Sale Agreement* for details) it has signed with the IC Investment Fund within the five-year period, the aforementioned interest payment time of shareholders' loan should be advanced to the date as agreed in the Shares Sale Agreement, and the aforementioned interest rate will be adjusted to 15%. If HoldCo B fails to repay principal and pay interest, JCET will assume joint and severable responsibilities.

(8) Within 24 months of the date when the Acquisition completes (the date when BidCo becomes a shareholder of the Target Company it shall govern) (hereinafter referred to as

"Lock-up Period"), no parties may transfer equity they hold in HoldCo A and HoldCo B to any third party without prior written consent of other parties. The aforementioned agreement does not apply to: (1) any party's transfer to its affiliates, which, for the purposes of this Agreement, refer to any party directly or indirectly controlling any party to the Agreement, or the businesses or other entities under the control of that party, or those under common control with that party; "control" refers to ownership of the business or fifty percent (50%) or more shares with voting rights of any businesses or other entities, or, by contract or otherwise, the right to decide the human resource, financial or operational decisions of that enterprises or other entities (including the right to appoint a majority of the members of the Board of Directors, the general manager or other persons in charge of the said businesses or other entities); (2) Siltech Semiconductor's transfer under the Investment Exit Agreement; and (3) the IC Investment Fund's transfer under the Equity Sales Agreement.

(9) Subject to the sales and equity restrictions of JCET in the *Co-Investment Agreement*, after the expiration of the Lock-up Period, Siltech Semiconductor and the IC Investment Fund are entitled to transfer the equity they hold in HoldCo A to any third party in whole or in part; however, under the same conditions, other HoldCo A shareholders have the right of first refusal.

(10) Subject to the sales and equity restrictions of JCET in the *Co-Investment Agreement*, if, after the expiration of the Lock-up Period, Siltech Semiconductor or the IC Investment Fund intend to transfer its HoldCo A's equity to any third parties, and other shareholders of HoldCo A do not exercise the pre-emptive rights, other shareholders of HoldCo A have the right to transfer their HoldCo A's equity to any third parties under the same conditions

(11) The parties further agree that, in the case that the Investors still hold HoldCo A's equity, JCET may not transfer the shares they hold in HoldCo A's equity.

Pursuant to the stipulations of the Agreement, the *Investment Exit Agreement* or the *Equity Sales Agreement*, when the Investors transfer their equity in HoldCo A and/or HoldCo B to JCET and become a shareholder of JCET, the Investors pledge that they shall abide by applicable laws and the rules of the China Securities Regulatory Commission in regard to the relevant provisions of the restricted sale period of their equity holding in JCET.

At the same time, the IC Investment Fund pledges that while it holds equity in JCET, it shall maintain consistent with actions taken by the current largest shareholder Jiangsu Xinchao Technology Group Co., Ltd. in regard to matters of daily operations of JCET and a separate unity of action agreement may be signed. To avoid ambiguity, matters for unity of action do not include matters that may affect the economic interests of the Funds as a shareholder, including but not limited to profits allocation and disposal of equity, etc.

(12) HoldCo and BidCo Boards of Directors shall each consist of seven Directors. Wherein, the Company has the right to appoint four directors to the Boards of HoldCo and BidCo, the IC Investment Fund has the right to appoint two directors to the Boards of HoldCo and BidCo and Siltech Semiconductor has the right to appoint one director to the Boards of HoldCo and BidCo. As reached by consensus of the Parties through consultation, the number of Directors and composition of the Boards may be adjusted. The Boards of Directors of HoldCo and BidCo shall each appoint a Chairman. The Chairman shall be appointed by JCET.

(II) Main contents of the Investment Exit Agreement signed by JCET, Siltech Semiconductor and the Xinchao Group

The Investment Exit Agreement is made into on 22 December 2014.

By and among: JCET, Xinchao Group and Siltech Semiconductor

Whereas: JCET, Siltech Semiconductor, and China Integrated Circuit Industry Investment Fund Co., Ltd. ("IC Investment Fund") have signed an investment agreement, according to which, Siltech Semiconductor invests in US dollars 100 million to subscribe 19.61% HoldCo A equity (the "underlying equity"), and invests in corresponding shares of the Singapore-listed company through the subscription subject directly or indirectly held by HoldCo A.

Now therefore, the Parties hereby agree as follows with respect to Exit through friendly negotiations:

1. Investors' Exit means that, after the Acquisition is completed, JCET acquires the 19.61% equity held by Siltech Semiconductor in Suzhou Changdian Xinke Investment Co., Ltd. Investors can Exit in the following ways:

(1) If JCET and Siltech Semiconductor agree to Exit investment through negotiation,

JCET shall acquire the target equity, after negotiation between JCET and Siltech Semiconductor, by securities issuance, paying in means of cash or other ways approved by Chinese securities regulators. The price at which JCET acquires underlying equity shall, in addition to comprehensively considering the valuation of listed companies in the same industry at home and abroad (including but not limited to EV / EBITDA, PB, etc.), reflecting the fair value of relevant equity, and not considering the interest on the loan provided by the IC Investment Fund to HoldCo B according to the *Co-Investment Agreement* and shall be determined by JCET and Siltech Semiconductor through negotiation. JCET and Siltech Semiconductor shall sign related equity transfer agreement within 90 days after reaching an agreement thereon.

(2) Siltech Semiconductor's put option

i. If JCET and Siltech Semiconductor, according to the Agreement, and after friendly negotiation, fail to reach an agreement on the price to be paid by JCET to purchase the target equity, Siltech Semiconductor shall have the right to decide to sell all the target equity held to JCET, and shall have the right to select the payment way of purchase consideration by JCET to the extents approved by China's securities regulators, JCET shall not refuse the same; the purchase price of JCET shall be determined according to the following formula, and related equity transfer agreement shall be signed with Siltech Semiconductor within 6 months after Siltech Semiconductor issues the sales notice;

ii. Sales price = contribution amount * $(1 + Rp)^n$;

iii. Where: Rp is not lower than 10% and not higher than 12%; n represents the number of days from when Siltech Semiconductor pays in its full investment to HoldCo A until the date on which JCET and Siltech Semiconductor sign an agreement regarding matters of the aforementioned investment Exit, divided by 365 days. For the period between the date when the said agreement is signed and the Closing Date, the benefits Siltech Semiconductor shall be entitled to shall also be calculated according to the above way, in particular: contribution amount * $[(1 + Rp)^m - (1 + Rp)^n]$, where: m represents the number of days from when Siltech Semiconductor pays in its full investment to HoldCo A until the date when the implementation of this purchase is completed to the closing date when investment quits involved underlying equity and equity transfer is completed, divided by 365 days, and shall be separately paid by JCET to Siltech Semiconductor in cash.

(3) JCET and Siltech Semiconductor shall cooperate to the full extent of their abilities to

convert the target equity in STATS ChipPAC to stock in JCET by means of securities issuance after the acquisition settled. (if conditions permit, to complete within one year after the complete delivery of STATS ChipPAC)

2. If JCET acquires the target equity by securities issuance, the issue price shall comply with the provisions of Chinese laws and regulations, the regulatory requirements of Chinese securities regulators and the common practice of Chinese securities market, to the extent of the lower of the following prices: (1) 90% of JCET's average stock trading price 20 trading days before the date when the board's resolution on assets purchase by shares issuance is announced; (2) 90% of JCET 's average stock trading price 60 trading days before the date when the board's resolution on assets purchase by shares issuance is announced; and (3) 90% of JCET 's average stock trading price 120 trading days before the date when the board's resolution on assets purchase by shares issuance is announced.

3. If, within 18 months after JCET's acquisition of the target equity is announced, JCET failed to get the approvals of the shareholders' meeting or Chinese securities regulators with respect to the abovementioned matters, Siltech Semiconductor has the right to, without the consent of JCET, transfer its shares to any parties or request Xinchao Group to pay in cash for the acquisition of all the target equity held by Siltech Semiconductor, to which JCET and Xinchao Group may not refuse to give consent. The Agreement acquisition consideration shall be calculated according to the formula provided by the Agreement. If JCET cannot gain approval from its Shareholders or the CSRC on the aforementioned matters for reasons attributed to JCET or Xinchao Group. Rp shall be adjusted to 15%.

4. If the shareholders' meeting of JCET does not eventually approve the transaction in accordance with the Agreement, Siltech Semiconductor has, in addition to the right to, without the consent of JCET, transfer its shares to any other parties (including JCET's competitors) or request Xinchao Group to pay in cash for the acquisition of all the target equity according to the said provisions, the right to require JCET to pay 5% of the contribution amount as indemnity, to which JCET may not refuse to give consent.

5. Within 18 months after Siltech Semiconductor exercises its sale rights according to the provisions of the Agreement, if JCET (or its affiliates) sell the Target Company equity at a price higher than the price for which JCET purchased the Target Company equity, then the acquisition consideration of JCET purchase of the Target Company shall be automatically raised to the highest price (excluding where the price is increased due to the cost of interest

rates for the same period).

6. During or after the Agreement, if any other third party except Siltech Semiconductor invests with more favourable terms of returns and interest than provided by this acquisition, Siltech Semiconductor shall automatically enjoy the equivalent benefits according to the corresponding annual conditions of return.

(III) Main contents of the *Shares Sale Agreement* signed by JCET, Xinchao Group and the IC Investment Fund

The Shares Sale Agreement was made into on 22 December 2014.

By and among: JCET, Xinchao Group and the IC Investment Fund

Whereas:

1. JCET, the IC Investment Fund and Siltech Semiconductor have signed an Investment Agreement, according to which, the IC Investment Fund invests in US dollars 150 million to subscribe 27.27% HoldCo A equity (the "underlying equity A"), and invests in corresponding shares of STATS ChipPAC through the subscription subject directly or indirectly held by HoldCo A and HoldCo B.

2. According to the Investment Agreement, the IC Investment Fund invests in US dollars 10 million in HoldCo B and provides HoldCo B with shareholders' loan of US dollars 140 million (the "shareholders' loan"), and has the right to convert the shareholders' loan into HoldCo B's contribution (the IC Investment Fund's holding in HoldCo B arising from the abovementioned two amounts, called the "underlying equity B", collectively as, the "underlying equities" together with the target equity A).

3. The Parties wish to enter into the Agreement to make the shares sale clear. The IC Investment Fund is entitled to require JCET to purchase the underlying equities from the IC Investment Fund pursuant to the provisions of the *Shares Sale Agreement*.

The Parties agree as follows:

1. The shares sale right

The IC Investment Fund shall have the right to choose (the "shares sale right"), to require JCET's acquisition of its equity in HoldCo A and HoldCo B under the terms of the Agreement from the IC Investment Fund. JCET is obliged to acquire the target equity according to the terms of the Agreement, failing which, the IC Investment Fund has the right to require JCET to undertake liability.

2. Time to exercise the shares sale right

(1) After one year upon the shares delivery, the IC Investment Fund is entitled to exercise the shares sale right on the target equity A.

(2) If and in the event that, the following circumstances occur before one year upon the shares delivery, the IC Investment Fund is entitled to exercise the shares sale right on the target equity A when the following circumstances occur.

1) Siltech requires, pursuant to the Investment Agreement, JCET to acquire all or any part of the equity held by Siltech in the Target Company;

2) After the shares delivery, if STATS ChipPAC incurs or is expected to incur material adverse change in finance, funding, intellectual property, renewal of major contracts, and other aspects.

(3) After the expiration of three years upon the shares delivery, the IC Investment Fund is entitled to exercise the shares sale right on the target equity B.

(4) If and in the event that, the following circumstances occur before the expiration of three years upon the shares delivery, the IC Investment Fund is entitled to exercise the shares sale right on the target equity B when the following circumstances occur.

1) JCET's largest shareholder or actual controller changes;

2) After the shares delivery, company STATS ChipPAC incurs or is expected to incur material adverse change in finance, funding, intellectual property, renewal of major contracts, and other aspects;

3) If STATS ChipPAC's operating conditions in 2017 do not reach the reasonable target required by the board of directors at that time.

(5) JCET and the IC Investment Fund shall cooperate to the full extent of their abilities to realize that the target equity in STATS ChipPAC is completely delivered by means of securities issuance to stock in JCET (if conditions permit, to complete within one year after the complete delivery of STATS ChipPAC) and the Parties shall not delay.

2. Payment of the acquisition consideration

The IC Investment Fund shall be entitled to require JCET to pay the consideration for equity acquisition by shares issuance to the IC Investment Fund or other securities when exercising the right to sell shares (the "acquisition by securities issuance") and directly request JCET to pay the acquisition price of underlying equity in cash (the "acquisition in cash").

3. Acquisition by securities issuance

Where the IC Investment Fund requires for acquisition by securities issuance, the Parties shall follow the following requirements:

(1) JCET's acquisition price and ways identified by the Parties shall comply with the laws and regulations of China and the regulatory requirements of Chinese securities regulators then in effect. The Parties shall adjust the related matters through friendly consultations and in the principles of facilitating the implementation of JCET's acquisitions.

(2) JCET and the IC Investment Fund shall negotiate on the acquisition price, and agree the same after considering the valuation of domestically and overseas listed companies in the same industry (including but not limited to, EV / EBITDA multiples, book value multiples, etc.), reflecting the fair value of the target equity. JCET and the IC Investment Fund shall sign an equity transfer agreement within 90 days after reaching an agreement on the fair value (the said fair value shall consider the intermediary fee already borne by the IC Investment Fund) of the target equity.

4. Acquisition in cash

Where the IC Investment Fund requires for acquisition in cash, the Parties shall follow the following requirements:

(1) JCET and the IC Investment Fund determine the fair value of the target equity in accordance with the provisions of the Agreement (the said fair value shall consider the intermediary fee already borne by the IC Investment Fund)..

(2) JCET and the IC Investment Fund shall sign an equity transfer agreement within 90 days after reaching an agreement on the fair value of the target equity.

(3) JCET shall make its best efforts to perform internal proceedings and approval procedures necessary for acquisition in cash, including but not limited to obtaining the approvals of JCET’s board of directors and shareholders' meeting, if necessary.

5. Acquisition at agreed return

(1) When the following situations occur, the IC Investment Fund has the right to require JCET to acquire the target equity in cash at the return according to the provisions of the Agreement (the "acquisition at agreed return price"):

1) Within 18 months after the IC Investment Fund's requirement for acquisition by securities issuance, the acquisition by securities issuance fails to be approved by the shareholders' meeting of JCET and Chinese securities regulators or other reasons, and the IC Investment Fund refuses to extend the time;

2) Within 90 days after the IC Investment Fund's requirement for acquisition in cash or acquisition by securities issuance, the IC Investment Fund and JCET fail to reach an agreement on the acquisition price or fail to sign the share transfer agreement within 90 days after the agreement on acquisition price has been reached.

(2) The return price is the higher of the following prices:

1) A fixed price calculated by contribution amount* $(1 + R)^n$

Where: R = 10%;

n represents the number of days between the date when the IC Investment Fund remits its contribution amount to HoldCo's account (included) and the Closing Date (included), divided by 365 days.

2) If the annualized rate of return of the return price at which, Siltech requires JCET to repurchase HoldCo A equity held by Siltech exceeds the return price hereof (in relation to the overall HoldCo fair value corresponding to that return price), the higher return price shall automatically apply to the IC Investment Fund.

6. Consideration adjustment mechanism within 18 months

(1) Where, the price for the transfer of HoldCo equity by JCET (or its affiliates) (or to the foregoing similar effect by assets sale, or transfer of equity of HoldCo's subordinated companies and other ways) is higher than the acquisition consideration of JCET for acquiring the target equity within 18 months after the Closing Date when JCET acquires the target equity in cash (however, excluding where the cost of time causes a discrepancy in the price), the acquisition consideration of JCET for acquiring the target equity shall be automatically raised to the higher price.

(2) If JCET has paid the acquisition price at the return price according to the provisions of the Agreement, the difference between the said return price and the price automatically adjusted in accordance with the previous Clause of the Agreement shall be paid in cash to the IC Investment Fund at the time required by the IC Investment Fund and the IC Investment Fund should give a reasonable time to JCET to get such money ready.

7. Xinchao Group Guarantee

(1) The Xinchao Group bears joint liability for the obligations and responsibilities of JCET under the terms of the Agreement, and the scope of guarantee includes but is not limited to:

1) JCET's obligation to sign the equity transfer agreement with the IC Investment Fund and acquire the target equity pursuant to the Agreement;

2) JCET's obligation to pay the acquisition price to the IC Investment Fund pursuant to the Agreement;

3) JCET's breach of contract to be undertaken in accordance with the Agreement;

4) The IC Investment Fund's reasonable fees for claiming the rights as agreed in the Agreement (including, but not limited to legal fees, arbitration fees, property preservation fees, travelling expenses, execution fees, assessment fees, auction fees, notary fees, service fees, announcement expenses, legal fees etc.).

(2) JCET and Xinchao Group agree that, if the underlying shares A fall into the circumstances of the provisions of the Agreement for reasons of JCET or Xinchao Group (the IC Investment Funds requires that if within 18 months of the acquisition using the method of securities issuance, the securities issuance acquisition does not gain approval of JCET’s shareholders or the CSRC or cannot be completed for any other reason, the IC Investment Fund shall not approve an extension). Xinchao Group shall provide collateral security by using the holding interests for the principal and interest repayment of the shareholders' loan provided by HoldCo B to the IC Investment Fund and payment obligations, and interest of the shareholders' loan shall fall due immediately, with the annual interest rate increasing from 10% to 15%.

8. Directors and shareholding structure of JCET

(1) JCET and Xinchao Group agree that, when the IC Investment Fund exercises its

right to sell the equity for the target equity and becomes a shareholder of JCET holding shares not less than 3% of the total share capital of JCET, they will, elect the two persons nominated by the IC Investment Fund to JCET as directors in accordance with relevant laws and regulations and regulatory rules; when the IC Investment Fund exercises the right to sell shares with respect to the target equity B, the number of nominated directors will not increase. If the shares held by the IC Investment Fund are less than 3% of the total share capital of JCET, the IC Investment Fund shall surrender the capacity of director. After the joint investment is complete and before the equity A is sold to the IC Investment Fund, the IC Investment Fund has the right to propose one Director to JCET.

(2) The IC Investment Fund will make proper arrangements, before exercising the right to sell the target equity B, to ensure that the voting shares actually owned and controlled by JCET do not exceed that of Xinchao Group, including but not limited to the arrangements made for share reduction, voting rights commission and acting in concert to the extent of the relevant laws and regulations and regulatory rules.

(IV) Main content of the *Debt-to-Equity Convert Agreement* signed between the IC Investment Fund, Suzhou Xinke (HoldCo A) and Suzhou Xinpeng (HoldCo B)

The *Debt-to-Equity Convert Agreement* was signed on 22 December 2014.

Signatories: IC Investment Fund, Suzhou Xinke (HoldCo A) and Suzhou Xinpeng (HoldCo B)

1. Debt-to-equity options period

(1) Three years after the completion of the acquisition equity delivery, the IC Investment Fun as the right to exercise its option of debt-to-equity swap.

(2) If any of the following occur to the acquisition equity prior to the full three year period after the delivery, the IC Investment Fund has the right to exercise its debt-to-equity option:

1) If changes occur to JCET's largest shareholder or actual controller;

2) If after STATS ChipPAC is acquired, major negative changes occur or are predicted to occur in terms of its finances, financing, intellectual property and extension of major contracts, etc.

2. Shareholder's loan repayment if the debt-to-equity option is not exercised

If the IC Investment Fund does not exercise its debt-to-equity swap option within five years after the acquisition equity is delivered, HoldCo B shall calculate the shareholder's loan according to the following provisions and reimburse and pay interest on the shareholder's loan to the IC Investment Fund, unless where otherwise stipulated in the Agreement:

(1) Between the date that the IC Investment Fund provides the shareholder's loan until five years is completed after the acquisition equity is delivered, at an annual interest rate of 10% (calculated at 365 days per year) and the actual count of days of the aforementioned period. HoldCo B shall pay the said interest within 60 days of the completion of five years after the acquisition equity is delivered;

(2) HoldCo B shall pay quarterly interest after five years is completed after the acquisition equity is delivered. Wherein, a quarter is every three months after five years is completed after the acquisition equity is delivered. The shareholder's loan interest shall be calculated at 10% (calculated at 365 days per year) and the actual count of days of each quarter. HoldCo B shall pay the said interest within 10 days of the completion of each quarter;

(3) Shareholder's loan capital shall be paid with interest within 7 years of the completion of the acquisition equity delivery.

3. Advance reimbursement of the Shareholder's loan

(1) Prior to five years after the completion of the acquisition equity delivery, if any of the circumstances described in the *Share Sales Agreement* (i.e., Within 18 months after the IC Investment Fund's requirement for acquisition by securities issuance, the acquisition by securities issuance fails to be approved by the shareholders' meeting of JCET and Chinese securities regulators or other reasons, and the IC Investment Fund refuses to extend the time), HoldCo B shall promptly reimburse the loan capital and interest; furthermore, the shareholder's loan interest and payment schedule shall be adjusted as follows:

1) The interest period is the actual day count from the date that IC Investment Fund provides the shareholder's loan to the date that all loan interest is settled in full;

2) The shareholder's loan interest rate is 15% (at 365 days per year).

4. Shareholder's loan guarantee

JCET and the Xinchao Group are the joint liability guarantors for HoldCo B's reimbursement liabilities for the shareholder's loan principal and interest according to the terms of the Agreement.

IV. Main Content of Break Fee Contract

In this Transaction, JCET, Xinchao Group and STATS ChipPAC signed *the Break Fee Contract* and *Break Fee Supplementary Contract*, with the main content as follows:

1. JCET's break fee arrangement

(A) Subject to JCET obtaining its shareholders' approval for the Offer, JCET will pay the Company US$23,400,000 if:

(i) any of the regulatory approvals required to make the Offer under applicable laws and regulations in the PRC as at the date of the Break Fee Agreement (including the approvals of National Development and Reform Commission of the PRC ("NDRC") and State Administration of Foreign Exchange of the PRC ("SAFE") and the approval of Ministry of Commerce of the PRC ("MOFCOM") in relation to any matter not involving anti-trust, but excluding the approval of MOFCOM in relation to anti-trust matters ("MOFCOM Anti-trust Approval") is not obtained by or does not remain in full force and effect on the Long-Stop Date; or

(ii) the Offeror fails to make, apply or file any of the mandatory or appropriate anti-trust authorisations identified by the Offeror as necessary or appropriate for or in connection with the Offer (other than the MOFCOM Anti-trust Approval and the notification or filing under the United States Hart-Scott-Rodino Antitrust Improvement Act 1976 (as amended) and the regulations promulgated thereunder required to be made by the Company);

(B) subject to JCET obtaining its shareholders' approval for the Offer, JCET will pay the Company US$7,000,000 if any of the new regulatory approvals required to make the Offer which is introduced or arising from the change in any applicable written law or regulation of the PRC is not obtained by or does not remain in full force and effect on the Long-Stop Date.

The aforementioned Break Fee arrangement is subject to consideration and agreement by JCET's shareholders' meeting.

2. Arrangement for Xinchao Group's Break Fee

If, as of the expiry date (6 months after the public announcement of the Conditional Tender Offer), the Transaction and its related matters have still not been approved by JCET's Shareholders' Meeting, or the Transaction fails to be approved in the review of China's Ministry of Commerce due to the concentration of operators involved in the Transaction, or such approved review has expired and is invalid, Xinchao Group shall pay to the Target Company a Break Fee of US Dollars 7 million.

The aforementioned deadline may be extended through negotiation and agreement by both Parties, subject to SIC's consent.

3. Payment arrangement for Break Fee

In the event of occurrence of payment of the aforementioned Break Fee, JCET or Xinchao Group shall pay the Break Fee within two working days after the Offeror publicly announce that the transaction is terminated due to failure to obtain the necessary approvals, permission or filings.

However, the aforementioned JCET's Break Fee (A), JCET's Break Fee (B) and Xinchao Group's Break Fee shall not be paid in duplication.

4. Termination of Break Fee Contract

The Break Fee contract shall be terminated in the following circumstances:

(i) the Offeror issues the official offer document to the Target's shareholders;

(ii) Either one of the aforementioned JCET's Break Fee Arrangement (A), JCET's Break Fee Arrangement (B) and Xinchao Group's Break Fee Arrangement being triggered and settled;

(iii) All three parties, STATS ChipPAC, JCET and Xinchao Group, agree to terminate the Break Fee contract in writing.

5. Impact of the Break Fee Agreement on JCET

According to the relevant provisions of the Break Fee agreement, if conditions arise to trigger the payment of a break fee, JCET or the Xinchao Group must promptly pay the break fee as stipulated and the break fee shall be recorded as a loss for the actual period, having a negative impact on JCET or the Xinchao Group's earnings.

Chapter Six. Compliance Analysis of the Transaction

I. The Transaction complies with national industrial policies and laws and administrative rules and regulations in relation to environmental protection, land management, and antitrust

The *12th Five-Year Development Plan for the Integrated Circuit Industry* issued by the Ministry of Industry and Information Technology puts forward the idea that the integrated circuit industry is a strategic commanding point for which major countries and regions around the world are fighting. The Plan proposes to establish policies and measures to facilitate the integration of resources and cultivate internationally competitive large players, standardize and promote mergers and acquisitions (M & A) among enterprises with various types of ownership under the principle of strategic coordination and effective allocation of resources, and encourages enterprises to expand international cooperation, integrate international resources through M & A, establish overseas R & D centres, and actively expand international markets. Through this acquisition, the Company and the Target Company will take advantage of each other's strengths in terms of technology, markets and products, and give full play to the advantages of a scale economy to further enhance the comprehensive competitiveness of the Company, which is beneficial to its long-term development. The acquisition scheme has been created in accordance with the development strategy of the Company, and is in line with the interests of the Company and all of its shareholders as a whole. At the same time, the Transaction complies with national industrial policy, is conducted according to the relevant laws and regulations of China and Singapore, and is not in violation of the relevant Chinese laws and administrative regulations on environmental protection and land management.

According to the *Anti-Monopoly Law*, the *Regulations of the State Council on the Standards for Declaration of Concentration of Business Operators* and other relevant laws and regulations, once the business operators involved in the concentration meet one of the following standards, the business operators shall make a declaration to the competent commerce authorities of the State Council, failing which, the concentration shall not be not implemented: (a) the total global turnover in the last fiscal year of all business operators involved in the concentration is more than RMB 10 billion yuan, and at least two operators achieve a turnover of more than RMB 400 million yuan in the previous fiscal year within

China; (b) the total turnover within China in the last fiscal year of all business operators involved in the concentration is more than RMB 2 billion yuan, and at least two operators achieve a turnover of more than RMB 400 million yuan in the previous fiscal year within China. The Transaction meets the standard for a declaration of concentration of business operators. In accordance with the relevant provisions, the Company will declare such a concentration of business operators, and the Transaction may only be implemented after obtaining a decision from the antitrust law enforcement agency of the State Council that it will not conduct further review or prohibit the concentration of business operators.

In summary, the Transaction meets the provisions of Article 11(a) of the *Measures for Reorganization*.

II. The Transaction will not result in non-compliance of the Listed Company with share-listing criteria

The Transaction does not involve the issue of shares and it will neither affect the Company's total share capital or ownership structure, nor cause the non-conformity of the Company's ownership structure and equity distribution with the conditions for listing. The Company has no significant violations in the most recent three years, and there are no false records in the financial accounting statements.

In summary, the Transaction meets the provisions of Article 11 (b) of the *Measures for Reorganization*.

III. The valuation of assets used in the Transaction is fair and does not impair the legal rights and interests of the Company and its shareholders

The factors determining the price of the Transaction include but are not limited to: (1) the Target Company's net assets, (2) the strategic value to the Company of the Target Company's brand and channels, (3) the synergistic effect after the completion of the acquisition, and (4) the market capitalization of the Target Company. The pricing method for the Target Company involved in the Transaction is based on market principles. The transaction price is based on market principles, is fair, and there is no damage to the legitimate rights and interests of the Listed Company and its shareholders.

The relevant procedures have been fulfilled for the Transaction in accordance with the law, and the Company's Board of Directors has engaged qualified intermediary institutions to issue legal opinions and independent financial advisor the reports, and will complete the regulatory approval and other related procedures according to the relevant regulatory requirements of laws and regulations. No circumstances damaging the lawful rights and interests of the Listed Company and its shareholders will occur during the transaction process.

In summary, the Transaction meets the provisions of Article 11 (c) of the *Measures for Reorganization*.

IV. The ownership of assets involved in the Transaction is clear and distinct, with no legal barriers exist in the transfer of ownership or assignment of assets, and no conditions exist requiring transfer of claims or debts

The subject of the Transaction is the shares of the Target Company. According to the due diligence of the Singapore attorney, the Target Company is a company legally established and validly existing under the laws of Singapore, and its articles of association contain no terms that may hinder the normal proceedings of the Transaction. With clear asset ownership, the Transaction will be carried out by means of Tender Offer, and there are no legal obstacles obstructing the transfer of shares.

In consideration that the Transaction will cause changes to the controlling shareholder of STATS ChipPAC, STATS ChipPAC shall restructure its debt according to its current bank financing and its outstanding preference notes. As of the issue date of this report, Changjiang Electronics Technology has made debt restructuring arrangements for the early redemption of relevant bills or early repayment of loans that may occur, and Changjiang Electronics Technology has already signed a letter of appointment with DBS Bank on debt restructuring arrangement, pursuant to which, DBS Bank will conduct debt restructuring on the Target Company by providing bridge loans up to US Dollars 890 million to the Target Company. The said bridge loans are sufficient to meet the entire debt restructuring demand of the Target Company. Subsequently, DBS will further novate the debts of the Target Company by providing take-out facility and other debt financing instruments.

In summary, the Transaction meets the provisions of Article 11(d) of the *Measures for Reorganization*.

V. The Transaction is beneficial to enhance the Company's capacity for sustainable operations, and no conditions exist in which the Company's main asset after the acquisition will be cash or the Company will have no specific business

As the world's fourth largest semiconductor packaging and testing company (in terms of revenue) in 2013 according to Gartner, the Target Company has a clearly defined main business that is consistent with the Company's industry and the actual business, and the Transaction will not change the Company's main business.

As the Target Company has a presence all over Europe, America and Asia, the completion of the Transaction will bring a synergistic effect to the development of the Company's overseas business. If the both sides integrate smoothly after the completion of the acquisition, both sides will be able to comprehensively take advantage of each other's strengths and expand existing customers and markets, which is beneficial to enhancing the Company's capacity for sustainable operations. The Transaction will not result in the Company's main asset being cash or the Company having no specific business after the completion of the acquisition

In summary, the Transaction meets the provisions of Article 11(e) of the *Measures for Reorganization*.

VI. The Transaction is beneficial to the Company in maintaining independence from the actual controller and its related parties in terms of business, assets, finance, personnel and structure and is in compliance with the CSRC regulations concerning the independence of listed companies

The Company operates under a comprehensive management system, has a sound personnel and organizational structure, and has the capacity to operate its own business independently. Before the Transaction, the Company was independent from the controlling shareholders, actual controller and associated person thereof in terms of business, personnel, assets, institutions, finance, and other aspects. The Tender Offer does not constitute a related party transaction, and the Target Company keeps independent from the Company's controlling shareholders, actual controller and related parties thereof in terms of business, assets, finance, personnel, institutions and other aspects. The Transaction will not lead to a change in control rights or the actual controller of the Listed Company, and the Listed Company will maintain its independence from the Company's controlling shareholders, actual controller and associated persons thereof in terms of business, assets, finance, personnel, institutions and other aspects, which complies with the relevant provisions of the CSRC regarding the independence of listed companies

In summary, the Transaction meets the provisions of Article 11(f) of the *Measures for Reorganization*.

VII. The Transaction is beneficial to the Company in retaining a robust and effective corporate governance structure

Before the Transaction, the Company has, in accordance with the requirements of the *Company Law*, *Securities Law*, *Code of Corporate Governance for Listed Companies*, *Listing Rules* and other laws and regulations, set up a comparatively standardized and sound corporate governance structure and established a comprehensive internal control system to ensure the institutionalized operation of the Shareholders' Meeting, Board of Directors and Board of Supervisors, and the exercise of their corresponding duties and authorities.

After the completion of the Transaction, the Company will continue to maintain a robust and effective corporate governance structure, and will constantly improve the same based on relevant laws, regulations, the Articles of Association and other requirements.

In summary, the Transaction meets the provisions of Article 11(g) of the *Measures for Reorganization*.

After careful verification, the Transactions independent financial advisors and domestic legal advisors are of the opinion that the Translation is in compliance with the relevant provisions of Article 11 of the “Measures for Reorganization.”

Chapter Seven. Management Discussion and Analysis

I. Evidence used by the Board of Directors in determining the price of the Transaction and analysis of fairness and reasonableness

(I) Pricing basis of the Transaction

The purchase price of the Transaction is ultimately determined through Changjiang Electronics Technology's consideration and full assessment of the Target Company's market value, net assets, brand, technology, channel value and other basic factors. For the purposes of the transaction, Changjiang Electronics Technology's independent financial adviser, CICC, shall furnish a valuation report as a reference for the purchase price of the transaction.

(II) Analysis of transaction price reasonability

1. The Target Company is world-class in size and leads the world in technology

STATS ChipPAC is a Singapore listed corporation engaged primarily in semiconductor packaging and testing. The revenue of the Target Company in 2013 ranked fourth in the global packaging and testing industry, and the quantity of its technology patents is at the forefront of the packaging and testing industry, and ranks among the top 20 in the semiconductor industry. The Target Company generates more than half of its total revenue from its advanced semiconductor packaging business, which has significant competitive advantages. With respect to markets, 69% of the Target Company's revenue comes from top-tier customers in the United States, bringing strong market competitiveness. With strong technical advantages in flip chip and embedded wafer level fan-out technology, in future the Target Company can further enhance profitability with its leading technologies.

2. Analysis of reasonability in terms of the relative valuation of the transaction price

1) Comparable companies analysis

The closest comparable companies to STATS ChipPAC would be the leading OSAT players such as ASE, Amkor, Siliconware Precision Industries and Powertech Technology. Given the OSAT business requires significant capital investment and expenditure and the fact that STATS ChipPAC has a large amount of intangibles in its current book value, P/TBV ratio (price to tangible book value) would be a relevant valuation metric to assess. Furthermore, due the unavailability of pro forma (excluding Taiwan subsidiaries) historical LTM (last twelve month) financial numbers such as EBITDA (earnings before interest, tax, depreciation and amortization) and the negative net income, historical P/E and EV/EBITDA ratios will not be applicable for this valuation analysis.

The P/TBV ratios of the comparable companies in the industry are as below:

Company	Place listed	P/TBV
		Based on tangible book values as at the end of Sep 2014
ASE	Taiwan, US ADR	2.43x
Siliconware Precision Industries	Taiwan, US ADR	2.23x
Amkor	US	1.50x
Powertech Technology	Taiwan	1.47x
Average value		**1.91x**

Source: Bloomberg, company filings, share price data as on 29 December 2014

2) Relative valuation of the transaction price

In the Proposed Transaction, the total consideration for the Target Company (excluding Taiwan subsidiaries) is USD780 million. According to pro forma financials provided by the management of the Target Company that excludes the Taiwan subsidiaries, the tangible book value of the Target Company (excluding Taiwan subsidiaries) at the end of September 2014 was USD395.6 million. The implied P/TBV valuation multiple of the Aggregate Offer price is 1.97x as calculated below:

Metric	End of Sep 2014
Tangible book value (USD million)	395.6
Aggregate Offer Price (USD million)	780.0
Implied P/TBV multiple of the Aggregate Offer Price	**1.97x**

In addition, below is a comparison of the key financial indicators of STATS ChipPAC and its comparable companies as a further reference:

USD million

Financial indicator (2013) (1)	STATS ChipPAC	ASE (3)	Siliconware Precision Industries	Amkor	Powertech Technology
Revenue	1,599	7,371	2,325	2,956	1,262
Gross profit	218	1,436	484	545	177
Gross margin	*13.6%*	*19.5%*	*20.8%*	*18.4%*	*14.1%*

Financial indicator (2013) (1)	STATS ChipPAC	ASE (3)	Siliconware Precision Industries	Amkor	Powertech Technology
Net profit attributable to shareholders of the parent company	(47)	516	196	109	(134)
Net profit margin	*(3.0)%*	*7.1%*	*8.5%*	*3.7%*	*(10.7)%*
Total assets	2,378	9,612	3,413	3,427	2,414
Total equity	971	4,215	2,074	965	1,243
Leverage ratio (2)	*48%*	*45%*	*25%*	*63%*	*37%*
Turnover of total assets	*0.67*	*0.77*	*0.68*	*0.86*	*0.52*
Year-over-year revenue growth from 2012 to 2013	*(6.1)%*	*13.3%*	*7.3%*	*7.1%*	*(9.6)%*

(1) Financials in USD are per reported numbers for STATS ChipPAC, Amkor, ASE (ADR), and Siliconware Precision Industries (ADR). Financials in USD for Powertech Technology converted from NTD using the 31 December 2013 exchange rate of 1 USD to 29.807 NTD
(2) Leverage ratio is calculated as total debt divided by total capitalization
(3) ASE financials include both its ATM and EMS businesses. The EMS business is not comparable to the Target Company's business

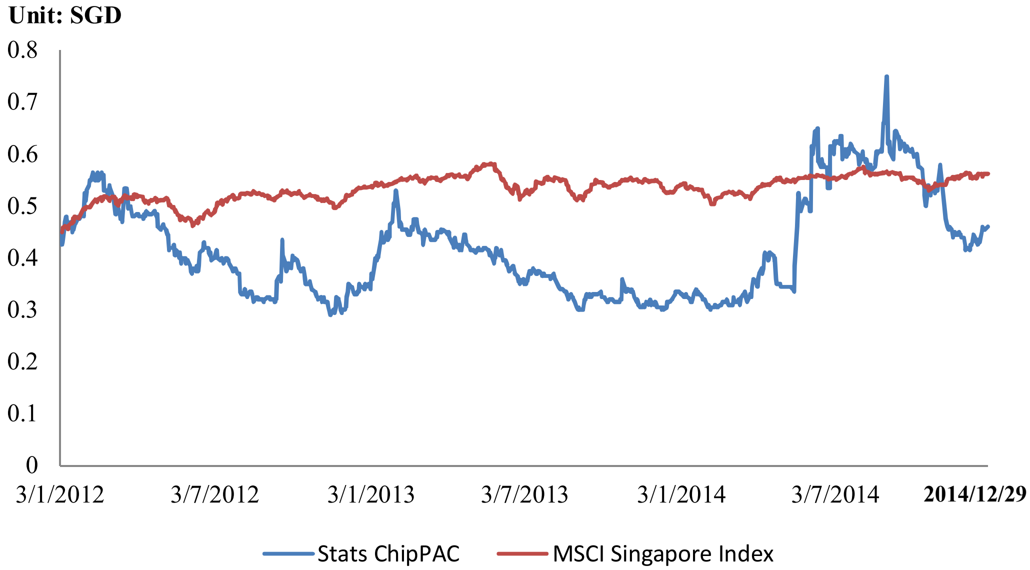
Source: Company annual filings

Although in the same industry, the comparable companies and the Target Company are different from each other in various areas including, but not limited to, business model, product scope, company-specific circumstances, and financial status. Therefore an exact comparable company for the Target Company similar in all aspects is not available, and the valuation of the comparable companies can only serve as an illustrative reference for assessing the value of the Target Company. In an overall analysis of the key financial indicators, STATS ChipPAC's main issues in comparison to comparable companies are reflected in lower gross profit margin, lower asset turnover and lower return on equity rations, etc. This reflects the fact that STATS ChipPAC has certain operational issues, such as low production capacity utilization, low asset turnover, and at the same time, due to rather high fixed costs and depreciation, etc., the Target Company's earnings are lower than the comparable companies, so the valuation of the Target Company is lower than ASE and SPIL.

Based on the above over analysis, the valuation multiple implied by the Aggregate Offer Price is within the range of the valuation multiples of the comparable companies. The transaction consideration is a fair value.

3. Analysis based on the Target Company's Historical Share Price Performance

Since the beginning of 2012, the share price movements of STATS ChipPAC are as below:



Source: Bloomberg, MSCI Singapore index data has been rebased to STATS ChipPAC's share price, share price data up to 29 December 2014

In the 3 years prior to 29 December 2014, the highest price per share of STATS ChipPAC was 0.750 Singapore Dollars, the lowest was 0.290 Singapore Dollars, and the volume weighted average price ("VWAP") was 0.518 Singapore Dollars. The offer price is approximately 0.466 Singapore Dollars per share. Considering the value of the Taiwanese subsidiaries (approximately 0.053 Singapore Dollars per share), the total consideration that the shareholders of the Target Company will obtain is approximately 0.519 Singapore Dollars per share, which is at a slight premium to the VWAP of the last 3 years, and at a 9.1% discount to the VWAP of the one year prior to 29 December 2014, and at a 45.1% premium to the VWAP of the 12 months period prior to and including 14 May 2014 (the date prior to the first SGX-ST query in 2014 regarding trading activity in STATS ChipPAC shares). In summary, the historical price performance of the Target Company have been taken into consideration in determining the transaction consideration, which is fair to JCET's shareholders.

(Unit: SGD)	Highest price	Lowest price	VWAP	Premium / (discount) to VWAP

1 year prior to and including 12/29/14	0.750	0.300	0.571	(9.1)%
3 years prior to and including 12/29/14	0.750	0.290	0.518	0.3%
1 month period prior to and including 14 May 2014 (4)	0.410	0.335	0.374	38.7%
3 months period prior to and including 14 May 2014 (4)	0.410	0.310	0.365	42.2%
6 months period prior to and including 14 May 2014 (4)	0.410	0.300	0.353	47.1%
12 months period prior to and including 14 May 2014 (4)	0.420	0.300	0.358	45.1%

(4) The trading price on 14 May 2014 is the last undisturbed price of the shares, after which the share price of the Target Company appreciated significantly

Source: Bloomberg

(III) The Board of Directors' opinion of the fairness of transaction price

The transaction price is determined based on the principles of fairness, reasonableness and the comprehensive consideration of various factors including net assets, brand, technology, value of channels, market value and other factors affecting the Target Company's equity value. The Company’s Board of Directors believes that the transaction price is within a reasonable and fair range, and causes no damage to the legitimate rights and interests of the Listed Company or the shareholders.

(IV) The opinions of the independent directors on the fairness of transaction price

In accordance with relevant state laws, regulations and provisions of the CSRC, the Company's independent directors consider that the transaction price is determined through negotiation under the principles of fairness and reasonableness, and based on the comprehensive consideration of many influencing factors; the transaction price is therefore reasonable and fair, causing no damage to the legitimate rights and interests of the Listed Company or the shareholders.

(V) Opinions of the Board of Directors on the independence of the valuation organization, the reasonableness of the valuation assumptions and the reliability of the valuation methods used

The valuation organization for the transaction is the independent financial adviser, CICC. The valuation organization and the valuation personnel have no other affiliation with the Company except for the business relationship pertaining to the transaction, and furthermore, no interest or conflict exists or could exist as a result of their valuation. The aforementioned valuation organization is independent.

The assumptions used in the valuation report (a) may be implemented pursuant to national laws and regulations, (b) followed common market practices or standards, and (c) conform to the actual circumstances of the evaluated counterpart and the conditions of the transaction. Therefore, the assumptions are reasonable.

The evaluation organization abided by independent, objective, scientific and fair principles in the course of its evaluation, applying valuation methods that comply with the Target Company's actual circumstances and the conditions of the transaction. Comparisons with counterparts are appropriate and reference data is reliable. Therefore, the valuation methods are appropriately chosen, the valuation conclusions are reasonable, and the valuation methods are consistent with the purpose of the valuation.

For the purpose of the transaction, Changjiang Electronics Technology made an overall consideration and comprehensive evaluation of factors such as the Target Company's market value, net assets, brand and the value of its technology channels, etc., in determining the final consideration. The objective of the valuation report is to analyse either the consideration is reasonable or the consideration may damage interests of shareholders,.

(VI) Opinion of the valuation organization

Given that the Proposed Transaction is a general offer and the financial forecasts of the Target Company are not available, Comparable Company Analysis is used as the primary valuation method, although there is no exact comparable company to Target Company. Also historical share price performance of the Target Company has been taken into consideration. Based on the above analysis, the valuation institution is of the opinion that the Aggregate Offer Price (USD780 million) is relatively reasonable, reflecting the fair value of the Target Company (excluding the Taiwan Subsidiaries), without impairing the interests of JCET and its shareholders.

II. Board of Directors discussion and analysis of the effect of the Transaction on the Company

(I) Discussion and analysis of the Company's financial position and operating results prior to the Transaction

The main financial data of Changjiang Electronics Technology in the last two years and the first three quarters of 2014 are as shown in the following table:

Unit: Ten thousand yuan

Balance sheet items	30 September 2014	31 December 2013	31 December 2012
Total assets	1,001,115.69	758,252.66	701,037.93
Total liabilities	603,029.84	494,263.02	441,482.10
Shareholders' equity	398,085.85	263,989.64	259,555.82
Shareholders' equity attributable to shareholders of parent company	373,383.31	243,235.16	242,276.73
Income statement items	**Jan - Sep 2014**	**Year 2013**	**Year 2012**
Operating revenue	470,634.74	510,206.01	443,615.97
Operating costs	375,371.21	409,172.42	380,428.74
Sales expenses	6,171.45	8,277.90	6,702.76
Administration cost	53,100.75	67,490.50	53,928.57
Financial expenses	16,905.73	17,626.14	15,725.51
Operating profit	18,186.38	2,680.48	-15,025.63
Total profits	20,608.51	7,850.98	6,061.90
Net income	16,869.84	4,880.64	3,927.04
Net income to shareholders of parent company	12,689.78	1,112.22	1,041.00
Cash flow statement items	**Jan - Sep 2014**	**Year 2013**	**Year 2012**
Net cash flow from operating activities	59,639.60	81,032.23	50,625.23
Net cash flow from investment activities	-59,810.38	-114,452.63	-101,952.45
Net cash flow from financing activities	177,957.81	39,666.07	54,800.35
Per share items	**Jan - Sep 2014 /30 June 2014**	**Year 2013** / 31 December 2013	**Year 2012** / 31 December 2012
Basic earnings per share (RMB)	0.15	0.01	0.01
Net assets per share attributable to shareholders of parent	3.79	2.85	2.84

company (RMB)			

Source: The Company's periodic reports
Note: The above data are from the consolidated financial statements, and the following analysis is based on the data from the consolidated financial statements unless otherwise specified.

(1) The Company's financial position prior to the Transaction

1) Asset composition analysis

As of 31 December 2012, 31 December 2013 and 30 September 2014, the major assets of the Company's consolidated balance sheet are shown in the following table:

Unit: Ten thousand yuan

Items	30 September 2014		31 December 2013		31 December 2012	
	Amount	**Percentage**	**Amount**	**Percentage**	**Amount**	**Percentage**
Current assets:						
Cash and cash equivalents	264,679.25	26.44%	86,925.11	11.46%	69,529.97	9.92%
Notes receivable	34,491.35	3.45%	35,168.28	4.64%	38,068.62	5.43%
Accounts receivable	67,056.04	6.70%	57,088.98	7.53%	49,318.12	7.04%
Prepayments	7,154.53	0.71%	4,665.72	0.62%	4,462.91	0.64%
Other receivables	1,950.14	0.19%	946.36	0.12%	212.22	0.03%
Inventory	77,137.65	7.71%	62,837.54	8.29%	59,088.93	8.43%
Other current assets	28,717.20	2.87%	-	-	-	-
Total current assets	**481,186.16**	**48.06%**	**247,631.99**	**32.66%**	**220,680.78**	**31.48%**
Non-current assets:						
Financial assets available for sale	926.71	0.09%	-	-	-	-
Long term equity investment	5,314.73	0.53%	6,051.82	0.80%	6,227.45	0.89%
Fixed assets	383,516.44	38.31%	405,881.58	53.53%	389,144.26	55.51%
Construction in progress	85,798.67	8.57%	54,129.26	7.14%	38,410.42	5.48%
Intangible assets	21,650.04	2.16%	22,186.92	2.93%	22,970.42	3.28%
Long-term prepaid expenses	20,709.73	2.07%	20,465.87	2.70%	21,684.41	3.09%
Deferred income tax asset	2,013.21	0.20%	1,905.23	0.25%	1,920.19	0.27%
Total non-current assets	**519,929.53**	**51.94%**	**510,620.68**	**67.34%**	**480,357.15**	**68.52%**
Total assets	**1,001,115.69**	**100.00%**	**758,252.66**	**100.00%**	**701,037.93**	**100.00%**

Source: The Company's periodic reports

As shown in the table above, the total assets of the Company have steadily risen at the end of each reporting period, with a relatively stable asset structure as a whole. Fixed assets constitute the majority of the Company's assets. As of 31 December2012, 31 December2013 and 30 September2014, the Company's ratios of non-current assets in total assets were 68.52%, 67.34% and 51.94%.

Analysis of the composition of current assets

The Company's current assets consist mainly of cash and cash equivalents, notes receivable, accounts receivable and inventory.

The ratios of the Company's notes receivable to its total assets continued to decline and were respectively 5.43%, 4.64% and 3.45% as of 31 December2012, 31 December2013 and 30 September 2014. Notes receivable at the end of September 2014 remain at the same level as the previous year. The ratios of accounts receivable to the Company's total assets remained stable and were respectively 7.04%, 7.53% and 6.70% as of 31 December 2012, 31 December 2013 and 30 September 2014. The Company's inventory has grown steadily, but its proportions of total assets have declined slightly to 8.43%, 8.29% and 7.71% respectively as of 31 December 2012, 31 December 2013 and 30 June 2014.

The ratios of the Company's cash and cash equivalents to total assets remained stable over the past two years and increased considerably in 2014. As of 31 December2012, 31 December 2013 and 30 September 2014, the said ratios were respectively 9.92%, 11.46% and 26.44%, due mainly to the Company's receipt of funds raised by the non-public offering of A shares and from non-public directional debt financing tools. The substantial increase of cash and cash equivalents also caused a decline in the proportion of other relatively stable items to total assets.

o2 Analysis of the composition of non-current assets

The non-current assets of the Company are composed primarily of fixed assets, construction in progress, intangible assets and long-term prepaid expenses.

The Company's fixed assets account for lesser ratios to total assets. The said ratios were respectively 55.51%, 53.53% and 38.31% as of 31 December 2012, 31 December 2013 and 30 September 2014, attributable mainly to the Company's disposal of equipment with out-of-date technology and the significant increase in cash and cash equivalents.

The ratios of the Company's construction in progress to total assets increased respectively to 5.78%, 7.14% and 8.57% as of 31 December 2012, 31 December 2013 and 30 September 2014. The Company's construction in progress is mainly plants and equipment, and the increase in the closing balance is attributable primarily to new projects and new plant construction.

The ratio of the Company's intangible assets to total assets decreased slightly to 3.28%, 2.93% and 2.16% as of 31 December 2012, 31 December 2013 and 30 September 2014 respectively, due mainly to the decreases in land use rights, technology use fees and software amortization and net book value.

The ratios of the Company's long-term prepaid expenses to total assets continued to shrink to 3.09%, 2.70% and 2.07% as of 31 December 2012, 31 December 2013 and 30 September 2014 respectively, as a resulting of the continuous amortization of expenses.

2) Analysis of the composition of liabilities

As of 31 December 2012, 31 December 2013 and 30 September 2014, the Company's consolidated balance sheet liabilities are shown in the following table:

Unit: Ten thousand yuan

Item	30 September 2014		31 December 2013		31 December 2012	
	Amount	**Percentage**	**Amount**	**Percentage**	**Amount**	**Percentage**
Current liabilities:						
Short-term borrowing	209,139.01	34.68%	202,425.10	40.95%	179,965.70	40.76%
Tradable financial assets	-	-	-	-	53.12	0.01%
Notes payable	29,401.00	4.88%	44,509.00	9.01%	30,749.50	6.97%
Accounts payable	85,196.45	14.13%	72,536.38	14.68%	89,140.40	20.19%

Item	30 September 2014		31 December 2013		31 December 2012	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Prepayment	3,576.07	0.59%	6,011.95	1.22%	4,938.46	1.12%
Payroll payable	7,844.89	1.30%	8,087.73	1.64%	6,314.04	1.43%
Tax payable	2,858.32	0.47%	-24,512.66	-4.96%	-24,202.79	-5.48%
Interest payable	3,905.53	0.65%	2,854.27	0.58%	2,485.66	0.56%
Other payables	3,126.53	0.52%	2,638.66	0.53%	2,203.76	0.50%
Non-current liabilities due within one year	51,611.13	8.56%	19,219.82	3.89%	52,487.70	11.89%
Other current liabilities	100,000.00	16.58%	60,000.00	12.14%	40,000.00	9.06%
Total current liabilities	**496,658.93**	**82.36%**	**393,770.25**	**79.67%**	**384,135.56**	**87.01%**
Non-current liabilities:						
Long-term borrowing	76,069.26	12.61%	74,643.64	15.10%	37,512.30	8.50%
Long-term payables	3,253.64	0.54%	2,275.43	0.46%	-	-
Deferred income tax liabilities	-	-	-	-	77.33	0.02%
Other non-current liabilities	27,048.00	4.49%	23,573.69	4.77%	19,756.91	4.48%
Total non-current liabilities	106,370.91	**17.64%**	**100,492.77**	**20.33%**	**57,346.54**	**12.99%**
Total liabilities	**603,029.84**	**100.00%**	**494,263.02**	**100.00%**	**441,482.10**	**100.00%**

Source: The Company's periodic reports

As shown in the table above, current liabilities constitute the majority of the Company’s liabilities and accounted for a respective 87.01%, 79.67% and 82.36% of total liabilities as of 31 December 2012, 31 December 2013 and 30 September 2014, with the ratio of current liabilities undergoing a certain degree of volatility.

a) Analysis of composition of current liabilities

Short-term borrowing, accounts payable, current liabilities due within one year and other current liabilities constitute the major components of the Company’s liabilities. As of 31 December 2012, 31 December 2013 and 30 September 2014, the sum of the four items accounted for 81.90%, 71.66% and 73.95% of total liabilities, respectively.

In 2013, the closing balance of the Company's short-term borrowings was RMB 2.024251 billion yuan, a 12.48% increase over the end of 2012. The Company's closing balance for short-term borrowings as of the end of September 2014 was RMB 2.0913901 billion yuan, growing by 3.32% over last year, with new short-term borrowings mainly being used to add liquidity and repay L/C.

In 2013, the closing balance of the Company's accounts payable was RMB 725.3638 million yuan, declining by 18.63% from the end of 2012. As of the end of September 2014, the Company's accounts payable amounted to RMB 851.9645 million yuan, increasing by RMB 126.6007 million yuan over the end of last year, and slightly lower than the end of 2012.

In 2013, the closing balance of the Company's non-current liabilities due within one year was RMB 192.1982 million yuan, 63.38% lower than the previous year, due mainly to repayment of mortgage loans and guarantee loans. As of the end of September 2014, non-current liabilities due within one year grew by RMB 323.9131 million yuan compared to the end of the last year, due primarily to the expiration of long-term borrowings within one year.

In 2013, the closing balance of the Company's other current liabilities sit at RMB 600 million yuan, or 50% on a year-on-year basis, primarily because of an increase in non-public directional debt financing. As of the end of September 2014, the Company's other current liabilities went up by RMB 400 million yuan over the end of last year due to the Company's issuance of non-directional public debt financing instruments.

b) Analysis of the composition of non-current liabilities

The main component of non-current liabilities is long-term borrowings, and in 2013, the Company's closing balance of long-term borrowings was RMB 746.4364 million yuan, increasing by 98.98% over the end of 2012, due mainly to the growth of long-term liquidity loans and project loans. At the end of September 2014, the balance of long-term borrowings was basically at the same level as last year.

3) Solvency analysis

As of 31 December 2012, 31 December 2013 and 30 September 2014, solvency analysis indicators from the Company's consolidated statements are listed in the following table:

Items	30 September 2014	31 December 2013	31 December 2012
Asset-liability ratio	60.24%	65.18%	62.98%
Current ratio	0.97	0.63	0.57
Quick ratio	0.81	0.47	0.42

Note: the calculation formulas for the above financial indicators are:
(1) Asset-liability ratio = total liabilities / total assets;
(2) Current ratio = current assets / current liabilities;
(3) Quick ratio = (current assets - inventory) / current liabilities.

The above table indicates that the Company's asset-liability ratio first increased and then decreased to 62.98%, 65.18% and 60.24% respectively as of 31 December 2012, 31 December 2013 and 30 September 2014, indicating a relatively stable long-term solvency. As of the end of each reporting period, the current ratios and quick ratios of the Company continued to rise, and the short-term solvency of the Company continued to strengthen.

(2) The Company's operating results prior to the Transaction

1) Profitability analysis

The profitability of the Company in 2012, 2013 and January to September 2014 was as follows:

Unit: Ten thousand yuan

Items	Jan- Sep 2014		2013		2012	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Operating revenue	470,634.74	100.00%	510,206.01	100.00%	443,615.97	100.00%
Operating costs	375,371.21	79.76%	409,172.42	80.20%	380,428.74	85.76%
Sales expenses	6,171.45	1.31%	8,277.90	1.62%	6,702.76	1.51%
Administration costs	53,100.75	11.28%	67,490.50	13.23%	53,928.57	12.16%
Financial expenses	16,905.73	3.59%	17,626.14	3.45%	15,725.51	3.54%
Operating profit	18,186.38	3.86%	2,680.48	0.53%	-15,025.63	-3.39%
Total profits	20,608.51	4.38%	7,850.98	1.54%	6,061.90	1.37%
Net income	16,869.84	3.58%	4,880.64	0.96%	3,927.04	0.89%
Net income attributable to shareholders of parent company	12,689.78	2.70%	1,112.22	0.22%	1,041.00	0.23%

Source: The Company's periodic reports

2) Analysis of composition of operating revenue

In 2012, 2013 and January to September of 2014, the Company's main operating revenue by product type and region are listed as follows:

(i) By product type

Unit: Ten thousand yuan

Items	Jan- Sep 2014		2013		2012	
	Operating revenue	Percentage	Operating revenue	Percentage	Operating revenue	Percentage
Chip packaging and testing	449,393.09	95.79%	480,456.13	94.56%	414,840.20	93.84%
Chip sale	19,766.51	4.21%	27,620.04	5.44%	27,213.15	6.16%
Total	**469,159.60**	**100.00%**	**508,076.17**	**100.00%**	**442,053.35**	**100.00%**

Source: The Company's periodic reports

(ii) By region (domestic and overseas)

Region	Jan- Sep 2014		2013		2012	
	Operating revenue	Percentage	Operating revenue	Percentage	Operating revenue	Percentage
Overseas	294,418.79	62.75%	293,889.42	57.84%	270,894.93	61.28%
Domestic	174,740.81	37.25%	214,186.75	42.16%	171,158.42	38.72%
Total	**469,159.60**	**100.00%**	**508,076.17**	**100.00%**	**442,053.35**	**100.00%**

Source: The Company's periodic reports

According to the above table , the Company derives its operating revenue primarily from chip packaging and testing; such revenues accounted for 93.84%, 94.56% and 95.79% of total revenue respectively in 2012, 2013 and January to September 2014. In 2013, the Company's product structure adjustment was gradually completed, leading to the rapid growth of its high-end packaging business, which achieved an increase of sales revenue by 15.01% over 2012. From January to September 2014, the Company's sales revenue rose by 22.98% over the same period last year, due mainly to the sustained growth of its high-end packaging products and the preliminary effect of its low cost production base.

(iii) Gross margin rate analysis

In 2012 and 2013, the Company's gross margin rates by product type were as follows:

Unit: Ten thousand yuan

Items	Jan- Sep 2014			2013			2012		
	Revenue	Gross margin	Gross margin rate	Revenue	Gross margin	Gross margin rate	Revenue	Gross margin	Gross margin rate
Chip packaging and testing	449,393.09	88,435.19	19.68%	480,456.13	92,008.61	19.15%	414,840.20	55,280.71	13.33%
Chip sale	19,766.51	5,701.22	28.84%	27,620.04	8,353.24	30.24%	27,213.15	7120.15	26.16%
Total	**469,159.60**	**94,136.41**	**20.24%**	**508,076.17**	**100,361.85**	**19.75%**	**442,053.35**	**62,400.86**	**14.12%**

Source: The Company's periodic reports

During the reporting period, the gross margin rate for the Company's chip packaging and testing business increased year by year, attributable primarily to the high margin rate of high-end packaging and testing and the increasing sales proportion of high-end packaging year on year.

(iv) Period cost analysis

Unit: Ten thousand yuan

Items	Jan- Sep 2014		2013		2012	
	Amount	Percentage in operating revenue	Amount	Percentage in operating revenue	Amount	Percentage in operating revenue
Sales expenses	6,171.45	1.31%	8,277.90	1.62%	6,702.76	1.51%
Administration costs	53,100.75	11.28%	67,490.50	13.23%	53,928.57	12.16%
Financial expenses	16,905.73	3.59%	17,626.14	3.45%	15,725.51	3.54%
Total	**76,177.93**	**16.19%**	**93,394.54**	**18.30%**	**76,356.84**	**17.21%**

Source: The Company's periodic reports

In 2012, 2013 and January to September of 2014, the Company's period costs respectively accounted for 17.21%, 18.30% and 16.19% of the operating revenue for the same periods.

In 2013, the Company's sales expenses increased by RMB 15.7514 million yuan, 23.50% over 2012. From January to September 2014, the Company's ratio of sales expenses to operating revenue was 1.31%, lower than the previous two years but unchanged from the same period last year, and remained stable on an overall basis. The slight fluctuation was attributable mainly to transport fees and advertising fees.

In 2013, the Company's administration costs went up by RMB 135.6193 million yuan on a year-on-year basis, and the ratio to operating revenue grew by 1.07%. From January to September 2014, the ratio of sales expenses to operating revenue was 11.28%, decreasing from last year to some extent. In the last two years and the latest period, administration costs and operating revenue were generally compatible, and fluctuated slightly under the influence of employee compensation and R & D costs.

In 2013, the Company's financial expenses increased by RMB 19.0063 million yuan over 2012 and, from January to September 2014, the ratio of financial expenses to operating revenue ramped by 0.14%. The sustained growth of the Company's financial expenses was caused primarily by the Company's increased loan size.

(v) Profit indicator analysis

The profit indicators from the Company's consolidated statements for 2012, 2013 and from January to September 2014 are listed in the following table:

Item	Jan- Sep 2014	2013	2012
Gross margin rate	20.24%	19.80%	14.24%
Net profit rate	3.58%	0.96%	0.89%
Weighted average rate of return on net assets	5.10%	0.46%	0.43%

Source: The Company's periodic reports

In the last two years and the latest period, the Company's gross margin rate has increased year on year, reflecting the continuously strengthening market competitiveness of the Company's products. During this time, the Company's gross margin rate was on the rise, as a result of the Company's diversified product structure, increasing proportion of high-end packaging and testing products and further enhancement of cost control capacity.

The structure of assets and liabilities and the total asset turnover ratio of the Company remained stable on an overall basis; changes in the rate of return on net assets resulted mainly from changes in the Company's net profit rate.

(II) Discussion and analysis of the Target Company's industry characteristics and operations

(1) Analysis of industry characteristics

In 2012, packaging capacity was contracting globally (except in China), and the downturn of global demand in the semiconductor market rebounded in 2013. According to the Gartner report, in 2013, the total revenue of the global semiconductor market reached US Dollars 25.1 billion, a 2.3% increase over 2012. After a sharp rise from 2009 to 2010, the compound growth rate of the three years from 2010 to 2012 was only 1.5%.

At present, the international giants such as Taiwan's ASE, Emcore in the United States, SPIL of Taiwan, STATS ChipPAC and other world-class packaging players still dominate the market share for high-end technologies and high-end products in the semiconductor packaging and testing industry. Globally, there is a high degree of concentration in the semiconductor packaging and testing industry, with the top five companies representing more than half (51%) of the market share. The growth of these manufacturers' sales revenue benefited from investment in advanced packaging technology, and average price growth led to a sales increase. As a result, income from advanced packaging products accounted for more than half of their total revenue.

Advanced packaging will be the future trend in the industry. The main driving factor for the future growth of advanced packaging is the growth in demand for intelligent terminals. Due to increased power consumption and size reduction, intelligent terminals raise increasingly high demand for advanced packaging. To continue to develop lighter and shorter semiconductors, relying only on semiconductor processing is no longer enough. Advanced packages, represented by 3D packages are therefore the new direction of technology development, following Moore's law and the expansion in the range of semiconductors. Considering such developments and the diversity of future semiconductors, 3D packaging is bound to become the major trend.

In addition, trends in the semiconductor packaging and testing industry include upgrading from a labour-intensive to a technology-intensive industry, increasing demand for multi system integrated packaging, and moving toward the provision of one-stop service for chip manufacturing / middle-phased processing / flip.

Based on the above industry trends and characteristics, the world's future first-class packaging and testing enterprises need to accumulate sufficient technologies in advanced packaging applications, and be able to provide one-stop services.

(2) Core competitiveness and industry status of the Target Company

1) Core competitiveness

The Target Company’s core competitiveness lies mainly in the following areas:

i) The Target Company dominates the mobile chip market. It has a huge customer base, and has established close cooperative relationship with leading mobile equipment manufacturing giants. The future rapid growth in mobile equipment will correspondingly drive its product sales growth.

ii) The Target Company has obvious advantages in advanced packaging technology. It has a strong R & D capability and leads the industry in flip chip and embedded wafer level fan-out technology.

iii) The Target Company has a solid customer base. Its customers are mainly industry-leading semiconductor manufacturers（such asQualcomm, Spreadtrum, SanDisk, Marvell etc.）, and it has established stable and good customer relationships that provide powerful support to the Target Company's revenue growth.

iv) The Target Company has a powerful portfolio of intellectual property rights. The Target Company leads the industry in terms of the quantity of patents it owns, and is a global leader in advanced packaging technology patents. Target Company has a total of 2,594 patent applications distributed across the USA, Singapore, South Korea, China and Taiwan; 76% of its patents have been registered in the USA and are well matched to its focus on sales in the American market. The Target Company has approximately 300 key core patents, most of which concern aspects of the Fan-Out and Solder Bump Flip Chip.

v) The Target Company's manufacturing business network is distributed across South Korea, Shanghai, Taiwan and Singapore, adjacent to customers and big wafer manufacturers. Its good production layout is beneficial for the Target Company to better serve customers, shorten lead time and ensure stable supply.

vi) The Target Company is able to provide overall testing solutions, and leads the industry in high-end mixed signal testing capacity.

2) The Target Company's industry status

STATS ChipPAC is a world-class semiconductor packaging and testing company that provides a full set of semiconductor solutions including packaging design, wafer ball planting, probe pin and chip packaging and testing, and distribution. Based on its sales in 2013, it has become the fourth largest operator in the global semiconductor packaging and testing industry, representing more than 6% of global market share.

(3) Financial status of the Target Company

1) Asset structure analysis

As of December 31 2012, December 31 2013 and September 30 2014, the Target Company's core assets as shown on the consolidated balance sheets can be broken down as follows:

Unit: USD'000

Item	30-09-2014		31-12-2013		31-12-2012	
	Amount	% of total	Amount	% of total	Amount	% of total
Current assets:						
Cash and cash equivalents	115,609	4.39%	129,136	5.43%	170,558	7.52%
Short-term bank deposits	61,987	2.36%	42,042	1.77%	39,601	1.75%
Net accounts receivable	229,728	8.73%	238,441	10.03%	258,043	11.38%
Other receivables	33,785	1.28%	15,239	0.64%	20,726	0.91%
Inventory	77,888	2.96%	71,055	2.99%	90,203	3.98%
Prepaid expenses and other current assets	24,189	0.92%	18,970	0.80%	24,559	1.08%
Total current assets	**543,186**	**20.64%**	**514,883**	**21.65%**	**603,690**	**26.61%**
Non-current assets:						
Long-term bank deposits	425	0.02%	11,604	0.49%	489	0.02%
Net fixed assets	1,668,817	63.40%	1,431,247	60.20%	1,242,950	54.80%
Intangible assets	34,599	1.31%	35,117	1.48%	36,361	1.60%
Goodwill	381,487	14.49%	381,487	16.04%	381,487	16.82%
Deferred tax assets	185	0.01%	186	0.01%	-	
Prepaid expenses and other non-current assets	3,405	0.13%	3,146	0.13%	3,299	0.15%
Total non-current assets	**2,088,918**	**79.36%**	**1,862,787**	**78.35%**	**1,664,586**	**73.39%**
Total assets	**2,632,104**	**100.00%**	**2,377,670**	**100.00%**	**2,268,276**	**100.00%**

Source: Regular reports of the Target Company

As shown in the table above, the Target Company's total assets increased steadily at the end of every accounting period, with yearly increments in the weighting of non-current assets (as % of total assets). Specifically fixed assets remained the main component of the Target Company's assets. Non-current assets accounted for 73.39%, 78.35% and 79.36% of total assets as of December 31 2012, December 31 2013, and September 30 2014, respectively.

① Current asset structure analysis

The Target Company's current assets primarily comprise cash and cash equivalents, short-term bank deposits, accounts receivable and inventory.

The share of the Target Company's cash and cash equivalents (as % of total assets) dropped to 7.52%, 5.43% and 4.39% as of December 31 2012, December 31 2013 and September 30 2014, respectively. It was mainly attributable to the expenses incurred by the Target Company in financing instrument redemption and capital expenditures; the share of inventory (as % of total assets) declined modestly to 3.98%, 2.99% and 2.96% as of December 31 2012, December 31 2013 and September 30 2014, respectively. The decline in inventory in 2013 (compared with 2012) was caused by reduced raw material prepayments.

② Non-current asset structure analysis

Non-current assets of the Target Company mainly comprise of fixed assets, intangible assets and goodwill.

The share of the Target Company's non-current assets (as % of total assets) rose by the year to 73.39%, 78.35% and 79.36% as of December 31 2012, December 31 2013 and September 30 2014, respectively, which was attributable to an increase in fixed assets resulting from growing capital expenditure. The share of the Target Company's fixed assets (as % of total assets) also rose over the year to 54.80%, 60.20% and 63.40% as of December 31 2012, December 31 2013 and September 30 2014, respectively. The increase at year-end2013 (compared to year-end2012) was the result of full-year capital expenditure of US Dollar ~508 million, higher than US Dollar ~296 million in asset depreciation and US Dollar 18 million in fixed asset impairment loss following the closure of the Malaysian plant.

2) Liabilities analysis

As of December 31 2012, December 31 2013 and September 30 2014, liabilities in the consolidated balance sheets can be shown as follows:

Unit: USD'000

Item	30-09-2014		31-12-2013		31-12-2012	
	Amount	% of total	Amount	% of total	Amount	% of total
Current liabilities:						
Accounts payable and other payables	185,181	10.97%	138,004	9.81%	164,301	13.19%
Fixed asset-related payables	183,681	10.88%	141,998	10.09%	42,746	3.43%
Provisions for expenses	105,189	6.23%	124,640	8.86%	113,476	9.11%
Income tax payable	14,518	0.86%	18,207	1.29%	13,155	1.06%
Short-term borrowings	73,000	4.32%	37,947	2.70%	50,690	4.07%
Payable to related parties	29	0.00%	100	0.01%	28	0.00%
Total current liabilities	**561,598**	**33.27%**	**460,896**	**32.76%**	**384,396**	**30.86%**
Non-current liabilities:						
Long-term borrowings	1,064,314	63.05%	874,281	62.14%	792,609	63.63%
Deferred tax liabilities	46,559	2.76%	47,476	3.37%	47,141	3.78%
Other non-current liabilities	15,663	0.93%	24,228	1.72%	21,532	1.73%
Total non-current liabilities	**1,126,536**	**66.73%**	**945,985**	**67.24%**	**861,282**	**69.14%**
Total liabilities	**1,688,134**	**100.00%**	**1,406,881**	**100.00%**	**1,245,678**	**100.00%**

Source: Regular reports of the Target Company

As shown in the table above, total liabilities of the Target Company increased over the year, mainly as a result of rising capital expenditures. Specifically, non-current liabilities are the main component of liabilities, accounting for 69.14%, 67.24% and 66.73% of total liabilities as of December 31 2012, December 31 2013 and September 30 2014, respectively.

① Current liabilities structure analysis

The Target Company's current liabilities primarily comprise accounts payable and other payables, fixed assets related payments, accrued expenses and short-term borrowings. Outstanding accounts payable and other payables totalled US Dollar 138.004 million in 2013, down US Dollar 26.30 million compared with end-2012; fixed assets related payments increased US Dollar 99.25 million at end-2013 compared with end-2012; owing to additional capital expenditures, fixed assets related payments in Q1-3 2014 went up by US Dollar 41.68 million compared with end-2013.

② Non-current liabilities structure analysis

Non-current liabilities of the Target Company mainly consist of long-term borrowings, which stood at US Dollar 874.281 million in 2013, up US Dollar 81.67 million compared with year-end 2012. The increase was attributable to extra spending on operating and capital expenditure requirements.

3) Solvency Analysis

The Target Company's solvency as of December 31 2012, December 31 2013 and September 30 2014 is analysed as follows according to its consolidated financial statements:

Item	30-09-2014	31-12-2013	31-12-2012
Asset - liability ratio	64.14%	59.17%	54.92%
Current ratio	0.97	1.12	1.57
Quick ratio	0.83	0.96	1.34

Note: Financial metrics are calculated using the formulas below:

(1) Assets-liability ratio = total liabilities / total assets;

(2) Current ratio = current assets / current liabilities;

(3) Quick ratio = (current assets – inventory) / current liabilities.

As shown in the table above, the assets-liability ratio of the Target Company indicated a trend of increase on a yearly basis, accounting for 54.92%, 59.17% and 64.14% as of December 31 2012, December 31 2013 and September 30 2014, respectively. The current ratio and quick ratio dropped consecutively at the end of each accounting period, indicating declines in its short-term solvency due to mounting debts. **(2) Operating performance of the Target Company**

1) Profitability analysis

The Target Company's profitability in 2012, 2013 and January-September 2014 is as follows:

Unit: USD'000

Item	Jan-Sep 2014		2013		2012	
	Amount	% of total	Amount	% of total	Amount	% of total
Net revenue	1,179,160	100.00%	1,598,522	100.00%	1,701,549	100.00%
Cost of revenues	-1,044,751	-88.60%	-1,380,941	-86.39%	-1,414,045	-83.10%
Gross margin	134,409	11.40%	217,581	13.61%	287,504	16.90%

Item	Jan-Sep 2014		2013		2012	
	Amount	% of total	Amount	% of total	Amount	% of total
Operating expenses						
Selling, General and administrative expenses	72,804	6.17%	96,140	6.01%	122,958	7.23%
R & D expenses	30,273	2.57%	46,432	2.90%	51,722	3.04%
Reorganization expenses	-		1,886	0.12%	5,715	0.34%
Exchange offer and redemption expenses	-		15,701	0.98%	-	
Bond issuance and cancellation expenses	-		2,392	0.15%	-	
Subtotal operating expenses	103,077	8.74%	162,551	10.17%	180,395	10.60%
Goodwill impairment loss	-		-		24,100	1.42%
Impairment losses of equipment	3,713	0.31%	-		3,819	0.22%
Total operating expenses	106,790	9.06%	162,551	10.17%	208,314	12.24%
Operating profit before exceptional items	27,619	2.34%	55,030	3.44%	79,190	4.65%
Plant closure costs	-		-36,909	-2.31%	-	
Flood-related insurance claims	-		19,582	1.23%	26,741	1.57%
Flood-related planning expenses	-		-3,000	-0.19%	-10,061	-0.59%
Operating profit before non-recurring items	27,619	2.34%	34,703	2.17%	95,870	5.63%
Other income (expense), net						
Interest income	1,330	0.11%	1,334	0.08%	1,518	0.09%
Interest expenses	-37,932	-3.22%	-54,459	-3.41%	-59,829	-3.52%
Exchange gains (losses)	-495	-0.04%	3,641	0.23%	583	0.03%
Share of related party losses	-		-		-739	-0.04%
Other non-operating income (expense), net	238	0.02%	-1,969	-0.12%	477	0.03%
Other expenses (net total)	-36,859	-3.13%	-51,453	-3.22%	-57,990	-3.41%

Item	Jan-Sep 2014		2013		2012	
	Amount	% of total	Amount	% of total	Amount	% of total
Pre-tax profit / (loss)	-9,240	-0.78%	-16,750	-1.05%	37,880	2.23%
Income tax expense	-9,934	-0.84%	-22,329	-1.40%	-14,023	-0.82%
Net profit / (loss)	-19,174	-1.63%	-39,079	-2.44%	23,857	1.40%
Less: Net profit attributable to minority interest	-6,106	0.52%	-8,414	-0.53%	-7,294	-0.43%
Net profit / (loss) attributable to minority shareholders	-25,280	-2.14%	-47,493	-2.97%	16,563	0.97%

Source: Regular reports of the Target Company

2) Revenue structure analysis

Revenue of the Target Company is mainly generated from advanced packaging, wirebond packaging and testing service supply businesses, where the yearly revenue dropped 6.1% in 2013 compared with 2012: in 2013, revenues from advanced packaging went down by 1.5% year-on-year, mainly attributable to weakening demand for wafer level packaging and advanced packaging on the wireless communication market; wirebond packaging revenue went down by 17.7% year-on-year, as a result of a decline in the demand for personal computers, consumer goods, multi-applications, etc. and a shift from wirebond packaging toward advanced packaging techniques; testing service revenue increased 4.2% year-on-year. Copper wirebond packaging accounted for ~33.9% of wirebond packaging, compared to 17.8% in 2012.

3) Gross margin analysis

Gross margin of the Target Company was ~13.6% in 2013, down from 16.9% in 2012. Its gross profit was US Dollar ~217.6 million, down 24.3% from US Dollar 287.5 million in 2012. The reason for the decline in gross profit is a reduction in the company’s revenue, which was, in turn, attributable to a sharp drop in capacity utilization rate – the overall capacity utilization rate dropped from 75% in 2012 to 66% in 2013. Operating costs of the Target Company primarily comprise of asset depreciation, rentals, fixed costs and variable costs such as labour, material and indirect expenses.

4) Cost analysis by accounting period

Unit: USD0'000

Item	Jan-Sep 2014		2013		2012	
	Amount	% of total	Amount	% of total	Amount	% of total
Selling, and administrative expenses	72,804	6.17%	96,140	6.01%	122,958	7.23%
R & D expenses	30,273	2.57%	46,432	2.90%	51,722	3.04%
Others	3,713	0.32%	19,979	1.26%	33,634	1.97%
Total	**106,790**	**9.06%**	**162,551**	**10.17%**	**208,314**	**12.24%**

Source: Company reports

Expenses incurred by the Target Company in 2012, 2013 and January-September 2014 accounted for 12.24%, 10.17% and 9.06% of the operating revenues during the corresponding periods.

Selling, general and administrative expenses mainly consist of management team remuneration, external consultation, legal and regulatory expenses and equipment impairment. In 2013, the Target Company cut sales and administrative expenses by 21.8% YoY, mainly due to litigation costs in 2012 and reduced staff payroll in 2013.

R & D expenses chiefly comprise research and development related staff remuneration, external consultation and legal costs, and relevant equipment depreciation and expenditure. In 2013, R & D expenses of the Target Company went down 10.2% YoY, due to the fact that completion of independent packaging R & D activities led to a reduction in the remuneration of related R & D staff teams.

5) Analysis of profitability indicators

Key profitability indicators of the Target Company are shown as follows according to its consolidated financial statements in 2012, 2013 and January-September 2014:

Item	Jan-Sep 2014	2013	2012
Gross margin	11.40%	13.61%	16.90%
Operating profit excluding non-recurring items	2.34%	3.44%	4.65%
Net profit margin	-1.63%	-2.44%	1.40%

Source: Regular reports of the Target Company

During the reporting period, the Target Company saw a trend of continued declines in gross margin and net profit margin. This is because: (i) closedown of the Malaysian plant; and (ii) a recent decline in mobile communication-related businesses in which the Target Company's operations are concentrated. The company used to claim a considerable share of the high-end smartphone market, as opposed to relatively low coverage of the low-end smartphone businesses. In recent years, however, demand in high-end smartphone businesses weakened. In addition, dwindling PC and client demand also had an adverse effect on the Target Company's earnings.

(III) Analysis of the Company's main business, competitive advantages and future trends after the completion of the Transaction

(1) Analysis of the Company's main business, development strategy and competitive advantages and disadvantages after the completion of the Transaction

Strategic significance of the Acquisition: To gain large customers in Europe and America through the Acquisition and to significantly improve the share in Europe and America markets. In the Chinese market, although Changjiang Electronics Technology occupies a dominant position in high-end packaging market through a joint venture with SMIC based on its advanced packaging technology advantages, but it is difficult for it to become one of the world leading packaging companies with strong technical and management in a short time only by virtue of its endogenous growth. The Acquisition will introduce STATS ChipPAC's strengths and experience in technology, international and systematic management, integrate the resources advantages of both sides, give full play to the synergies, build and enhance the international competitiveness of leading enterprises in China's packaging industry, so as to shape one of the world's leading packaging companies. All will offer a broader space for development.

1) Main business and development strategy

After the completion of the Transaction, the Company's main business of semiconductor packaging and testing remains changed. After the Transaction, the Company will become a global leader in the semiconductor packaging and testing field, which will further consolidate its competitive position.

After the completion of the acquisition, Changjiang Electronics Technology will have business covering the geographical areas of Asia, North America, Europe and other regions. On this foundation, Changjiang Electronics Technology will continue to use a combination of internal and external development strategies, extend its industrial chain overseas, participate more in international competition and allocate resources globally, transforming Changjiang Electronics Technology into a multinational corporation that truly achieves global integration of its production system and a fully deployed global business.

Changjiang Electronics Technology will therefore adjust its production layout, combine the Target Company's advanced technology with the cost advantage of producing domestically, facilitate an integrated layout in South Korea, Singapore, Shanghai, Jiangyin, Chuzhou, Suqian and other locations at home and abroad, give full play to the Target Company's technical advantages in South Korea and network advantages in the global market, and maximize the utilization of the Company's resources.

With respect to the sales channels, after acquiring the Target Company, Changjiang Electronics Technology will maintain existing high-end customers based on the consolidation of the Target Company's existing sales regions and market shares while also assisting the Target Company to open up the Chinese market, in order to achieve profitability in a relatively short period. In future, the Target Company will carry out robust expansion at a controllable cost.

2) Competitive advantages

After completion of the acquisition, the Company will further expand its competitive advantages in the semiconductor packaging and testing industry in the face of increasingly fierce competition. The Company's competitive advantages include:

① High quality channels and customers

The Company mainly serves the traditional packaging market, and is actively expanding its advanced packaging business, with China as a base and serving global customers. Through the establishment of a subsidiary, Jiangyin Changdian Advanced Packaging Co., Ltd., the Company has enhanced its technical strength in advanced packaging and its customer resources, covering various types of demand from traditional to more advanced packaging and testing.

The Target Company has good customer resources in North America, Europe and other regions, which will complement the Company's existing production capacity and business coverage, further promoting the Company's future overseas sales.

② Technology enhancement

The Target Company has accumulated deep technological strength in packaging and testing. In the field of wafer level packaging, the Target Company owns various world class advanced technologies including eWLB, WLCSP, IPD and TSV; in terms of flip chip packaging, the Target Company owns multiple technologies, including fcBGA, fcFBGA and fcLGA.

At present, Changjiang Electronics Technology is actively expanding the advanced packaging market, and has established a considerable technical foundation in this area. Through this acquisition, the Company will obtain a number of advanced technologies, which will greatly enhance the Company's technical level and service capacity in advanced packaging, equipping Changjiang Electronics Technology with world-class advanced packaging technologies, and greatly extending the scope of services the Company can provide.

③ Brand advantage

The Target Company, STATS ChipPAC, has obtained considerable market acceptance and position in the global market, established a reputation among customers, and accumulated significant brand advantages. Through integration, the Company's products and services can rapidly penetrate into foreign markets and high-end customers, speeding up the development of Changjiang Electronics Technology's overseas market, especially the American and European markets.

3) Competitive disadvantages

The Target Company, an overseas company, mainly has assets and business distributed in Singapore, South Korea and other places, and varies from the Company in terms of applicable laws and regulations, accounting and tax systems, business practices, corporate management systems, corporate culture and other operation and management environments. In order to give full play to the synergistic effect of the M & A, the Company will integrate with the Target Company's business during the period after the completion of the acquisition. As the integration involves a wide range of concerns, and the Target Company has a high asset-liability ratio and considerable financial pressure, it may take some time to fully complete the integration. During the transition period, there may be situations in which operations and management, personnel and other aspects are not fully integrated, and the Company may be subject to the risk that the Target Company's profitability cannot be significantly improved in the short term, thus bringing a certain impact on the business and profitability of the Company.

(2) Synergistic effect after the completion of the Transaction

After completion of the Transaction, the Company will benefit in the following areas, which will produce a synergistic effect and scale effect with the Target Company, and enhance future profitability:

1) Boosting operating revenue

Currently the Target Company mainly has a presence in the United States, where Changjiang Electronics Technology has relative low market coverage. Therefore, after the acquisition, Changjiang Electronics Technology can utilize the Target Company’s existing sales channels and quality customers to further open up overseas markets. At the same time, the current products of the Target Company have not been available in the Chinese market, where Changjiang Electronics Technology has a well-established sales network and many years of operational experience. After the acquisition, the Target Company will therefore be able to launch its advanced packaging business in the Chinese market, thus boosting operating revenue.

2) Reducing operating costs and expenses

Some of the Target Company’s production lines have insufficient capacity utilization, leading to its low gross margin rate. After completion of the Transaction, Changjiang Electronics Technology will use flexible deployment and full utilization of the existing capacity of the two companies to fundamentally enhance the Target Company's profitability. Changjiang Electronics Technology has many years of operational experience in the traditional packaging business, especially in cost control. To address the Target Company's high operating costs, Changjiang Electronics Technology will make appropriate adjustments to reduce the operating costs and expenses of the Target Company.

3. Analysis of the affect of the transaction on the listed company’s financial indicators

The Target Company made a loss in 2013 and the first three quarters of 2014. The main reasons for this were insufficient production capacity utilization and rather high operating costs. At the same time, conditions such as moving the factory site, etc., further impacted the Target Company’s profitability. After the completion of the transaction, integration will take a certain amount of time and therefore, the Target Company may continue to run at a loss, which may also result in reduced consolidated net profit and EPS for JCET.

Since at present the acquisition of the Target Company has not been completed, the Company cannot obtain detailed financial materials compiled according to Chinese accounting standards, nor can it work out any pro forma consolidated financial statements. Given that the Target Company's operating losses in 2013 and Q1-3 2014 were US Dollar 47.49 million and US Dollar 25.28 million respectively, preliminary projections show that consolidated net profit of Changjiang Electronics Technology will turn negative after pro forma consolidated financial statements of Quarter 1 of the most recent year have been compiled.

Following the acquisition, Changjiang Electronics Technology will conduct business integration of the Target Company within the shortest time possible to achieve synergies, improving the Target Company's profitability through revenue enhancement and cost minimization, ultimately offsetting the EPS dilution within the shortest time possible.

The Transaction is expected to have only a limited impact on future capital expenditures of Changjiang Electronics Technology, as capital expenditures of the Target Company will mainly come from its own operating cash flow and debt financing channels.

(IV) Integration by the Listed Company of the Target Company after completion of the Transaction

STATS ChipPAC has favourable foundations in terms of technology, management, systems, customers and other aspects, but its operating performance is poor and mainly has the following problems:

(1) For the operating mechanism, the headquarters centralized control system is applied. The main subsidiaries are all substantial in scale, but they are only production and manufacturing centres. The subsidiaries lack independent franchise and operate under relatively inflexible mechanisms, the potential and enthusiasm of their management teams cannot be fully stimulated, and their endogenous power for profit maximization cannot be realized;

(2) Due to centralized control, headquarters in Singapore has relatively more officers other than those in production posts; therefore, its costs are high;

(3) Currently, the Target Company has heavy debt burden and high financial costs, which affects profits;

(4) The Target Company fails to effectively and comprehensively expand China's advanced packaging market by using its technological superiority.

Therefore, after completion of the acquisition, based on preliminary plans, the Company is considering carrying out integration mainly from the following several aspects:

1) Changing management mechanisms and converting subsidiaries into profit centres to motivate the operation potential of their management personnel

STATS ChipPAC’s current centralized management model will be changed to transform all of its factories from manufacturing centres into profit centres; set up performance incentive indexes for the subsidiaries and let their management teams take responsibility for business performance, and establish an incentive mechanism that aligns responsibilities and interests, which can best improve the rate of capacity utilization and reduce purchase cost and manufacturing costs.

2) Reducing the financial cost of the Target Company

Seizing the opportunity of the government support for the development of the integrated circuit industry, seek relevant preferential policies so as to reduce the Target Company’s financial costs.

3) Improving management efficiency and reducing administration cost

Adopt the flat management style to shorten management processes, improve decision-making efficiency and reduce administrative costs.

4) Integrating resources and developing the Chinese market

STATS ChipPAC is a global leader in eWLB, PoP and other advanced packaging technologies; therefore, it has greater room for development in China. After the acquisition, JCET’s advantage and influence in the Chinese market will be used to develop a greater share of the Chinese advanced packaging market.

5) Scheduling production allocation, and reducing overlapping equipment investment

After the acquisition, Changjiang Electronics Technology will optimize production allocation among three major profit centres—STATS ChipPAC, JCET headquarters, and Changdian Advanced Packaging—to reduce overlapping equipment investment and lower overall capital expenditures and operating costs.

6) Stabilizing core management and technical teams as well as customers

After the acquisition, the Company will take immediate measures to stabilize the Target Company’s core management and technical team, and will communicate as soon as possible with key customers to ensure that customers are stable.

Through these measures, the Target Company's operating performance will be gradually improved and it will embrace benign operations.

Chapter Eight. Other Important Information about the Transaction

I. Horizontal competition and related party transactions

Prior to the Transaction, the Company has mainly been engaged in semiconductor packaging and testing services, and the controlling shareholders, actual controllers and other enterprises under its control have not engaged in the same business, reflecting no horizontal competition among them.

In the Transaction, the Company will acquire up to 100% of the Target Company's equity listed on the Singapore Exchange, which will help the Company expand its customer resources, increase sales channels, and improve its products' technologies.

The parties to the Transaction are independent legal entities; the Company is an independent Chinese legal entity, and the Target Company is an independent legal entity in Singapore. The Company and its controlling shareholders therefore have no relationship with the Target Company and its controlling shareholders. The Tender Offer thus does not constitute a related party transaction. After the completion of the Transaction, the controlling rights and actual control relationships between the Company and its controlling shareholders and actual controller remain unchanged, and no new related party transactions will result from the Transaction. The Company will continue to strictly abide by relevant laws and regulations, and the requirements of the *Listing Rules*; comply with the Articles of Association, Decision-making System for Related Party Transactions and other provisions of the Company concerning related party transactions. The Company will perform necessary legal procedures, carry out related party transactions in accordance with legal and valid agreements, give full play to the role of the independent directors in its actual work and perform its obligation of information disclosure under the principles of fairness, justice and openness, to protect the interests of its small and medium shareholders.

II. Funds and assets possession and related party guarantees

As of the signing date of this Report, the controlling shareholders, actual controllers and other enterprises under the Company's control do not possess the funds or assets of the

Company (including but not limited to non-operating possession), nor will the Transaction cause the Company's funds and assets to be possessed by the controlling shareholders and their related parties.

As of the signing date of this Report, the Company has not provided guarantees to the actual controller and his related parties.

III. Impact of the Transaction on the Company's debt structure

The acquisition will be funded from the Company's own funds and funds raised from its latest non-public offering, for which the procedures of registration and custody have been completed with the China Securities Depository and Clearing Co., Ltd., Shanghai branch, on 26 September 2014; a net amount of RMB 1,186,332,625.62 yuan was raised. According to the relevant provisions of the *Regulatory Guideline for Listed Companies No. 2 - Regulatory Requirements for Listed Companies on the Management and Use of Raised Funds*, the change in the use of raised funds is still to be reviewed by the shareholders' meeting of the Company.

In addition, the acquisition entity jointly set up by the Company and the Co-investors for the purpose of the Transaction will obtain part of the acquisition funds through bank loans, which will have a certain impact on size of the Company's debt. As of the end of September 2014, the Company's asset-liability ratio was 60.24%, the size of its bank loans did not exceed US Dollars 120 million, and loans owed by Changdian Xinpeng-level shareholders are US Dollar 140 million, it is expected that although after the completion of the Transaction, the Company's debt level will become higher, it remain within a reasonable range.

In addition, the Company is currently operating in good condition, and enjoys favourable growth prospects and strong profitability and solvency; it is therefore expected that the appropriate debt increase will not bring about a great impact on the Company's financial condition and solvency.

In regard to the aforementioned US dollars 120 million loan, the Company plans to repay the funds as follows:

	End of 12 months after first loan withdrawal	End of 18 months after first loan withdrawal	End of 24 months after first loan withdrawal	End of 30 months after first loan withdrawal	End of 36 months after first loan withdrawal	End of 42 months after first loan withdrawal	End of 48 months after first loan withdrawal

Principal repayment ratio	10%	15%	15%	15%	15%	15%	15%
Principal repayment amount （USD/million）	12	18	18	18	18	18	18
Principal repayment amount （RMB/million）	74.4	111.6	111.6	111.6	111.6	111.6	111.6

Note: Exchange rate at USD 1 = RMB 6.2

Given the borrowing entity (JCET-SC (Singapore) Pte. Ltd.) has no inherent operating cash flow, JCET will consider using a subsequent capital injection and shareholder's loan to provide the funds for repayment of the loan. According to audited financial reports from 2011, 2012 and 2013, and the unaudited financials of the first three quarters of 2014, the Company's main financial performance is as follows. Considering the current cash reserves and cash flow resulting from historic operations, the Company has the capability to repay the subsequent principal and interest on the bank loan.

Unit: ten thousand Yuan

Item	**30 September 2014**	**31 December 2013**	**31 December 2012**	**31 December 2011**
Total assets	1,001,115.69	758,252.66	701,037.93	601,648.32
Of which: Cash	264,679.25	86,925.11	69,529.97	62,794.20
Item	**Jan-Sep 2014**	**2013**	**2012**	**2011**
Cash flow from business operations	59,639.60	81,032.23	50,625.23	48,459.33

In addition, as of 31 December 2012, 31 December 2013 and 30 September 2014, the analytical indices of the Company'ssolvency according to its consolidated financial reports are as follows. The Company's leverage ratio shows an initial rise followed by a decline. As of 31 December 2012, 31 December 2013 and 30 September 2014 this ratio was 62.98%, 65.18% and 60.24% respectively. The Company's long-term solvencyis relatively stable.

Item	**2014-09-30**	**2013-12-31**	**2012-12-31**
Assets-liabilities ratio	60.24%	65.18%	62.98%
Current ratio	0.97	0.63	0.57
Quick ratio	0.81	0.47	0.42

Note: The formulae used to calculate the above indices are:

(1) Assets-liabilities ratio = total liabilities/total assets;

(2) Current ratio = current assets/current liabilities;

(3) Quick ratio = (current assets - inventory)/current liabilities

On September 23, 2014, the Company completed its private placement with net proceeds of RMB 1,186,332,625.62. Even deducting the private placement proceeds, as of September 30, 2014, the Company's current ratio was about 0.73 and the quick ratio, about 0.57, was still higher than historical levels

In summary, during the report period, the Company's current ratio and quick ratio have continued to strengthen. The Company has ample means to repay the loan in relation to the transaction.

IV. Asset transactions in the last twelve months

The Company has not conducted transactions with assets that are the same as or related to the assets of the Transaction in the last twelve months.

V. Influence of the Transaction on the corporate governance mechanism

The Company has formulated its Articles of Association, Rules of Procedure of the Shareholders' Meeting, Rules of Procedure of the Board of Directors, Rules of Procedure of the Supervisory Board, General Manager Work Description and Working Procedures for the Independent Directors in accordance with the requirements of the *Company Law*, the *Securities Law* and the relevant documents of the CSRC, and has established a sound corporate governance structure.

The Target Company is a company listed on the Singapore securities trading market, has a good corporate governance structure and sound information disclosure system. In the course of acquiring and operating the Target Company, the Company is aware of and familiar with Singapore's laws, regulations and listing rules, which are beneficial for the Company in learning from the advanced management and corporate governance experience of the Target Company and other Singapore companies, and further improve the Company's corporate governance structure as it complies with the listing regulations where it is listed.

After the completion of the Transaction, the Company will continue to engage in standardized operations in strict accordance with the *Company Law*, *Securities Law*, *Code of Corporate Governance for Listed Companies in China* and other relevant laws and regulations, along with the requirements of the Company's Articles of Association, and will constantly improve its corporate governance structure:

(I) Shareholders and Shareholders' Meetings

After the completion of the Transaction, the Company will conduct Shareholders' Meetings in strict accordance with the provisions of the Articles of Association and the Rules of Procedure of the Shareholders' Meeting to ensure that all shareholders, especially small and medium shareholders enjoy the equal rights endowed by laws, administrative regulations and the provisions of the Articles of Association. Ensuring legality and validity, the Company will utilize various methods and means, including making full use of modern of information technology, to expand the proportion of shareholders participating in the Shareholders' Meeting, guarantee a convenient time and location for more shareholders to attend the meeting, and earnestly safeguard the shareholders' rights to know and participate.

(II) Controlling shareholders and the Listed Company

After the completion of the Transaction, the Company will continue to actively cause the controlling shareholders to strictly exercise their rights as contributors, earnestly fulfil their fiduciary duty to the Company and other shareholders, engage in neither direct or indirect intervention in the Company's decision-making and production management, or use its controlling position for additional benefits, to protect the legitimate rights and interests of all small and medium shareholders.

(III) Directors and the Board of Directors

The Board of Directors reports to all shareholders, and shall strictly perform its duties in accordance with the provisions of the law and the Articles of Association, make decisions, and strengthen incentive, supervision and constraint systems for the Company's managers. If the controlling shareholders of the Listed Company and its affiliates have made clear commitments, the Board of Directors will take feasible measures to implement supervision and avoid possible horizontal competition with the Listed Company. It will resolutely implement avoidance procedures according to the Rules of Procedure of the Board of Directors, Decision-making System for Related Party Transactions and other rules and regulations to prevent the relevant directors and shareholders from involvement in related party transactions, ensuring that the Company follows the principles of "fairness, justice and openness" in related party transactions. To further improve the corporate governance structure, the Company will continue to allow the independent directors an active role in regulating corporate operations, safeguarding the legitimate rights and interests of small and medium shareholders, and improving the Company's scientific decision-making. The Board of Directors will also strictly abide by the relevant national laws, regulations and rules and the Articles of Association in selecting and engaging independent directors and establishing and implementing their working system.

(IV) Supervisors and the Board of Supervisors

After the completion of the Transaction, the Company will constantly provide the necessary assistance to the Supervisors to perform their duties properly, and guarantee the Board of Supervisors' right to supervise the finance personnel, directors, managers and other senior officers of the Company in performing their duties in compliance with laws and regulations, in strict accordance with the requirements of Articles of Association and the Rules of Procedure of the Board of Supervisors, to safeguard the legitimate rights and interests of the Company and its shareholders.

(V) Related party transactions management

The Company has set out in the Decision-making System for Related Party Transactions that related party transactions shall follow the principles of equality, voluntariness, equivalence and compensation. The Company has formulated corresponding regulations and implementation procedures and give full play to the role of independent directors in actual work, to ensure open, fair and reasonable prices of related party transactions, and to protect the interests of shareholders. After the Transaction, the Company will avoid horizontal competition, and reduce and standardize related party transactions. Meanwhile, the Company will also continue to take effective measures to prevent shareholders and their related parties from possessing or transferring the Company's funds, assets or other resources in various forms and to prevent related parties from interfering with the operations of the Company and damaging its interests.

VI. The Transaction's impact on the Company's independence

Prior to the Transaction, the Company has established a standardized corporate governance structure and operated independently under a corporate management system in accordance with the provisions of relevant laws and regulations. The Company has been independent from the controlling shareholders, actual controller and other enterprises under its control in terms of business, assets, personnel, institutions and finances; it has its own comprehensive procurement, production, sales and research and development systems, and the ability to operate independently in the market.

The Target Company is an independent company listed on the Singapore Exchange with a favourable corporate governance structure. After the completion of this acquisition, the Company will still have a sound corporate governance structure and capacity to operate independently.

(I) Integrity of assets

The Company has an independent production, supply and marketing system involving clear property rights, has established an independent and complete asset structure, and possesses the ownership rights to the production equipment and buildings, patented technologies, non-patented technologies, trademarks and land ownership rights necessary for its production and operation activities, which reflecting the Company’s capacity to operate its independent and complete business in the market. After the completion of the Transaction, the Company will retain its ownership of the assets related to its main business, maintaining asset independence and integrity.

(II) Independence of personnel

The directors, supervisors, general managers, deputy general managers, secretary of the board of directors, chief financial officer and other senior officers are elected and appointed under the procedures of the *Company Law* and other laws, regulations and normative documents, the Articles of Association and other provisions. The Company has employees independent of shareholders' organizations or other related parties, and it independently manages social security and payroll. The Company's general managers, deputy general managers, financial directors and secretary of the board of directors and other senior officers are not holding posts, other than as directors and supervisors, with the controlling shareholders, actual controller or other enterprises under the Company's control, and are not receiving salaries from the controlling shareholders, actual controller or other enterprises under the Company's control. The Company's financial personnel do not have part-time job with the controlling shareholders, actual controller or other enterprises under the Company's control. After the completion of the Transaction, the Company will maintain independence in terms of personnel.

(III) Independence of finances

With an independent financial accounting department, the Company has established independent financial accounting and management systems, and is capable of making independent financial decisions according to the relevant requirements for accounting systems. The Company has opened a separate bank account, has no bank accounts shared with the shareholder's organization or any other units or persons, and its financial personnel are not working in affiliated enterprises. The Company independently completes tax returns and performs its payment obligations according to the law. After the completion of the Transaction, the Company will maintain its financial independence.

(IV) Independence of institutions

The Company has established and improved the organizational systems of the Shareholders' Meeting, the Board of Directors, the Board of Supervisors and company management in accordance with the requirements of the *Company Law*. The Company's production operations department and administrative offices are completely separate from the major shareholder, and there is no mixed management situation. Neither the major shareholder nor any other unit or individual has interfered with the Company's organizational setup. After the completion of the Transaction, the Company's status as an independent agency will remain unchanged.

(V) Independence of operations

The Company produces mainly integrated circuits, discrete devices and other products. Neither the Company's substantial shareholders or subsidiaries, nor the Company's other shareholders make products the same as or similar to those of the Company. The Company has independent production, supply and marketing systems, and has a supply and sales department that employs specialized supply and sales personnel. The Company does not rely on shareholder entities or other affiliated enterprises for the procurement of raw materials and product sales. Related party transactions involved are conducted in accordance with market principles of fairness, openness and justice and do not affect the Company's independent development of its business. The Company has an independent and complete business and the capacity to independently engage in market operations. After the completion of the Transaction, the Company will continue to engage in businesses within its legal scope of business, and its business will remains independent.

VII. Arrangements to protect the interests of investors

During the Transaction, the Listed Company will take the following measures to protect the legitimate rights and interests of investors:

1. During the course of the Transaction, the Listed Company will, in strict accordance with the *Measures for Reorganization*, *Notice on Regulating the Information Disclosure of Listed Companies and the Acts of all Related Parties*, *Extraordinary Provisions on Strengthening the Supervision over Abnormal Stock Trading Related to the Material Asset Reorganizations of Listed Companies* and other relevant laws and regulations, make timely and complete disclosure of relevant information, perform its legal obligation of information disclosure, and fairly disclose to all investors major events that may significantly impact the stock price of the Listed Company or the progress of the Transaction.

2. According to the *Measures for Reorganization*, the Company has engaged an independent financial advisor and a legal counsel for verification of the Transaction, and an accounting firm with securities business qualifications to issue a verification report. The said independent financial advisor and legal counsel will respectively issue independent financial consultant reports and legal opinions regarding the Transaction, according to the requirements of the relevant laws and regulations.

3. Before the Transaction-related matters were submitted to the Company's Board of Directors for deliberation, the Company obtained the independent directors' prior approval of the Transaction, and all independent directors of the Company have issued independent opinions on Transaction-related matters:

4. At the Shareholders' Meeting that considers and reviews the Transaction, the Company will make the stock exchange trading system available to all shareholders of tradable shares as an on-line voting platform, and the shareholders will vote through the said system to effectively protect the legitimate rights and interests of shareholders of tradable shares.

VIII. No parties have disclosed insider information of this Transaction or utilized the Transaction information for insider trading

Self examinations were carried out by Changjiang Electronics Technology, its directors, supervisors and senior management personnel, key managers of Changjiang Electronics

Technology's subsidiaries, relevant intermediary organizations, relevant executive managers, and their immediate family members, as regards any trading of the Company's shares during the six months (i.e. 3 May – 3 November 2014) prior to the stock suspension.

According to the outcome of the self examinations, Changjiang Electronics Technology, its directors, supervisors and senior management staff, and other personnel with knowledge of the Transaction prior to the stock suspension did not trade or hold the Company's shares during the self examination period, nor did they disclose any insider information, recommend other people to trade Changjiang Electronics Technology shares, or engage in market manipulation activities.

According to the self examination findings, CICC proprietary trading and asset management departments bought an aggregate of 2,678,015 shares in Changjiang Electronics Technology during the period specified, and sold 2,599,444 shares. Relevant CICC personnel with knowledge of the Transaction and their immediate family members did not trade shares of Changjiang Electronics Technology, disclose related information, recommend other people to trade Changjiang Electronics Technology shares, or engage in market manipulation activities.

The CICC provided an explanation for its stock transactions: "As the Independent Financial Adviser to the Transaction, the CICC acted in strict compliance with various rules and regulations of relevant regulatory bodies and effectively implemented the internal information isolation system with full respect for the professional ethics and independence as an independent financial adviser. The CICC set up a stringent information barrier mechanism, including separate isolation mechanisms between different business lines in terms of institutional settings, personnel, information systems, capital accounts, business operations and management, and the management and control confidential information, so as to prevent insider trading and avoid illegal behaviour arising from conflict of interest.

Therefore, the holding and trading of Changjiang Electronics Technology shares by CICC proprietary trading and asset management departments were conducted based on their own independent investment decisions, and are ordinary market-oriented operations of related CICC departments and organizations, without any association with the Transaction.

In summary, no parties of the Transaction have disclosed insider information of the Transaction or utilized the Transaction information to engage in insider trading.

IX. Profit distribution policy of the Listed Company

(I) Profit distribution policy of the Listed Company

Prior to the acquisition, in accordance with the *Notice on Matters Relating to the Effective Implementation of Cash Dividends of Listed Companies* and the *Listed Company Regulatory Guidelines No. 3 – Cash Dividends of Listed Companies* of the CSRC, Changjiang Electronics Technology's Board of Directors have formulated the *Amendment to Articles of Association of Changjiang Electronics Technology Co., Ltd.* The said Amendment includes revisions to the original profit distribution clauses. The said Amendment has already been approved by the 11th Extraordinary Meeting of the 5th Session of the Board or Directors and the 3rd Extraordinary Shareholder's Meeting of Changjiang Electronics Technology's.

The revised profit distribution policy is as follows

"Article 157 – The Company's profit distribution policy is: (i) the guiding principle of the Company's profit distribution policy: profit distribution cannot exceed the limit of cumulative distributable profit, or undermine the continued viability of Company's business operations. (ii) Profit distribution method and order of priority: 1. the Company may distribute profits in the form of cash, stock dividends or a combination of both, prioritizing cash dividends as a method of profit distribution; 2. the Company shall actively promote cash dividends as a form of profit distribution, and cash dividend shall be adopted wherever circumstances permitting; 3. Subject to the approval of the shareholders' meeting, Extraordinary profit distribution may be conducted by the Company. (iii) Preconditions for cash dividends by the Company: 1. The Company has a positive amount of undistributed profits and distributable profits, and its cash flow is sufficient to sustain normal operations and continued development; 2. None of the conditions specified under Paragraph (v) hereof have occurred in the Company; 3. Where the Company achieves profitability at year-end and meets the criteria for cash distribution, but the Board of Directors fails to put forward with a cash profit distribution plan, reasons for the decision not offering dividends shall be disclosed in the corresponding regular report(s), with independent opinions issued by the independent director. (iv) Cash dividend intervals and minimum percentage: cumulative profit distributed in cash by the Company in the most recent three years shall not be less than 30% of the average annual distributable profits realized during the most recent three years. (v) Cash dividend need not be offered if the Company is subject to any of the following circumstances: 1. Profitability is not achieved at the end of the fiscal year in consolidated financial statements or the Parent Company's financial statements; 2. Net operating cash flow or net cash flow is negative as recorded at the end of the fiscal year in consolidated financial statements or the Parent Company's financial statements; 3. Asset-liability ratio exceeds 70% at the end of the fiscal year as recorded in consolidated financial statements or the Parent Company's financial statements; 4. the amount of distributable profit is negative as recorded in consolidated financial statements or the Parent Company's financial statements; 5. Qualified opinions were issued by the auditor for the Company's financial report; 6. A major investment or cash expenditure has been planned for the foreseeable future by the Company, offering cash dividends may result in insufficient cash flow to meet the Company's operating or investment needs, and such plans have been explained by the Company in publicly disclosed documents. (vi) Specific criteria for offering of share dividends by the Company: 1. The Company has a positive amount of undistributed profits and distributable profits for the period; 2. The Board of Directors deems the Company to have positive growth potential, acknowledges truthful and legitimate factors such as dilution of net assets per share and mismatches between share price and equity size, and that offering share dividends is beneficial to the overall interest of all shareholders of the Company. (vii) In the event of any capital appropriation by a shareholder of the Company in violation of relevant regulations, cash dividends offered to the said shareholders shall be deducted accordingly to repay the tied-up capital in question. (viii) Profit distribution policy formulation and amendment procedures: the formulation of, and amendment to, the Company's profit distribution policy shall be proposed by the Board of Directors in the shareholders' meeting; in the course of discussing the policy distribution policy, the Board of Directors shall fully consult with the independent director, and the said policy shall be created taking into full account sustainable, stable and rational return on investment for shareholders; in the event of any major changes in the Company's external operating conditions, or if the existing profit distribution policy affects continued development of the Company, the Board of Directors may propose to amend the profit distribution policy; in proposing an amendment to the profit distribution policy, the Board of Directors shall act in the interest of the shareholders, taking the opinions of minority shareholders into full consideration with emphasis attached to investors' interest protection, and reasons for the amendment should be explained in detail in the proposal submitted to the shareholders' meeting; while formulating or amending the profit distribution policy, the Board of Directors shall communicate proactively with the shareholders, minority shareholders in particular, via various channels, so as to fully solicit the opinions and demands of minority shareholders and reply to their queries; adoption of a profit policy formulated or amended by the Board of Directors requires a majority vote by the Board of Directors and 2/3 vote or above by independent directors, and independent opinions shall be issued by the independent directors with regards to the profit distribution policy formulation or amendment; any profit distribution policy formulation or amendment shall be submitted to the general meeting of shareholders for deliberation and be passed with 2/3 or more votes by shareholders present at the general meeting of shareholders. (ix) The profit distribution plan decision-making process and mechanism: taking into account specific operating data, profit scale, cash flow status, phase of development and capital needs in the current fiscal year, as well as opinions of shareholders (especially minority shareholders) and independent directors, research and discussions shall be conducted by the Board of Directors with regards to the timing, conditions and minimum amount (i.e. as a percentage of revenue) of cash dividend offering, conditions for dividend adjustment and decision-making procedural requirements; the profit distribution policy shall be formulated on the basis of sustainable, stable and rational return on investment for shareholders, and explicit opinions shall be issued by independent directors in regards thereto; adoption of a profit distribution plan proposed by the Board of Directors requires a majority vote by the Board of Directors and 2/3 vote or above by independent directors.

To adopt a profit distribution plan during deliberation by the general meeting of shareholders, favourable votes from 1/2 or more shareholders present at the meeting shall be obtained; under exceptional circumstances where the Listed Company cannot plan the yearly profit distribution according to the existing cash dividend policy or the minimum proportion of cash dividend, the profit distribution plan shall be passed with 2/3 or more votes by shareholders present at the general meeting of shareholders. Before deliberating on the profit distribution plan, the general meeting of shareholders shall communicate proactively with the shareholders, minority shareholders in particular, via various channels, so as to fully solicit the opinions and demands of minority shareholders and reply to their queries."

(II) Changjiang Electronics Technology's Shareholder Return Plan for 2013-2015

Before the transaction, with a view to further clarifying the Company's shareholder return plans for the next three years, improving the transparency and operability of the profit distribution decision-making process, and to facilitate operation and profit distribution supervision by shareholders, the Board of Directors of the Company worked out the

Shareholder Return Plan (2013-2015) of Jiangsu Changjiang Electronics Technology Co., Ltd. (hereinafter referred to as the "Plan"). The said Plan has already been approved by the 11th Extraordinary Meeting of the 5th Session of the Board or Directors and the 3rd Extraordinary Shareholder's Meeting of Changjiang Electronics Technology's.

Details of the Plan are as follows:

"1. Considerations in Plan formulation

Based on the actual conditions of business operations, shareholders' needs and demands, social financing cost and the external financing environment analysed from the perspective long-term sustainable development, the Company sets up a sustainable, stable and rational shareholder return plan and relevant mechanisms with institutional arrangements for profit distribution, taking into account of the Company's current and future profit projections, cash flow status, phase of development, funding needs for investment projects, bank credit and debt financing conditions. The objective of the Plan is to ensure consistency and stability of the profit distribution policy.

2. Principles for Plan formulation

In formulating the Plan, investors' return on investment is taken into full consideration on the basis of complete compliance with relevant laws and regulations of the state and the *Articles of Association*; the Company's profit distribution policy has remained consistent and stable, as well as taking into the long-term interest of the Company, overall interest of the shareholders and sustainable development of the Company. In the course of researching and deliberating the profit distribution policy and the related decision-making process, the Company fully considers the opinions of independent directors and public investors.

3. Shareholder return plan (2013-2015) in detail

1) The Company may offer share dividend by means of cash, stock dividends or a combination of both. Without violating the *Articles of Association* of the Company, the Company will prioritize cash dividend as a form of profit distribution, and may carry out extraordinary profit distribution subject to the approval of the general meeting of shareholders. 2. During the next three years (i.e. 2013-2015), the Company will offer an aggregate profit distribution of no less than the average annual distributable profit in the next three years, provided that conditions for cash dividend offering stipulated in the *Articles of Association* are satisfied. In addition, the Company may distribute profits via share dividends

as the need arises.

2) The Company will push ahead with product restructuring in an effort to seize development opportunities in the semiconductor industry, accommodate market demand, enhance its competitiveness, bridge the gap between Chinese and international semiconductor packaging services and further increase its market share. Due to the Company's large equipment size, high proportion of fixed assets and relatively lengthy product restructuring period, continued capital investment is required for product upgrades. As the semiconductor packaging industry in China is still at the initial growth and transitional stage, the Company has considerable needs for capital expenditure in the future. Therefore, with a view to ensuring the long-term stable growth of the Company and, by extension, optimum return on investment for shareholders, the Company plans, where profit distribution is conducted during the next three years, cash dividends should account for no less than 20% of the corresponding profits distributed. Such a plan aims to fully protect shareholders' entitlement to cash dividend.

3) After a decision has been made by the general meeting of shareholders regarding the profit distribution plan, the Board of Directors of the Company should complete share dividend (or stock) distribution within two months after the said general meeting of shareholders.

4. The dividend plan formulation process and relevant decision-making mechanisms

1) The shareholder return plan is formulated by the Board of Directors based on the Company's development targets, profitability and funding needs, taking into account opinions of the shareholders (especially minority shareholders) and independent directors. The Plan thus formulated is approved by the Board of Directors after deliberation, and then submitted to the general meeting of shareholders for approval.

2) Where the Company needs to amend the shareholder return plan due to major changes in external operating conditions or its own operation status, the amendment should be thoroughly discussed in the interest of shareholders, with relevant explanations provided in detail. Relevant decision-making procedures should be rigorously followed. After the approval of the Board of Directors has been obtained, the amendment to the shareholder return plan should be submitted to the general shareholders meeting for deliberation.

3) Any matters not covered by the Plan should be handled in accordance with relevant

laws, regulations, normative documents and the *Articles of Association*.

Chapter Nine. Financial Accounting Information of the Target Company

I. Main discrepancies between the accounting policy used by the Target Company and Chinese Accounting Standards, and a verification report furnished by a Chinese CPA

In accordance with the annual reports and financial statements for the period as published by the Target Company, its management confirms that those reports and statements for the fiscal year 2012, the fiscal year 2013 and the first nine months of the fiscal year 2014 were prepared in compliance with the Singapore Financial Reporting Standards. PricewaterhouseCoopers LLP audited the financial reports for the fiscal year 2012 and 2013 of the Target Company in accordance with the Singapore Auditing Standards and presented a standard unqualified opinion audit report. In that the Target Company of this Acquisition is registered in Singapore, it is a foreign independent legal entity that is not listed on Singapore Exchange, it has no equity relationship with the Company, and furthermore, the Company has not yet completed its acquisition of the Target Company, difficulties lie in obtaining the Target Company's detailed financial reports and audit reports prepared in accordance with the Company's accounting system and policies. Within three months of the formal delivery of the Target Company's equity, the Company shall complete and disclose to the Investors the financial report and audit report of the Target Company prepared in accordance with the Chinese Accounting Standards and the Company's accounting policies as required by competent regulatory authorities. The Company's management has analysed and evaluated the major accounting policies of STATS ChipPAC Ltd. and requirements of applicable Chinese Accounting Standards (including the *Enterprise Accounting Standards-Basic Standards* as promulgated by the Ministry of Finance on 15 February 2006 and amended from time to time, specific accounting standards and relevant provisions) as disclosed in the said financial statements and, based upon these provisions, provided a comparison table stating the discrepancies between the major accounting policies adopted by STATS ChipPAC Ltd. in preparing the said financial statements and applicable provisions under the Chinese Accounting Standards. It also has appointed PricewaterhouseCoopers Zhong Tian LLP (special general partners) to verify these discrepancies and provide a Verification Report

(PricewaterhouseCoopers LLP Zhong Tian Te Shen Zi (2014) No. 1602), which is stated as follows:

"We have been engaged to perform a limited assurance engagement for the attached reconciliation report of STATS ChipPAC Ltd.'s Significant Accounting Policies as disclosed in the years ended December 30, 2012 and December 29, 2013 and the nine months ended September 28, 2014 prepared under Singapore Financial Reporting Standards and Accounting Standards for Business Companies in the People's Republic of China (including the Basic Standard and the specific standards of the Accounting Standards for Business Company issued by the Ministry of Finance on and after 15 February 2006, collectively, the "CAS") (the "Reconciliation Report").

1． Jiangsu Changjiang Electronics Technology Co., Ltd's ("JCET") responsibility for the Reconciliation Report

Pursuant to disclosure regulatory of China Securities Regulatory Commission, JCET is responsible for the preparation and presentation of the Reconciliation Report. This responsibility includes obtaining understanding of STATS ChipPAC Ltd.'s ("STATS ChipPAC") significant accounting policies as disclosed in the financial statements in the years ended December 30, 2012 and December 29, 2013 and the nine months ended September 28, 2014; comparing these accounting policies with the requirements of CAS and assessing differences; and evaluating qualitative impact if STATS ChipPAC's financial statements are to be prepared under CAS.

2. Auditor's Responsibility

It is our responsibility to express a conclusion on the Reconciliation Report based on our work performed and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Within the scope of our engagement, we did not perform any audit or review work according to the China's Standard on Audit Engagements or Standard on Review Engagements. We do not express audit or review opinions on STATS ChipPAC's financial statements in the years ended December 30, 2012 and December 29, 2013 and the nine months ended September 28, 2014.

We conducted our work in accordance with China's Standard on Other Assurance Engagements 3101 "Assurance Engagements Other Than Audit or Review of Historical

Financial Information". This standard requires that we comply with ethical requirements and plan and perform the assurance engagements to obtain limited assurance whether any matters come to our attention that cause us to believe that the Reconciliation Report does not present, in all material respects, differences between significant accounting policies adopted by STATS ChipPAC under Singapore Financial Reporting Standards and CAS in the years ended December 30, 2012 and December 29, 2013 and the nine months ended September 28, 2014.

In a limited assurance engagement, the evidence-gathering procedures are more limited than a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement. Our work mainly include obtaining understanding of the significant accounting policies disclosed in STATS ChipPAC's financial statements in the years ended December 30, 2012 and December 29, 2013 and the nine months ended September 28, 2014, inquiring the management of their understanding of STATS ChipPAC's significant accounting policies, and reviewing the basis of presentation of the Reconciliation Report, and other procedures we consider necessary.

3. Conclusion

Based on our limited assurance procedures, nothing has come to our attention that causes us to believe that the Reconciliation Report does not present, in all material respects, differences between significant accounting policies adopted by STATS ChipPAC under Singapore Financial Reporting Standards and CAS in the years ended December 30, 2012 and December 29, 2013 and the nine months ended September 28, 2014.

4． Restriction on Use and Distribution

Our report is intended solely for the use of JCET in connection with the proposed acquisition of STATS ChipPAC, and may not be suitable for another purpose. We hereby declare that we bear no responsibility to any other party. Without our express written consent, the report and any of its parts or content must not be disclosed to any other parties.

II. Comparison table of discrepancies between the relevant regulations of the accounting policies used by the Target Company and Chinese Accounting Standards

	STATS ChipPAC's significant accounting policies	Related CAS requirements	Difference analysis and impact on the preparation of STATS ChipPAC's financial statements under CAS
1	Basis of preparation The financial statements have been prepared on the basis of historical cost, except as disclosed in the accounting policies below. The significant accounting policies set out below have been applied consistently to all periods presented in the financial statements.	CAS－Basic Standard： A company shall generally adopt historical cost as the measurement basis. When the accounting elements are measured at replacement cost, net realisable value, present value or fair value, the company shall ensure that such amounts can be obtained and reliably measured.	There is no significant difference between STATS ChipPAC's accounting policies and related requirements under CAS in this area.
2	Foreign Currency Transaction The financial statements are presented in US dollars ("US$" or "$") and all values are rounded to the nearest thousand ("$'000") except where otherwise indicated.	CAS-No.19-Foreign Currency Transaction： Companies should choose RMB as the recording currency. For companies whose daily operations are mainly conduct in other currencies, such currency may be used as the recording currency according to the Item 5 of this Standard. Where the recording currency is not RMB, all amounts shall be translated into RMB in the preparation and presentation of financial statements.	After the acquisition, JCET will translate STATS ChipPAC's financial statements into RMB according to the requirements of Foreign Currency Transaction in CAS No.19, and consolidate STATS ChipPAC's financial information in its consolidated financial statements.

3	Fiscal/Financial Year STATS ChipPAC's 52-53 week fiscal year ends on the Sunday nearest and prior to 31 December. STATS ChipPAC's fiscal quarters end on a Sunday and are generally thirteen weeks in length. Fiscal year 2013, a 52-week year, ended on 29 December 2013, and fiscal year 2012, a 53-week year, ended on 30 December 2012. Unless otherwise stated, all years and dates refer to STATS ChipPAC's fiscal years.	According to the requirements of PRC Accounting Law, the financial year is the calendar year beginning Jan 1 and ending December 31.	After the acquisition, the financial information of STATS ChipPAC will be adjusted accordingly and consolidated by JCET.
4	Principles of Consolidation and Subsidiaries The consolidated financial statements include the consolidated accounts of STATS ChipPAC and its majority-owned subsidiaries, being the companies that it controls. This control is normally evidenced when the Group is able to govern a company's financial and operating policies so as to benefit from its activities or where the Group owns, either directly or indirectly, the majority of a company's equity voting	CAS-No.33-Consolidated Financial Statements： The scope of consolidated financial statements shall be determined based on control. Control means an entity is able to decide the financial and operational strategies of another entity, and to benefit from such entity's operations. Parent companies having more than half of voting rights of invested companies directly or indirectly through subsidiaries are able to control the invested company, and the	There is no significant difference between STATS ChipPAC's accounting policies and related requirements under CAS in this area.

	rights, or by way of contractual agreement unless in exceptional circumstances it can be demonstrated that ownership does not constitute control. Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of subsidiaries are prepared for the same reporting year as the parent company and adjustments are made to bring any dissimilar accounting policies that may exist with the policies adopted by the Group. All intercompany balances and transactions, including unrealised profits arising from intra-Group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered. Non-controlling interests represent the portion of total comprehensive income and net assets in subsidiaries that is not held by the Group.	investee shall be treated as a subsidiary and consolidated by the parent company, unless there is evidence that the parent company cannot control the investee. Parent companies having half or less than half of voting rights of invested company but meet one of the following conditions, shall be deemed as having control over the invested company and shall consolidate such invested company, unless there is evidence that the parent company cannot control the investee: 1) having more than half of voting rights of the invested company, via agreement among the other investors of the invested company; 2) being able to decide the financial and operational policies of the invested company according to the article of association or other agreements; 3) being entitled to appoint and remove the majority of the members of the board of directors or similar institutions; 4) having the majority voting rights in the board of directors or similar institutions of the invested company. Parent company shall consolidate all subsidiaries in the consolidated financial statement.	

		Parent company shall unify the accounting policies of all subsidiaries and ensure that accounting policies adopted by subsidiaries are consistent with those of the parent company. Where the accounting policies adopted by a subsidiary are different from those of the parent company, the financial statements of the subsidiary shall be adjusted; or the subsidiary shall prepare a separate financial statement under the accounting policies of the parent company. Parent company shall unify the accounting periods of each subsidiaries to keep them consistent with that of the parent company. Where the accounting period of a subsidiary is different from that of the parent company, the financial statements of the subsidiary shall be adjusted according to the accounting period of the parent company; or the subsidiary shall prepare a separate financial statement for the accounting period of the parent company. Consolidated balance sheet shall be prepared by parent company based on the balance sheets of parent company and subsidiary companies, after eliminating internal balances between the parent company and subsidiaries and among the subsidiaries.	

		For the portion in the owner's equity of subsidiaries not belonging to the parent company, it shall be presented as minority interest and presented in the item of "minority interest" under owner's equity in the consolidated balance sheet. Consolidated income statement shall be prepared by the parent company based on the income statements of the parent company and subsidiaries, after eliminating internal transactions between the parent company and subsidiaries or among the subsidiaries. The portion in the subsidiaries' net income or loss belonging to minority shareholders shall be presented in the item of "minority interest" below the net profit or loss item in the consolidated financial statement.	
5	Business Combination Business combinations are accounted for using the acquisition method of accounting. The acquired identifiable assets, liabilities and contingent liabilities are measured at their fair values at the date of acquisition. The consideration transferred for the acquisition is measured as the cash paid, the fair	CAS-No.20-Business Combination, Interpretations of Accounting Standards for Business Enterprises No. 4： The acquirer shall, on the acquisition date, measure the assets given and liabilities incurred or assumed by a company for a business combination in fair values, and shall record the differences between such fair value and the carrying amounts into the	During the reporting period of STATS ChipPAC, there are no business combination occurred under common control. For the treatment under non common control, there is no significant difference between STATS ChipPAC's accounting policies and related requirements under CAS in this area.

	value of other assets given and equity instruments issued by the acquirer and liabilities incurred or assumed at the date of exchange by the acquirer to the former owners of the acquiree. The transaction cost of an acquisition is recognised as expenses in the periods in which the costs are incurred and the services are rendered. Any excess of the consideration transferred over the net fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.	profits and losses in the current period. The acquirer shall allocate the cost of acquisition, and determine identifiable assets, identifiable liabilities and contingent liabilities according to Item 14 of this Standard.	
		1. The acquirer shall recognize the excess of acquisition costs over the fair value of the identifiable net assets it obtains from the acquiree as goodwill. After initial recognition, goodwill shall be measured at cost minus accumulative impairment provisions. The impairment of goodwill shall be accounted for according to CAS No. 8 - Asset Impairment.	
		2. The acquirer shall, pursuant to the following provisions, treat the excess of the fair value of the identifiable net assets it obtains from the acquiree in excess of acquisition costs:	
		(a) The acquirer shall re-examine the measurement of the fair values of the identifiable assets, liabilities and contingent liabilities it obtains from the acquiree as well as the combination costs;	
		(b) If, after the re-examination, the acquisition costs are still less than the	

		fair value of the identifiable net assets it obtains from the acquiree, it shall record the difference in the profits and losses of the current period.	
6	Issuances of Stocks by Subsidiaries Changes in the Group's proportionate share of the underlying net equity of a subsidiary, which result from the issuance of additional stock to third parties, are recognised as increases or decreases to equity.	There is no specific requirement in CAS effective before June 30, 2014 on accounting treatment of the change in the parent company's share of a subsidiary's net assets as a result of the subsidiary's issuance of stocks to a third party. According to Accounting Treatment of Partial Disposal of Shares in A Subsidiary Without Losing Control》(Cai Kuai Bian [2009] 14): Where a parent company disposes partially its shares in a subsidiary without losing control, the difference between consideration received and the corresponding share disposed of net assets of the subsidiary should be recorded in equity.	There is no significant difference between STATS ChipPAC's accounting policies and related requirements under CAS in this area.
7	Foreign Currency Transactions The Company predominantly utilises the U.S. dollar as its functional currency, which reflects the economic environment in which the activities of the Group are largely exposed to. Assets and liabilities which are denominated in foreign currencies are converted into the functional currency at the rates of	When translating the financial statements of overseas businesses, a company shall comply with the following provisions: (1) The asset and liability items in the balance sheets shall be translated at the spot exchange rate on the balance sheet date. Items in the owner's equity except retained earnings shall be translated at the historical	There is no significant difference between STATS ChipPAC's accounting policies and related requirements under CAS in this area.

	exchange prevailing at the balance sheet date. Income and expenses which are denominated in foreign currencies are converted at the average rates of exchange prevailing during the period. Foreign currency transaction gains or losses are included in results of operations. SCT 1 designates the New Taiwan Dollar as its functional currency. Where the functional currency of a subsidiary is other than the Company's U.S. dollar reporting currency, the financial statements are translated into U.S. dollars using exchange rates prevailing at the balance sheet date for assets and liabilities and average exchange rates for the reporting period for the results of operations. Adjustments resulting from translation of such foreign subsidiary financial statements are reported within accumulated other comprehensive income (loss), which is reflected as a separate component of equity. ~	exchange rate at the time when they are incurred. (2) The income and expense items in the income statements may be translated at the spot exchange rate of the transactions, or at an exchange rate which is determined through a systematic and reasonable method and approximates the spot exchange rate of the transactions. The balance arising from the translation of foreign currency financial statements in compliance with the aforesaid Items (1) and (2) shall be presented separately under the owner's equity item of the balance sheet.	

8	Cash and Cash Equivalents Cash and cash equivalents consist of highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have original maturities of three months or less. Cash and cash equivalents consisted of cash, deposit accounts and money market funds. Investments in securities, investments or bank accounts subject to restrictions, other than restrictions due to regulations specific to a country's exchange controls or activity sector, are not presented as cash and cash equivalents but as restricted cash. Restricted cash consists of time deposits and government bonds held in connection with foreign regulatory requirement and as collateral for bank loans.	CAS – No 31 - Cash Flow Statements "Cash" refers to cash on hand and deposits that are readily available for payment. "Cash equivalents" refer to short-term and highly liquid investments that are readily convertible to known amounts of cash, and which are subject to an insignificant risk of change in value.	There is no significant difference between STATS ChipPAC's accounting policies and related requirements under CAS in this area.
9	Derivative Instruments and Hedging Activities The Group has established risk	《CAS-No.24- Derivative Instruments and Hedging Activities》	There is no significant difference between STATS ChipPAC's accounting policies and related

	management policies for committed or forecasted exposures to protect against volatility of future cash flows. These programs reduce, but do not always entirely eliminate, the impact of the currency exchange, interest rate or commodities price movements. The Group uses derivative financial instruments such as forward currency contracts and interest rate swap contracts to hedge its risks associated with foreign currency rate movement arising from its operations in various countries and interest rate fluctuations. The Group recognises all derivatives as either assets or liabilities in the consolidated balance sheets and measures those instruments at fair value. Changes in the fair value of those instruments will be reported in earnings or other comprehensive income depending on the use of the derivative and whether it qualifies for hedge accounting. The accounting for gains and losses associated with changes in the fair value of derivatives and the effect on the consolidated financial statements will depend on the derivatives' hedge designation and whether the hedge is highly effective in	Where a cash flow hedge meets the conditions for adopting the hedge accounting method, it shall be treated according to the following provisions: 1. The portion of profit or loss on the hedging instrument that is attributable to the effective hedge shall be directly recognized as the owner's equity and shall be presented as a separate item. The amount of the portion of the effective hedge shall be determined according to the absolute amounts of the following items, whichever is lower: (1) The accumulative profit or loss on the hedging instrument as of the commencement of the hedge; or (2) The accumulative amount of changes in the present value of the estimated future cash flow of the hedged item as of the commencement of the hedge. 2. The portion of profit or loss on the hedging instrument that is attributable to the ineffective hedge (namely the profit or loss less the portion directly recognized as the owner's equity) shall be recorded in the profit and loss of the current period. 3. If the formal written document on risk management strategy states that a certain portion of profit or loss on a hedging instrument, or the relevant effects on cash flow will be excluded in the assessment of the hedge effectiveness, the excluded	requirements under CAS in this area.

	achieving offsetting changes in the fair values of cash flows of the asset or liability hedged. Ineffectiveness of the hedge or termination of the hedged transaction requires amounts to be classified from other comprehensive income (loss) to earnings. Certain foreign currency forward contracts entered into to economically hedge certain committed exposures are not designated as hedges. Accordingly, the changes in fair value of these foreign currency forward contracts are reported in earnings. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecast transaction occurs. If a hedged transaction is no longer expected to occur or is unrecoverable, the net cumulative gain or loss recognised in equity is reported in earnings.	portion of profit or loss shall be treated in accordance with Enterprise Accounting Standards No. 22 - Recognition and Measurement of Financial Instruments. If a hedged item is a forecast transaction and if the forecast transaction causes the enterprise to subsequently recognize a financial asset or financial liability, the relevant profit or loss originally and directly recognized as owner's equity shall be moved from the period in which this financial asset or financial liability affects the profit or loss of the enterprise and shall instead be recorded in the current profit and loss account. However, when all or partial net loss expected by the enterprise to be originally and directly recognized as owner's equity cannot be recovered in the future accounting period, the portion which cannot be recovered shall be removed and shall instead be recorded in the profit and loss of the current period. If a hedged item is a forecast transaction and if the forecast transaction causes the enterprise to subsequently recognize a non-financial asset or non-financial liability, the enterprise may utilize either of the following methods: 1. The relevant profit or loss originally and directly recognized as owner's equity shall be moved from the period in which this financial asset or financial liability affects the profit or loss of the enterprise	

		and shall instead be recorded in the current profit and loss account. However, when all or partial net loss expected by the enterprise to be originally and directly recognized as owner's equity cannot be recovered in the future accounting period, the portion which cannot be recovered shall be removed and shall instead be recorded in the profit and loss of the current period. 2. The relevant profit or loss originally and directly recognized as owner's equity shall be removed and shall instead be recorded as an amount of the initial recognition of the non-financial asset or non-financial liability. When the forecast transaction of a non-financial asset or non-financial liability forms a firm commitment, if the firm commitment satisfies the conditions for adopting the hedge accounting method as provided for in this Standard, either of the above-mentioned methods can also be used.	
10	Financial Assets The Group classifies its financial assets at initial recognition in one of three categories: trading, available-for-sale, or held-to-maturity. Trading securities are bought and held principally for the purpose of selling them in the near term. Held-to-maturity	CAS-No.22- Financial Assets: Financial assets shall be classified into one of the following 4 categories when they are initially recognized: 1. The financial liabilities, which are measured at fair value, and whose variation is included into the current profits or losses, including transaction	There is no significant difference between STATS ChipPAC's accounting policies and related requirements under CAS in this area.

	securities are those securities in which the Group has the ability and intent to hold the security until maturity. All securities not included in trading or held-to-maturity are classified as available-for-sale. Trading and available-for-sale securities are recorded at fair value. Held-to-maturity securities are recorded at amortised cost, adjusted for the amortisation or accretion of premiums or discounts. Unrealised holding gains and losses on trading securities are included in earnings. Unrealised holding gains and losses, net of the related tax effect, if any, on available-for-sale securities are excluded from earnings and are reported as a separate component of other comprehensive loss until realised. Realised gains and losses from the sale of available-for-sale securities are determined on a specific identification basis. A decline in the market value of individual available-for-sale or held-to-maturity securities below cost that is deemed to be other than temporary results in a reduction in	financial assets, and the financial assets, which are measured at fair value, and whose variation is included in the current profits or losses; 2. Investments that are held to maturity; 3. Loans and receivables; and 4 Financial assets available for sale. Financial assets and liabilities that meet any of the following requirements shall be classified as transaction financial assets or financial liabilities: 1. The financial asset or financial liability being acquired or undertaken mainly for the purpose of selling or repurchase in the near future; 2. Forming a part of the identifiable combination of financial instruments, which are managed in a centralized way, and for which there is objective evidence that the enterprise will manage the combination by way of short-term profit-making in the near future; and/or 3. Being a derivative instrument. However, designated derivative instruments that are effective hedging instruments, derivative instruments that are financial guarantee contracts, and derivative instruments that are connected with the equity instrument investments, for which there is no quotation in the active market, whose fair value cannot be reliably measured, and which shall be settled by delivering the said equity instruments, shall be excluded. "Held-to-maturity investment" refers to a	

	its carrying amount to fair value, with the impairment charge related to credit losses being recognised in earnings, and amounts related to all other factors being recognised in other comprehensive loss. Premiums and discounts are amortised or accreted over the life of the related held-to-maturity security as an adjustment to yield using the effective interest method. Dividend and interest income are recognised when earned. On disposal or impairment of the securities, the cumulative gains and losses recognised in other comprehensive income is reclassified from the equity to profit or loss.	non-derivative financial asset with a fixed date of maturity, a fixed or determinable amount of repossession price and which the enterprise holds for a definite purpose, or which the enterprise is able to hold until its maturity. "Sellable financial assets" refer to the non-derivative financial assets that are designated as sellable when they are initially recognized, and financial assets other than the following: 1. Loans and receivables; 2. Investments held until their maturity; and 3. Financial assets measured at fair value and whose variation is included in the current profits or losses. Financial assets and financial liabilities initially recognized by an enterprise shall be measured at fair value. For financial assets and liabilities measured at fair value and whose variation is included in the current profits or losses, the transaction expenses thereof shall be directly included in the current profits or losses; for other categories of financial assets and financial liabilities, the transaction expenses thereof shall be included in the initially recognized amounts. An enterprise shall subsequently measure its financial assets, in accordance with fair value, and shall not deduct the transaction expenses that may occur when it disposes of the said financial asset in	

		the future. However, the following shall be excluded: 1. Investments held until their maturity, and loans and receivables shall be measured on the basis of the post-amortization costs, by adopting the actual interest rate method; and 2. Equity instrument investments, for which there is no quotation in the active market and whose fair value cannot be reliably measured, as well as derivative financial assets, which are connected with the said equity instrument, and which must be settled by delivering the said equity instrument, shall be measured as costs. If a financial asset measured on the basis of post-amortization costs is impaired, the carrying amount of the financial asset shall be written down to the current value of the predicted future cash flow (excluding the loss of future credits not yet occurred), and the amount shall be recognized as loss of the impairment of the asset, and it shall be included in the current profits or losses. If a sellable financial asset is impaired, even if the recognition of the financial asset has not stopped, the accumulative losses arising from the decrease of the fair value of the owner's equity, which was directly included, shall be transferred out and included into the current profits or losses. The accumulative losses that are transferred out shall be the surplus obtained from the initially obtained	

		costs of the sold financial asset, after the deduction of the principal, the current fair value and the impairment-related losses, as was included in the profits or losses. Profits or losses arising from the change in fair value of a financial asset or financial liability shall be dealt with in accordance with the following provisions, unless it is related to hedging: 1. The profits or losses arising from the change in the fair value of the financial asset or financial liability, measured at fair value, and whose variation is included in the current profits or losses, shall be included in the current profits or losses; and/or 2. The profits or losses arising from the change in fair value of a sellable financial asset shall be included directly in the owner's equity, with the exception of impairment losses and the gap arising from foreign exchange conversion of cash financial assets in any foreign currency, and when the financial asset is stopped from being recognized and is transferred out, it shall be included in the current profits or losses.	
11	Accounts and Other Receivables Accounts and other receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Allowances are made for	Application Guidance for CAS-No.22- Financial Assets： The receivable generated from selling goods or providing services to external parties should	There is no significant difference between STATS ChipPAC's accounting policies and related requirements under CAS in this area.

	collectability of accounts receivable when there is doubt as to the collectability of individual accounts. The fair value of accounts and other receivables is not materially different from the carrying value presented. Collectability is assessed based on the age of the balance, the customer's historical payment history, its current credit-worthiness and current economic trends.	normally be initially recognised at the amount in the contract or agreement. Receivable balances of significant amounts should be assessed individually for bad debt provision allowance. Where there is evidence that loss has occurred, bad debt provision allowance should be recognised at the difference between net present value of future cash flows and the carrying amount. Receivable balances with not significant amounts may be assessed individually for bad debt provision allowance. Alternatively, they may be, together with balances of significant amounts for which no provision is considered necessary in individual assessment, be divided into varies groups based on risk characteristics , and make bad debt allowances for these groups at a certain percentage of their total balances. The bad debt provision allowance for these groups should reflect actual loss, i.e. the excess of their combined of carrying amounts over the present value of future cash flows. The allowance percentage should be determined according to the historical actual loss rate of receivable balance groups of similar risk characteristics, and also considering current situations.	
12	Inventories Inventories are stated at the lower of	 CAS-No.1-Inventory:	 There is no significant difference between STATS

	standard cost, which approximates actual cost determined on the weighted average basis, and net realisable value. Cost is generally computed on a standard cost basis, based on normal capacity utilisation, with unrecoverable costs arising from underutilisation of capacity expensed when incurred. Net realisable value is determined based on estimated selling price, less further costs expected to be incurred to completion and disposal. Reserves are established for excess and obsolete inventories based on estimates of saleability and forecasted future demand. The Group generally does not take ownership of customer supplied semiconductors, and accordingly does not include them as part of its inventories.	On the date of balance sheet, the inventories shall be measured according to the cost or the net realizable value, whichever is lower. If the cost of inventories is higher than the net realizable value, the provision for the loss on decline in value of inventories shall be made and be included in the profits and losses of the current period. The net realizable value refers, in the ordinary course of business, to the amount after deducting the estimated cost of completion, estimated sale expense and relevant taxes from the estimated sale price of inventories.	ChipPAC's accounting policies and related requirements under CAS in this area.
13	Goodwill Goodwill represents the excess of the consideration transferred in a business combination over the fair value of the Group's share of the identifiable net assets acquired. Goodwill is reviewed for impairment on an annual basis for its	CAS-No.8-Impairment of Assets: The goodwill arising from an enterprise merger shall be subject to impairment testing minimally once per year at the end of the year. The goodwill shall be tested together with the related cash-generating units or groups of units.	There is no significant difference between STATS ChipPAC's accounting policies and related requirements under CAS in this area.

	cash-generating-unit ("CGU"), and whenever there is an indication that the carrying value may be impaired. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.	Where the measurement result of the recoverable amount indicates that an asset's recoverable amount is lower than its carrying value, the carrying value of the asset shall be recorded down to the recoverable amount, and the reduced amount shall be recognized as the loss of asset impairment and be recorded as the profit or loss for the current period. Simultaneously, a provision for the asset impairment shall be made accordingly. Once any loss of asset impairment is recognized, it shall not be reversed in future accounting periods.	
14	Intangible Assets The Group capitalises direct costs associated with acquisition, development or purchase of patent rights and technology licenses for use in its processes. These costs are amortised over the shorter of the useful life or license period. In addition, intangible assets acquired in business combinations accounted for under the acquisition method of accounting are recorded at fair value on the Group's consolidated balance sheet at the date of acquisition. Management considered a number of factors when estimating fair	CAS-No.6-Intangible Assets: The intangible assets shall be initially measured at cost. The cost of an intangible asset on acquisition include the purchase price, relevant taxes and other necessary disbursements which may be directly attributable to brining the intangible asset to the conditions for the expected purpose. The costs of intangible assets acquired through the exchange of non-monetary assets, debt restructuring, government grants, and merger of enterprises shall be respectively determined	There is no significant difference between STATS ChipPAC's accounting policies and related requirements under CAS in this area.

	value, including appraisals, discounted cash flow analysis, estimated royalty rates and appropriate market comparables. Acquired intangible assets are stated at cost less accumulated amortisation. Amortisation is calculated on the straight-line method over the following periods: Trade names Technology and intellectual property Customer relationships Patents 18 Software and licenses 3	according to the Accounting Standards No. 7 Exchange of Non-monetary Assets, Accounting Standards for Enterprises No. 12 Debt Restructuring, Accounting Standards for Enterprises No. 16 Government Grants and Accounting Standards for Enterprises No. 20 Merger of Enterprises, respectively. Intangible assets with limited service life should be amortised in their useful lives in a systematic and reasonable approach. A company shall amortize intangible assets from the time when it is available for use until the intangible assets are derecognised. The amortisation approach used shall reflect the expected pattern of the economic benefits generated by using the intangible assets. If it is unable to determine the expected pattern reliably, intangible assets shall be amortized under straight-line approach. Generally, the amortized amount of intangible assets shall be recorded into profit or loss for the current period, unless there are other accounting standards.	
15	Property, Plant and Equipment Property, plant and equipment are	 CAS-No.4- Fixed assets:	 The presentation of land use right by STATS ChipPAC

	stated at cost less accumulated depreciation and impairment losses. Depreciation is calculated on the straight-line method over the following periods: Leasehold land and land use rights 50 to 99 years 50 Buildings, mechanical and electrical installation 3 to 25 years 3 Equipment 2 to 8 years No depreciation is provided on property, plant and equipment under installation or construction and freehold land. Repairs and replacements of a routine nature are expensed, while those that extend the life of an asset are capitalised. Plant and equipment under finance leases are stated at the present value of minimum lease payments and are amortised straight-line over the estimated useful life of the assets. 2	Fixed asset shall be initially recognised at cost. A company should select a depreciation method for a fixed asset in accordance with the expected pattern of the economic benefits generated by the fixed asset. Depreciation methods include straight-line method, unit of production method, double declining balance method, sum of the years digits method, and etc. Once a company determines the method of depreciation of the fixed asset, it shall not change the method randomly, except that the provisions of Article 19 of this Standard are met. CAS-No.6- Intangible Assets: Intangible assets usually include patents, non-patented technology, trademark, copyright, franchise, the land use right and etc. CAS-No.21-Lease: Chapter III Accounting Treatments of Lessees in Finance Leases On the lease inception date, a lessee usually shall record the leased asset at an amount equal to the fair value of the leased asset or the present value of the minimum lease payments, whichever is lower, shall recognise a long-term account payable at an	is different from CAS. According to the accounting policy of STATS ChipPAC, land use rights are classified under Property, Plant and Equipment; land use rights should be classified under Intangible Assets under CAS. There is no significant impact on net profit or net assets. Except the above item, there is no significant difference between STATS ChipPAC's accounting policies and related requirements under CAS in this area.

		amount equal to the amount of the minimum lease payments, and shall treat the difference between the recorded amount of the leased asset and the long-term account payables as unrecognised finance charges. In calculating the depreciation of a leased asset, the lessee should adopt a depreciation policy for leased assets consistent with that for depreciable assets which are owned by the lessee. If there is reasonable certainty that the lessee will obtain ownership of the leased asset when the lease term expires, the leased asset should be fully depreciated over its useful life. If there is no reasonable certainty that the lessee will obtain ownership of the leased asset at the expiry of the lease term, the leased asset should be fully depreciated over the lease term or its useful life, whichever is shorter.	
16	Impairment The Group assesses at each reporting date, or when annual impairment assessment for an asset is required, whether there is an indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the	CAS-No.8-Impairment: On balance sheet dates, enterprises shall make a judgment about whether or not there is any indication of potential asset impairment. Independent of whether there is indication of potential impairment, the goodwill from an enterprise merger and intangible assets whose	Under STATS ChipPAC's accounting policy, impairment of Intangible Assets and Property, Plant and Equipment may be reversed, to a certain extent, in subsequent periods if the recoverable amount exceeds the book value. Under CAS, impairment losses shall not be reversed in subsequent accounting periods. STATS ChipPAC did not reverse any impairment provision previously recognised in the reported

	impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill. An impairment loss is recognised for the amount by which the asset's or cash generating unit's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value less costs to sell and value in use. In estimating fair value, the Group considers the estimated market value from vendors and prices of similar assets and comparable market analyses. In assessing value in use, being the present value of estimated future cash flows expected to arise from the continuing use of an asset and from	useful lives are indeterminate shall be subject to impairment testing each year. Goodwill arising from business acquisition shall be subject to impairment testing minimally once per year at the end of the year. The goodwill shall be tested together with the related cash-generating units or groups of units. The related cash-generating units or groups of units shall be those which benefit from the synergies of the merger, and shall not be larger than a reporting segment as defined in Enterprise Accounting Standards No. 35 - Segment Reporting. If there is any evidence that indicates the possibility of asset impairment, the recoverable amount of the asset shall be estimated. The recoverable amount shall be determined based on the fair value of an asset less the cost of disposal or the present value of the projected future cash flow of the asset, whichever is higher. Disposal costs include relevant legal expenses, applicable taxes, transportation fees, as well as the direct expenses on bringing the asset to a sellable state. The fair value of an asset minus the cost of disposal shall be determined on the basis of the price stipulated in a fair sale agreement less the directly attributable cost of disposal. If there is no sale agreement, but if there is an active market for the asset, the fair value of the asset less the cost of	years/period. Therefore this difference does not have significant financial impact. Except the above item, there is no significant difference between STATS ChipPAC's accounting policies and related requirements under CAS in this area.

	its disposal at the end of its useful life, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. The estimates of fair value are determined using various valuation techniques with the primary technique being a discounted cash flow analysis. A discounted cash flow analysis requires the Group to make various judgmental assumptions including assumptions about future cash flows, growth rates and discount rates. The assumptions about future cash flows and growth rates are based on the Group's budget and long-term plans. Impairment losses recognised in respect of property, plant and equipment and intangible assets (other than goodwill) may be reversed in a later period if the recoverable amount becomes greater than the carrying amount, within the limit of impairment losses previously recognised.	disposal shall be determined based on the market price of the asset less the cost of disposal. In general, the market price of the asset shall be determined on the basis of an offer to purchase the asset. If there is no sales agreement and no active market for the asset, the estimated fair value of an asset less the cost of disposal shall be determined based on the best available information. The said value may be estimated by reference to the latest transaction prices or outcomes for similar assets in the same sector. If an enterprise is still unable to make a reliable estimate of the fair value of an asset minus the cost of disposal by means of the aforementioned stipulations, the present value of the projected future cash flow of the asset shall be regarded as the recoverable amount of the asset. For the present value of the projected future cash flow of an asset, an appropriate discount rate to determine the post-discount value shall be chosen according to the projected future cash flow generated during the sustained use or final disposal of an asset. To predict the present value of the future cash flow, the enterprise shall take into full consideration the projected future cash flow, the useful life, the discount rate, and other factors relevant to the asset. The discount rate shall reflect pre-tax current money time value and specific risk associated with the assets. It is the required return rate when the	

		company acquires the assets. If the outcome of measurement of the recoverable amount indicates that an asset's recoverable amount is lower than its carrying amount, the carrying amount of the asset shall be written down to the recoverable amount, the amount of the write-down shall be recognized as the loss due to asset impairment and be recorded in the profit and loss account for the current period, and reserves covering the asset impairment shall be set aside. After a loss of asset impairment has been recognized, it shall not be reversed in future accounting periods.	
17	Accounts and Other Payable Accounts and other payables are stated at their nominal value. The fair value of accounts and other payable is not materially different from the carrying value presented.	Application Guidance No. 22 for CAS-Recognition and measurement of Financial Instruments： According the Article 8, other financial liabilities refer to financial liabilities excluding those measured at fair value and of which the variation is included in the current profits and losses. Normally, bonds issued, accounts payable generated from the purchases of goods and long-term payables, shall be classified as other financial liabilities. Other financial liabilities shall be initially recognised at fair value and related transaction costs. Other financial liabilities are usually subsequently	There is no significant difference between STATS ChipPAC's accounting policies and related requirements under CAS in this area.

		measured at the post-amortization costs.	
18	Interest Bearing Loans and Other Borrowings Interest bearing loans and other borrowings are recognised initially at fair value less related transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis and charged to the income statement on an effective interest basis. Borrowing costs, to the extent they are directly attributable to the acquisition, production or construction of qualifying assets that need a substantial period of time to get ready for their intended use or sale, are capitalised until the assets	CAS Implementation Guidance No. 23-Recognition and measurement of Financial Instruments Financial assets and financial liabilities initially recognized by a company shall be measured at their fair values. For the financial assets and liabilities measured at their fair values and of which the variation is recorded into the profits and losses of the current period, related transaction expenses shall be directly recorded in the profits and losses of the current period; for other categories of financial assets and financial liabilities, transaction expenses thereof shall be included into the initially recognized amount. Financial liabilities should subsequently be measured according to the following provisions: 1.financial liabilities measured at their fair values and of which the variation is recorded into the profits and losses of the current period shall be measured at their fair values, and none of related transaction expenses may be deducted, which may occur when the financial liabilities are settled in the future;	There is no significant difference between STATS ChipPAC's accounting policies and related requirements under CAS in this area.

	are substantially completed for their intended use or sale.	2.financial guarantee contracts and below-market interest rate borrowing interest guarantees that are not designated as financial liabilities measured at fair value and of which the variation is recorded in the profits and losses of the current period should be subsequently measured at the higher of: (1) amounts determined according to CAS No 13 Contingencies, and (2) post-amortisation amounts after initially recognised according to CAS No 14 Revenue 3. financial liabilities except for the two categories above shall be measured at post amortisation cost. CAS-No.17- Borrowing Costs: The borrowing costs incurred by a company which are directly attributable to the acquisition, construction or production of assets eligible for capitalization shall be capitalized and be recorded in the costs of the asset. Other borrowing costs shall be recognized as expenses on the basis of the actual amount incurred and shall be recorded in the current profits and losses. The term “qualifying asset” refers to the fixed assets, investment real estate, inventories and other assets, of which the acquisition, construction and production takes a substantial period of time to get ready for its intended use or for sale.	

		The capitalization of the borrowing costs shall be ceased when the qualifying asset under acquisition, construction or production is ready for the intended use or sale. The borrowing costs incurred after the qualifying asset under acquisition, construction or production is ready for the intended use or sale shall be recognized as expenses at the incurred amount when they are incurred and shall be recorded in the profits and losses of the current period.	
19	Equity Instrument Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.	CAS-No.37- Presentation of financial instruments Consideration received by the company for issuance of equity instruments shall increase owner's equity after deduction of transaction expenses (other than transaction expenses incurred by the acquirer in business acquisitions). Consideration paid and transaction expenses incurred in the repurchase of equity instruments shall decrease owner's equity. No gains or losses shall be recognised in the issuance, repurchase, sale or cancellation of a company's own equity instruments.	There is no significant difference between STATS ChipPAC's accounting policies and related requirements under CAS in this area.
20	Revenue Recognition Revenue is derived primarily from	CAS-No.14- Revenues and CAS Implementation	STATS ChipPAC's presentation of sales tax is different

	wafer probe and bumping, packaging and testing of semiconductor integrated circuits. Net revenues represent the invoiced value of goods and services rendered net of returns, trade discounts and allowances, and excluding goods and services tax. Revenue is recognised when all significant risks and rewards of ownership of the goods and services are transferred to the customer. Significant risks and rewards are generally considered to be transferred to the customers when the customer has taken undisputed delivery of the goods. The Group generally does not take ownership of customer supplied semiconductors as these materials are sent to the Group on a consignment basis. Accordingly, the values of the customer supplied materials are neither reflected in revenue nor in cost of revenue. Provisions are made for estimates of potential sales returns and discounts allowance for volume purchases and	Guidance 15-Revenue: No revenue from selling goods may be recognized unless all of the following conditions are met: 1. The enterprise has transferred to the buyer the significant risks and rewards of ownership relevant to the goods in question; 2. The enterprise retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; 3. The relevant amount of revenue can be measured reliably; 4. It is probable that the economic benefits related to the transaction will flow into the enterprise; and 5. The relevant costs incurred or to be incurred can be measured reliably. An enterprise shall determine the revenue arising from the sale of goods according to the consideration receivable stipulated in the contract or agreement signed between the enterprise and the buyer, except when the consideration receivable as stipulated in the contract or agreement is unfair. If the collection of the consideration as stipulated in the contract or agreement is deferred and it is of a	from the requirement under CAS. According to STATS ChipPAC's accounting policies, sales taxes are directly deducted from with revenue. While sales taxes should be presented separately as a line item in the financial statement under CAS. This difference has no material impact on net profit or net assets. STATS ChipPAC's presentation of cash discounts is different from CAS. According STATS ChipPAC's accounting policies, cash discount is directly deducted from revenue. While cash discount should be recorded in Financial Expenses in the financial statement under CAS.This difference has no material impact on net profit or net assets. Except for the above items, there is no significant difference between STATS ChipPAC's accounting policies and related requirements under CAS in this area.

	early payments and are recorded as a deduction from gross revenue based upon historical experience and expectations of customers' ultimate purchase levels and timing of payment. Specific returns and discounts are provided for at the time their existence is known and the amounts are estimable.	financial nature, the revenue from the sale of goods shall be based on the fair value of the consideration receivable as stipulated in the contract or agreement. Any difference between the price of the consideration receivable stipulated in the contract or agreement and its fair value shall be amortized during the term of the contract or agreement using the effective interest rate and shall be recorded in the profit and loss account for the current period. If the sale of goods involves cash discount, the revenue from the sale of goods shall be determined based on the amount prior to cash discount. The cash discount shall be recorded in the profit and loss account for the current period when it is actually incurred. The term "cash discount" refers to the reduction of a debt in order to encourage the debtor to make payment within a prescribed period. If the sale of goods involves cash discount, the revenue from the sale of goods shall be determined based on the amount prior to cash discount. Cash discount shall be recorded in financial expenses when incurred. If the sale of goods involves commercial discount, the revenue from the sale of goods shall be determined based on the amount prior to commercial discount. The term "commercial discount" refers to a reduction of prices below list price on goods for the purpose of promoting their	

		sale. Any sales allowance which occurs with regards to a sale where the revenue from the sale has been recognized by the enterprise shall be deducted from the current revenue when the sales allowance occurs.	
21	Grants Government grants relating to property plant and equipment used for research and development activities are treated as deferred income and are credited to income on the straight-line basis over the estimated useful lives of the relevant assets. Other grants on subsidies of training and research and development expenses are credited to income when it becomes probable that expenditures already incurred will constitute qualifying expenditures for purposes of reimbursement under the grants, which is typically substantially concurrent with the expenditures.	CAS-No.16- Government Subsidies: No government subsidy may be recognized unless the following conditions are met simultaneously as follows: (1) The company complies with the conditions for the government subsidies; and (2) The company can receive the government subsidies. Government subsidies pertinent to assets shall be recognized as deferred income, and evenly amortised over the useful lives of the relevant assets, and included in the current profits and losses. Government grants measured at their nominal amounts shall be directly recorded in the current profits and losses. The government subsidies pertinent to income shall	There is no significant difference between STATS ChipPAC's accounting policies and related requirements under CAS in this area.

		be treated respectively in accordance with the circumstances as follows: (1) subsidies for compensating future expenses or losses of the company shall be recognized as deferred income and shall be recognised in the current profits and losses during the period when the relevant expenses are recognized; or (2) Subsidies for compensating expenses or losses that have already incurred shall be directly recognised in the current profits and losses.	
22	Share-Based Compensation The Group maintains share-based compensation that grants contingent share awards or share purchase options to directors and employees of the Group. The cost of share-based compensation is measured at fair value at the date at which they are granted and is expensed on a straight-line basis over the vesting period. The fair value of share awards with non-market vesting conditions is determined based on the Group's estimate of awards and options that will eventually vest. The estimate of the number of awards likely to vest	CAS-No.11- Share-based Payments: The equity-settled share-based payment in return for employees' services shall be measured at the fair value of the equity instruments granted to the employees. The fair value of the equity instruments shall be confirmed in accordance with CAS No. 22 - Recognition and Measurement of Financial Instruments. For an equity-settled share-based payment, in return for employees' services, if the right cannot be exercised until the vesting period ends, or until the prescribed performance conditions are met, then on each balance sheet date within the vesting period, the services acquired in the current period shall, on the basis of the best estimate of the	There is no significant difference between STATS ChipPAC's accounting policies and related requirements under CAS in this area.

	is reviewed at each balance sheet date up to the vesting date at which point the estimate is adjusted to reflect the current expectations. Any cumulative adjustment prior to vesting date is recognised in the current period. No adjustment is made to the fair value after the vesting date even if the awards are forfeited or not exercised.	number of vested equity instruments, be recorded as costs or expenses and the capital surplus at the fair value of the equity instruments on the grant date. If, on the balance sheet date, the subsequent information indicates the number of vested equity instruments differs from the previous estimate, an adjustment shall be made and, on the vesting date, the estimate shall be revised to equal the number of actual vested equity instruments. An company shall, after the vesting date, make no adjustment to the relevant costs or expenses as well as the total amount of the owner's equities.	
23	Employee Benefit Plans The Group provides post employment benefits through defined benefit plans as well as various defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into an independent entity. The Group has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution. The Group contributes to several state plans for individual employees that are considered defined contribution plans.	CAS-No.09-Employee Compensation During the accounting period of an employee' providing services to a company, the company shall recognize the compensation payable as liabilities. Except for the compensations for the cancellation of the service relationship with the employee, the company shall, in accordance with beneficiaries of the services offered by the employee, treat the following circumstances respectively: (1) The compensation for the employee for producing products or providing services shall be recorded as the product costs and service costs;	CAS effective before June 30 2014 only have brief requirement on pension and other post-employment benefit, and do not have such detailed guidance on defined benefit plans as IFRS. The accounting principle of STATS ChipPAC is basically consistent with CAS which requires that employee benefits should be recognized as liabilities in the service period. Therefore, there is no significant difference between STATS ChipPAC's accounting policies and related requirements under CAS in this area.

	Plans that do not meet the definition of a defined contribution plan are defined benefit plans. The defined benefit plans sponsored by the Group defines the amount of pension benefit that an employee will receive on retirement by reference to length of service and final salary. The legal obligation for any benefits remains with the Group, even if plan assets for funding the defined benefit plan have been set aside. Plan assets may include assets specifically designated to a long-term benefit fund as well as qualifying insurance policies. Provisions made in respect of employee benefits which are not expected to be settled within twelve months are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to reporting date. Short-term employee benefits in respect of wages and salaries, annual leave and sick leave are measured at their nominal values using the	(2) The compensation for the employee for any on-going construction project or for any intangible asset shall be recorded as the costs of fixed asset or intangible assets; or (3) The compensation for the employee other than those as mentioned in Items(1) and (2) shall be recorded as profit or loss for the current period. During the accounting period of an employee' providing services to an company, the company shall calculate the medical and insurance, endowment insurance, unemployment insurance, work injury insurance, maternity insurance and other social insurances, as well as the housing fund, which are payable by the company, on the basis of the total amount of salaries, and account for them according to Article 4 of this Standard.	

	remuneration rate expected to apply at the time of settlement.		
24	Leases Agreements under which payments are made to owners in return for the right to use an asset for a period are accounted for as leases. Leases that transfer substantially all the risks and rewards of ownership are recognised at the commencement of the lease term as finance leases within property, plant and equipment and debt at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Finance lease payments are apportioned between interest expense and repayments of debt. All other leases are recorded as operating leases and the costs are recognised in income on a straight-line basis term, even if the payments are not made on such a basis.	CAS-No.21-Leases: A lessee and a lessor shall classify a lease as a financing lease or an operating lease on the lease inception date. The "finance lease" refers to a lease that transfers in substance all the risks and rewards incident upon the ownership of an asset. The title may or may not eventually be transferred. On the lease inception date, a lessee usually shall record the leased asset at an amount equal to the fair value of the leased asset or the present value of the minimum lease payments, whichever is lower, shall recognise a long-term account payable at an amount equal to the amount of the minimum lease payments, and shall treat the difference between the recorded amount of the leased asset and the long-term account payables as unrecognised finance charges. The unrecognised finance charge shall be amortized to each period during the lease term. The lessee shall adopt the effective interest rate method to calculate and recognize the finance charge in the	There is no significant difference between STATS ChipPAC's accounting policies and related requirements under CAS in this area.

		current period. In an operating lease, the lessee shall recognise the rent over the lease term in straight-line method in profits and losses or related asset cots. If other approaches are also acceptable, if more systematic and appropriate.	
25	Provisions Provisions are recognised when the Group has a present obligation (legal or constructive), as a result of past event, and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate. The Group guarantees that work performed will be free from any defects in workmanship, materials and manufacture generally for a period ranging from three to twelve months to meet the stated functionality as agreed to in each sales arrangement. Products are tested against specified functionality requirements prior to delivery, but the Group nevertheless from time to	CAS-No.13- Contingencies: Contingent liabilities shall be recognised when the obligations related to the contingent event meet the following conditions 1. Said obligation is a present obligation of the company. 2. The fulfilment of said obligation is likely to cause an outflow of resources. 3. The amount of the obligation can be reliably estimated.	There is no significant difference between STATS ChipPAC's accounting policies and related requirements under CAS in this area.

	time experiences claims under its warranty guarantees. The Group accrues for estimated warranty costs under those guarantees based upon historical experience, and for specific items at the time their existence is known and the amounts are determinable.		
26	Research and Development As the Group cannot definitively distinguish the research phase from the development phase of its internal projects to create intangible assets, the Group treats the expenditure on its internal projects as if they were incurred in the research phase only. Accordingly, all research and development costs are expensed as incurred.	CAS-No.06-Intangible Assets: Expenditure on internal research and development projects shall be classified into research expenditure and development expenditure. The term "research" refers to the creative and planned investigation for the purpose of acquiring and understanding new scientific or technological knowledge. The term "development" refers to the application, prior to the commercial production or use, of research achievements and other knowledge to a certain plan or design so as to produce any new material, device or product, or substantially improved material, device and product. Research expenditure shall be recorded in the profit or loss for the current period.	There is no significant difference between STATS ChipPAC's accounting policies and related requirements under CAS in this area.

		Development expenditure may be recognised as intangible assets when the following conditions are met simultaneously: (1) In respect of the technology, it is feasible to finish the intangible asset for use or sale; (2)It is intended to finish and use or sell the intangible asset; (3)The ways whereby the intangible asset is to generate economic benefits, including those whereby it is able prove that there is a potential market for the products manufactured by applying this intangible asset or that there is a potential market for the intangible asset itself; if the intangible asset will be used internally, its usefulness shall be proved; (4)With the support of sufficient technologies, financial resources and other resources, it is able to finish the development of the intangible asset, and it is able to use or sell the intangible asset; and (5)The disbursements attributable to the development of the intangible asset can be reliably measured.	
27	Income Taxes		

	Tax expense recognised in earnings comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity. Current income tax assets and/or liabilities comprise those obligations to, or claims from, taxation authorities relating to the current or prior reporting periods, that are unpaid or estimated to be payable at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are recognised for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities in the financial statements and their respective tax bases, and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are	CAS-No.18-Income Taxes A company shall recognize the accrued current income tax of the current period and prior periods as a liability, and shall recognize the excess of payment over payable as an asset. Where there is any taxable temporary difference or deductible temporary difference, it shall be recognized as a deferred income tax liability or deferred income tax asset according to this Standard. On the balance sheet date, deferred income tax assets and deferred income tax liabilities shall be measured at the tax rate applicable to the period during which the assets are expected to be recovered or the liabilities are expected to be settled. The carrying amount of deferred income tax assets shall be re-examined on balance sheet day. If it is unlikely to obtain sufficient taxable income taxes to offset the benefit of the deferred income tax assets, the carrying amount of the deferred income tax assets shall be written down. When it is probable to obtain sufficient taxable income taxes, such write down amount shall be subsequently reversed. Except for the deferred income tax liabilities arising from the	There is no significant difference between STATS ChipPAC's accounting policies and related requirements under CAS in this area.

	expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full. Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination and affects tax or accounting profit. Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority. In the ordinary course of business there is inherent uncertainty in quantifying the Group's income tax positions. The Group assesses its income tax positions and record tax benefits for all years subject to examination based upon evaluation of the facts, circumstances, and information available at the	following transactions, a company shall recognize the deferred income tax liabilities arising from all taxable temporary differences: (1) the initial recognition of business reputation; (2) the initial recognition of assets or liabilities arising from the following transactions which are simultaneously featured by the following: (a) The transaction is not business combination; (b) At the time of transaction, the accounting profits will not be affected, nor will the taxable amount (or the deductible loss) be affected. CAS Implementation Guidance 19 -Income Taxes The main purpose in accounting for income taxes is to determine the current income tax payable and the income tax expenses. Under the balance sheet method of income tax accounting, income tax expenses in the income statement consists of two parts: the current income tax and deferred income tax. The current income tax is the amount of income tax payable by the company in accordance with the provisions of the tax laws based on transactions in the current period, payable to the tax authorities. When the following conditions are both met, the company shall be offset deferred income tax assets and deferred income tax liabilities and present the	

	reporting dates.	net amount: 1. The company has the legal right to settle on the net of current income tax assets and deferred income tax liabilities; 2. Deferred income tax assets and deferred income tax liabilities are related to the same tax administration department on the same tax subject, or if the subjects are different but in every important deferred income tax assets and deferred income tax liabilities realisation period in the future, the tax subject intend to settle current tax assets and current income tax liabilities or assets on a net basis.	
28	Earnings per Share Basic earnings per share is computed by dividing net income attributable to ordinary shareholders of STATS ChipPAC Ltd. by the weighted average shares outstanding during the year. Diluted earnings per share is calculated by assuming conversion or exercise of all potentially dilutive share options outstanding during the period plus other dilutive securities outstanding, such as convertible notes.	CAS-No.34- Earnings per share Basic earnings per share shall be calculated by dividing the current net profits attributable to the shareholders of ordinary shares by the weighted average number of ordinary shares issued. If an company has any potentially dilution in ordinary shares, it shall calculated diluted earnings per share by adjusting net profit attributable to ordinary shareholders and weighted average ordinary shares issued. Diluted potential ordinary shares refers to the potential ordinary shares of which earnings per share shall be reduced on the basis as if they are converted to ordinary shares in	There is no significant difference between STATS ChipPAC's accounting policies and related requirements under CAS in this area.

		the current period.	
29	Segment Reporting Operating segments are components of an company about which separate financial information is available that is evaluated regularly by management (chief operating decision makers) for the purpose of making decisions about resources to be allocated and for assessing performance. Commencing in 2013, the Group realigned its segment reporting for packaging and test business as a single business unit delivering turnkey packaging and test solutions to customers. The Group considered developments and changes in its business to align the identification of its operating segments.	CAS Implementation Guidance -No.36- Segment Reporting: Operating segments, refers to the part of the company that satisfy the following conditions: (1) the part can generate income and expenses in daily activities; (2) the management of the company periodically evaluate the part for operating results, to determine the allocation of resources, and to evaluate its performance; and (3) the company is able to produce the part's financial position, operating results, cash flow and other relevant accounting information.	There is no significant difference between STATS ChipPAC's accounting policies and related requirements under CAS in this area.

Note: "The Group" in the table above refers to the Target Company.

III. Summary of the Target Company's main accounting policies

The financial statements for the fiscal year as at 30 December 2012, the fiscal year as at 29 December 2013 and the period as at 28 September 2014 were prepared in accordance with the Singapore Financial Reporting Standards.

The major accounting policies adopted in preparing the consolidated financial statements are summarized below (the “Group” herein refers to the Target Company).

(I) Fiscal/Financial Year

STATS ChipPAC’s 52-53 week fiscal year ends on the Sunday nearest and prior to 31 December. STATS ChipPAC’s fiscal quarters end on a Sunday and are generally thirteen weeks in length. Fiscal year 2013, a 52-week year, ended on 29 December 2013, and fiscal year 2012, a 53-week year, ended on 30 December 2013. Unless otherwise stated, all years and dates refer to STATS ChipPAC’s fiscal years.

(II) Consolidation and Subsidiaries

The consolidated financial statements include the consolidated accounts of STATS ChipPAC and its majority-owned subsidiaries, being the companies that it controls. This control is normally evidenced when the Group is able to govern a company’s financial and operating policies so as to benefit from its activities or where the Group owns, either directly or indirectly, the majority of a company’s equity voting rights, or by way of contractual agreement unless in exceptional circumstances it can be demonstrated that ownership does not constitute control.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of subsidiaries are prepared for the same reporting year as the parent company and adjustments are made to bring any dissimilar accounting policies that may exist with the policies adopted by the Group. All intercompany balances and transactions, including unrealised profits arising from intra-Group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Non-controlling interests represent the portion of total comprehensive income and net assets in subsidiaries that is not held by the Group.

(III) Business Combination

Business combinations are accounted for using the acquisition method of accounting. The acquired identifiable assets, liabilities and contingent liabilities are measured at their fair values at the date of acquisition. The consideration transferred for the acquisition is measured as the cash paid, the fair value of other assets given and equity instruments issued by the acquirer and liabilities incurred or assumed at the date of exchange by the acquirer to the former owners of the acquiree. The transaction cost of an acquisition is recognised as expenses in the periods in which the costs are incurred and the services are rendered. Any excess of the consideration transferred over the net fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

(IV) Inventories

Inventories are stated at the lower of standard cost, which approximates actual cost determined on the weighted average basis, and net realisable value. Cost is generally computed on a standard cost basis, based on normal capacity utilisation, with unrecoverable costs arising from underutilisation of capacity expensed when incurred. Net realisable value is determined based on estimated selling price, less further costs expected to be incurred to completion and disposal. Reserves are established for excess and obsolete inventories based on estimates of saleability and forecasted future demand. The Group generally does not take ownership of customer supplied semiconductors, and accordingly does not include them as part of its inventories.

(V) Intangible Assets

The Group capitalises direct costs associated with acquisition, development or purchase of patent rights and technology licenses for use in its processes. These costs are amortised over the shorter of the useful life or license period. In addition, intangible assets acquired in business combinations accounted for under the acquisition method of accounting are recorded at fair value on the Group's consolidated balance sheet at the date of acquisition. Management considered a number of factors when estimating fair value, including appraisals, discounted cash flow analysis, estimated royalty rates and appropriate market comparables.

(VI) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. No depreciation is provided on property, plant and equipment under installation or construction and freehold land. Repairs and replacements of a routine nature are expensed, while those that extend the life of an asset are capitalised. Plant and equipment under finance leases are stated at the present value of minimum lease payments and are amortised straight-line over the estimated useful life of the assets.

(VII) Revenue Recognition

Revenue is derived primarily from wafer probe and bumping, packaging and testing of semiconductor integrated circuits. Net revenues represent the invoiced value of goods and services rendered net of returns, trade discounts and allowances, and excluding goods and services tax.

Revenue is recognised when all significant risks and rewards of ownership of the goods and services are transferred to the customer. Significant risks and rewards are generally considered to be transferred to the customers when the customer has taken undisputed delivery of the goods.

The Group generally does not take ownership of customer supplied semiconductors as these materials are sent to the Group on a consignment basis. Accordingly, the values of the customer supplied materials are neither reflected in revenue nor in cost of revenue.

Provisions are made for estimates of potential sales returns and discounts allowance for volume purchases and early payments and are recorded as a deduction from gross revenue based upon historical experience and expectations of customers' ultimate purchase levels and timing of payment. Specific returns and discounts are provided for at the time their existence is known and the amounts are estimable.

(VIII) Share-Based Compensation

The Group maintains share-based compensation that grants contingent share awards or share purchase options to directors and employees of the Group. The cost of share-based compensation is measured at fair value at the date at which they are granted and is expensed on a straight-line basis over the vesting period. The fair value of share awards with non-market vesting conditions is determined based on the Group's estimate of awards and options that will eventually vest. The estimate of the number of awards likely to vest is reviewed at each balance sheet date up to the vesting date at which point the estimate is adjusted to reflect the current expectations. Any cumulative adjustment prior to vesting date is recognised in the current period. No adjustment is made to the fair value after the vesting date even if the awards are forfeited or not exercised.

(IX) Research and Development

As the Group cannot definitively distinguish the research phase from the development phase of its internal projects to create intangible assets, the Group treats the expenditure on its internal projects as if they were incurred in the research phase only. Accordingly, all research and development costs are expensed as incurred.

IV. Financial statements of the Target Company for the last two years and the first three quarters of 2014

(I). Consolidated financial statements of the Target Company for the last two years and the first three quarters of 2014

(1) Consolidated balance sheet

In 2012 and 2013 the Target Company's financial data were audited by PricewaterhouseCoopers LLP and compiled in accordance with the Singapore accounting standards. The data as of the end of September 2014 were compiled in line with Singapore accounting standards and are as of yet unaudited.

Unit: US $1,000	**Closing balance of September 2014**	**Closing balance of 2013**	**Closing balance of 2012**
Current assets			
Cash and cash equivalents	115,609	129,136	170,558
Short-term bank deposits	61,987	42,042	39,601
Net accounts receivable	229,728	238,441	258,043
Other receivables	33,785	15,239	20,726
Inventory	77,888	71,055	90,203
Prepaid expenses and other current assets	24,189	18,970	24,559
Total current assets	**543,186**	**514,883**	**603,690**
Non-current assets			
Long-term bank deposits	425	11,604	489
Property, plant and equipment, net	1,668,817	1,431,247	1,242,950
Intangible assets	34,599	35,117	36,361
Goodwill	381,487	381,487	381,487
Deferred tax assets	185	186	-
Prepaid expenses and other non-current assets	3,405	3,146	3,299

Unit: US $1,000	Closing balance of September 2014	Closing balance of 2013	Closing balance of 2012
Total non-current assets	2,088,918	1,862,787	1,664,586
Total assets	**2,632,104**	**2,377,670**	**2,268,276**
Current liabilities			
Accounts and other payables	185,181	138,004	164,301
Payables related to property, plant and equipment purchases	183,681	141,998	42,746
Accrued operating expenses	105,189	124,640	113,476
Income taxes payable	14,518	18,207	13,155
Short-term borrowings	73,000	37,947	50,690
Short-term amounts due to related parties	29	100	28
Total current liabilities	**561,598**	**460,896**	**384,396**
Non-current liabilities			
Long-term borrowings	1,064,314	874,281	792,609
Deferred tax liabilities	46,559	47,476	47,141
Other non-current liabilities	15,663	24,228	21,532
Total non-current liabilities	1,126,536	945,985	861,282
Total liabilities	**1,688,134**	**1,406,881**	**1,245,678**
Shareholders' equity			
Share capital	873,666	873,666	873,666
Retained profit	26,198	51,478	98,971
Surplus reserves	-9,389	-7,712	-1,828
Total shareholders' equity attributed to parent company	890,475	917,432	970,809
Non-controlling interest	53,495	53,357	51,789
Total equity	943,970	970,789	1,022,598
Total liabilities and equity	2,632,104	2,377,670	2,268,276

(2) Consolidated income statement

Unit: US $1,000	Closing balance of September 2014	Closing balance of 2013	Closing balance of 2012
Net revenues	1,179,160	1,598,522	1,701,549
Cost of revenues	-1,044,751	-1,380,941	-1,414,045

Unit: US $1,000	Closing balance of September 2014	Closing balance of 2013	Closing balance of 2012
Gross profit	134,409	217,581	287,504
Operating expenses			
Selling, general and administrative	72,804	96,140	122,958
Research and development costs	30,273	46,432	51,722
Reorganization expenses	-	1,886	5,715
Exchange offer and redemption costs	-	15,701	-
Bond issuance cost amortization	-	2,392	-
Operating expenses	103,077	162,551	180,395
Goodwill impairment	-	-	24,100
Impairment of equipment	3,713	-	3,819
Total operating expenses	106,790	162,551	208,314
Operating profit before exceptional items	27,619	55,030	79,190
Plant closure costs	-	-36,909	-
Flood and fire-related insurance claims	-	19,582	26,741
Flood and fire-related planning costs	-	-3,000	-10,061
Operating profit before non-recurring items	27,619	34,703	95,870
Other income (expense), net			
Interest income	1,330	1,334	1,518
Interest expenses	-37,932	-54,459	-59,829
Exchange gains	-495	3,641	583
Attributable related party losses	-	-	-739
Other non-operating income (expense), net	238	-1,969	477
Other expenses (net total)	-36,859	-51,453	-57,990
Income (loss) before income taxes	-9,240	-16,750	37,880
Income tax expense	-9,934	-22,329	-14,023
Net income (loss) for the year	-19,174	-39,079	23,857
Less: Net profit attributable to minority interest		-8,414	-7,294
Net profit / (loss) attributable to Parent Company shareholders	-25,280	-47,493	16,563
Earnings per share (US $)	-$0.01	-$0.02	$0.01

(3) Consolidated cash flow statement

Unit: US $1,000	Closing balance of September 2014	Closing balance of 2013	Closing balance of 2012
Net cash flow from operating activities	**243,131**	**380,496**	**375,199**
Purchase of fixed assets and intangible assets	-432,364	-413,377	-392,491
Disposal of fixed assets	4,494	3,927	4,099
Net cash flow from investment activities	**-436,080**	**-412,681**	**-371,375**
Return of short-term bank borrowings	-121,000	-235,483	-108,300
Interest payments	-36,356	-55,750	-56,217
Secured bank loan	341,445	314,731	139,300
Net cash flow from financing activities	**179,392**	**-9,221**	**-28,059**
Net increase (decrease) in cash and cash equivalents	-13,557	-41,406	-24,235
Closing cash and cash equivalents	115,609	129,136	170,558

(II) Financial Statements of the Target Company's parent company in the last two years and the third quarter of 2014

(1) Condensed balance sheet of the parent company

Unit: US $1,000	Closing balance of September 2014	Closing balance of 2013	Closing balance of 2012
Current assets	590,625	632,037	659,882
Non-current assets	1,287,738	1,253,687	1,179,744
Total assets	1,878,363	1,885,724	1,839,626
Current liabilities	231,480	332,706	316,168
Non-current liabilities	966,248	854,709	799,561
Total liabilities	1,197,728	1,187,415	1,115,729
Shareholders' equity	680,635	698,309	723,897

(2) Condensed income statement of the parent company

Unit: US $1,000	As of the end of June 2014	2013	2012
Sales revenue	241,319	439,775	451,408
Gross margin	45,708	93,132	115,304
Operating profit (before deduction of non-recurrent items)	7,623	7,968	39,088
Net profit	(10,284)	(25,235)	(13,214)

Note: The Target Company did not disclose the parent company's condensed income statement for the first three quarters of 2014

(3) Condensed cash flow statement of the parent company

Unit: US $1,000	January-June 2014	2013	2012
Net cash flow from operating activities	22,933	113,505	236,631
Net cash flow from investment activities	(131,106)	(103,203)	(182,953)
Net cash flow from financing activities	87,482	(32,957)	(23,229)
Net increase of cash and cash equivalents	(20,691)	(22,655)	30,449
Closing cash and cash equivalents	40,862	61,549	84,204

Note: The Target Company did not disclose the parent company's condensed cash flow statement for the first three quarters of 2014

Chapter Ten. Risk Factors

I. Risks related to the Transaction

(I) Risk of not obtaining approval for the Transaction

The acquisition of major assets may not be conducted without the necessary filings or approvals, which include but are not limited to:

(1) The Company's Shareholders' Meeting shall approve the Transaction and related matters involved in the Transaction;

(2) STATS ChipPAC's Shareholders' Meeting shall approve the capital reduction, the restructuring of the Taiwanese Subsidiaries, and matters in relation to the revision of STATS ChipPAC's Articles of Association in accordance with the perpetual securities clause;

(3) Singapore courts approval of the capital reduction and the restructuring of the Taiwanese Subsidiaries;

(4) The National Development and Reform Commission, Jiangsu Provincial Department of Commerce, and the local foreign exchange authorities shall keep records or issue approvals regarding the Transaction;

(5) China, the United States, and South Korea shall fulfil antitrust reviews;

(6) The Investment Commission, MOEA, Taiwan shall review matters related to the divestment of the Taiwanese Subsidiaries.

(7) Other necessary approvals, filings or authorizations (if any).

The above filing or approval matters are preconditions for the implementation of the Transaction, and there is uncertainty about whether the relevant approvals and authorizations can be obtained as well as the date that such approvals and authorizations will ultimately be obtained. Therefore, it is uncertain whether this major asset acquisition can ultimately be successfully implemented. If the Transaction cannot be approved, it may be subject to suspension, termination or revocation.

(II) Legal and policy risks of the Transaction

The Transaction is governed by the laws and policies of Singapore, mainland China and Taiwan. The Company is a listed company incorporated in China, and the Target Company is a listed company incorporated in Singapore, while the Transaction involves divestment of the Taiwanese Subsidiaries. The acquisition shall therefore comply with the policies and regulations in these locations regarding overseas mergers and acquisitions, foreign-funded mergers and acquisitions, which involves a certain legal risk.

(III) Risks related to the Break Fee Contract

In the Transaction, JCET, Xinchao Group and STATS ChipPAC have signed the Break Fee Agreement and Further Agreement, wherein the main content pertaining to JCET's break fee arrangement is as follows:

(A) Subject to JCET obtaining its shareholders' approval for the Offer, JCET will pay STATS ChipPAC US$23,400,000 if:

(i) any of the regulatory approvals required to make the Offer under applicable laws and regulations in the PRC as at the date of the Break Fee Agreement (including the approvals of National Development and Reform Commission of the PRC ("NDRC") and State Administration of Foreign Exchange of the PRC ("SAFE") and the approval of Ministry of Commerce of the PRC ("MOFCOM") in relation to any matter not involving anti-trust, but excluding the approval of MOFCOM in relation to anti-trust matters ("MOFCOM Anti-trust Approval") is not obtained by or does not remain in full force and effect on the Long-Stop Date; or

(ii) the Offeror fails to make, apply or file any of the mandatory or appropriate anti-trust authorisations identified by the Offeror as necessary or appropriate for or in connection with the Offer (other than the MOFCOM Anti-trust Approval and the notification or filing under the United States Hart-Scott-Rodino Antitrust Improvement Act 1976 (as amended) and the regulations promulgated thereunder required to be made by the Company);

(B) subject to JCET obtaining its shareholders' approval for the Offer, JCET will pay STATS ChipPAC US$7,000,000 if any of the new regulatory approvals required to make the Offer which is introduced or arising from the change in any applicable written law or regulation of the PRC is not obtained by or does not remain in full force and effect on the Long-Stop Date.The aforementioned break fee arrangement is subject to consideration and agreement by Changjiang Electronics Technology's shareholders' meeting.

According to the relevant provisions of the aforementioned Break Fee Contract, if conditions arise to trigger the payment of a break fee, Changjiang Electronics Technology must promptly pay the break fee as stipulated and the break fee shall be recorded as a loss for the then-current period, having a negative impact on Changjiang Electronics Technology's earnings.

(IV) The risk of Co-investors withdrawing investment

During the transaction, the subsidiary company jointly established by Changjiang Electronics Technology, IC Investment Fund and Siltech Semiconductor shall purchase the full shares of STATS ChipPAC, a company listed on the Singapore exchange, by means of a voluntary conditional full Tender Offer. According to the *Share Sales Agreement* and *Investment Withdrawal Agreement* signed by Changjiang Electronics Technology, IC Investment Fund and Siltech Semiconductor, IC Investment Fund and Siltech Semiconductor as co-investors of the transaction are entitled within a certain timeframe to sell their equity in Suzhou Changdian Xinke Investment Co., Ltd. or Suzhou Changdian Xinpeng Investment Co., Ltd. to Changjiang Electronics Technology after the acquisition and according to a stipulated rate of return. Moreover, they have the right within the scope approved by China's securities regulators, to choose the payment method used by Changjiang Electronics Technology for the purchase consideration, to which Changjiang Electronics Technology has no right of refusal. The aforementioned arrangement could impact Changjiang Electronics Technology's share structure and capital conditions, etc., and investors are advised to carefully review the relevant sections of part "III. Main Content of Co-Investment Agreement" of "Chapter Five: Main Content of Tender Offer and Related Agreements", and to be aware of the investment risks.

II. Business integration risks

(I) Business integration risks and the risk of the Target Company's continuing losses

The Target Company is an overseas company, and its assets and business are mainly distributed in Singapore, South Korea, Taiwan and Shanghai; its applicable laws and regulations, accounting and tax systems, business practices, corporate management system, corporate culture and management environments differ from those of the Company. In addition, since the Transaction involves a wide range of concerns, after the completion of the Transaction it will take some time for the Company to integrate product sales, technology development, human resources, management and other areas, so there is a risk that the Company may be unable to complete the business integration within a short time, or that the effect of the business integration may be unsatisfactory.

The Target Company made a loss in 2013 and the first three quarters of 2014. The main reasons for this were insufficient production capacity utilization and rather high operating costs. At the same time, conditions such as moving the factory site, etc., further impacted the Company's profitability. The Target Company is currently running at a loss. After the completion of the transaction, integration will take a certain amount of time, and therefore, the Target Company may continue to run at a loss, which may also result in reduced consolidated net profit for the listed company. Investors are reminded of the investment risk.

(II) Risk of inadequate international business talent reserve

After the completion of the Transaction, in order to meet the needs of internationalization, the Company shall establish a team with rich experience in international business management. If in future the Company's reserve of international business talent cannot meet its strategic development needs, there exists the risk that the Company will fail to proceed smoothly with the integration plan due to the lack of effective implementation. In addition, after the Transaction is completed, the Company will rapidly expand its scale, so if the internal organization and management system cannot quickly keep pace with the expansion, it will adversely affect the business of the Company.

III. Target Company's operating risks

(I) Risk of industry fluctuation

The Company and the Target Company's business and profitability are greatly influenced by the situation of the semiconductor industry, which is subject to cyclical fluctuation.

In the fourth quarter of 2008 and in 2009, under the impact of the financial crisis, the semiconductor industry went straight down and hit bottom. The industry rebounded in 2010 and began a strong recovery, while China's integrated circuit market was growing ahead of the global market. In 2011, affected by the European debt crisis, the semiconductor industry first grew fast and then slowed down during the year, and the downturn continued into 2012, causing the industry to remain in a slump. The industry rebounded once again in 2013.

The fluctuations in the development of the semiconductor industry will have an impact on the Company's and the Target Company's operating performance. The Company will pay close attention to market demand trends, accelerate the pace of technological innovation and make timely adjustments to product structure to reduce the risk brought to the Company's business by industry fluctuations.

(II) Risk of the Target Company's customer dependency and the risk of losing customers after the acquisition

Approximately 70% of the Target Company's income is derived from the US market and there is a certain level of dependency on large-scale customers. If good relationships cannot be maintained with these customers after the acquisition, the impact on the Target Company's sales will be relatively great. After the acquisition is publicly announced, the Company will hold discussions with the Target Company's current customers as quickly as possible, to ensure that the customer relationships are upheld and smoothly transitioned. Even though the Company shall take measures to its utmost ability to maintain customer relationships, the risk of losing customers after the acquisition still remains.

(III) Risk of high asset-liability ratio

The Target Company's asset-liability ratio has continually remained at a high level; high interest expenses is one of the reasons leading to net losses. Although Changjiang Electronics Technology does not rule out the possibility of carrying out debt replacement for the Target Company, such a plan may not be implemented smoothly, resulting in an inability to effectively improve the Target Company's capital structure. There exists the risk that the Target Company will still need to bear high debt interest in the short term, resulting in insufficient operating cash flow, and thus affecting the implementation of a market expansion strategy.

(IV) The risk of unresolved lawsuits

On 7 October 2014, the Target Company publicly announced that the German Company ERS electronic GMBH was charging that two of the Target Company's welding machines infringed its patent rights. The pre-hearing of this case was convened on 26 November 2014 and the Target Company has already hired a legal defence team to handle the case. A further pre-hearing for the case shall be convened on 28 January 2015.

As stated in the Target Company’s announcement dated 7 October 2014, the Target Company does not expect this action to have a material financial impact. The Target Company has sought legal advice and is of the opinion that the claim is groundless and without merit and intends to take all necessary steps to vigorously defend the claim, including but not limited to, a counterclaim for revocation of the patents which the Target Company has been alleged to infringe.

IV. Other risks

(I) Risk of stock price fluctuation

In addition to business performance and the financial situation, many other factors affect the Company's stock price, including the international and domestic macroeconomic situation, capital market trends, investor expectations and various unexpected events. Investors who consider investing in the Company's stock should take into account the possible investment risks caused by various factors and make a prudent judgment accordingly.

(II) Risk of exchange rate fluctuation

The Target Company conducts its daily operations using the US dollar, Singapore dollar, Euro and other currencies, and the Company's consolidated financial statements are compiled in RMB. The fluctuation of exchange rates between the US dollar, RMB, Singapore dollar, Euro and other currencies may bring foreign exchange risk to the Transaction and the Company's future operations.

(III) Other risks

The Company does not rule out the possibility that politics, economy, natural disasters and other non-controllable factors may bring adverse effects.

Chapter Eleven. Opinions of Independent Director and Intermediary Institution

I. Independent director's opinion of Transaction

According to the relevant regulations of the *Measures for Reorganization, Code of Corporate Governance for Listed Companies, Guidelines for the Establishment of IDS of Listed Companies* etc., the independent directors of the company shall issue an opinion on the Transaction.

The independent directors of the company have reviewed the proposal for the Transaction, deliberated the proposal and heard reports from the securities services agency. Assuming that the documents obtained are authentic, accurate and complete and based on an independent judgement, the independent opinions on the acquisition of Changjiang Electronics Technology were expressed as follows:

(I) The Transaction is beneficial for promoting the industrial position of Changjiang Electronics Technology, acquiring advanced packaging technologies, expanding the business and enhancing the long-term and sustainable development of the Company, which is fundamentally in the interests of the Company and all shareholders.

(II) The relevant domestic agreements and information disclosure documents involved in this Transaction conform to such laws, regulations, and normative documents as *the Company Law of the PRC, the PRC Securities Law, and Measures for Major Assets Reorganization of Listed Companies* etc., and the relevant provisions of *Articles of Association.* The Offer made by the Company in Singapore market complies with relevant provisions applicable to the Singapore market. Therefore, the proposed Transaction will be workable.

(III) Relevant proposals to this Transaction have been deliberated and passed in the 23rd extraordinary meeting of the fifth session of the board of directors and are still subject to the voting at the shareholders' meeting of the Company for approval. The above convening of the board, voting procedures and manner conform to *The Company Law of the PRC,* and relevant provisions of *Articles of Association.*

In order to guarantee that all the shareholders of the public shares can exercise their rights, the Company will provide an internet-voting platform to all the shareholders. The said procedures are valid and will not impair the interests of the Company's shareholders, and are fair and reasonable for minority shareholders.

(IV) The price of the Transaction is determined through negotiation on an arm length's basis and various factors have been taken into consideration. Such price is just and fair, will not impair the legal rights and interests of the Listed Company or its shareholders and complies with relevant provisions under applicable laws and regulations and the Articles of Association.

(V) The Transaction conforms to the stipulations of the relevant national laws and regulations, normative documents, and abides by open, just and fair standards, is in the interests of the company and all shareholders, and is fair and reasonable for all shareholders.

(VII) The auditing agency engaged for the Transaction is qualified in the securities business. Apart from the normal business relationship between said agency and Changjiang Electronics Technology and the Target Company, no other incidental relationship exists. The Report issued by said agency conforms to the principles of objectivity, independence, fairness and science.

II. Opinion of intermediary institution to the Transaction

(I) Opinion of independent financial consultant

As independent financial consultant to the Transaction and pursuant to the relevant regulations of the *Securities Act, Company Law, Measures for Reorganization* and *Financial Advisory Business Guidelines* and requirements of the CSRC, having appropriately reviewed the disclosed documents, including the reorganization report, and after sufficient communication with legal consultants and auditors inside and outside China, CICC considers that:

"The Transaction conforms to the stipulations of the relevant laws and regulations and policies, and conforms to the necessary information disclosure procedures of the *Measures for Reorganization* and *Listing Rules*. The Transaction has been passed in Changjiang Electronics Technology 23rd meeting of the fifth session of the board of directors. Independent directors have provided independent opinions on the Transaction. The pricing of the Transaction is reasonable and fair with nothing damaging to the interests of the listed company and all shareholders. The Transaction is beneficial for improving the industry status, research and development capabilities and the comprehensive competitiveness of the listed company, for promoting the long-term development of the listed company and is in the interests of the listed company and all shareholders.”

(II) Opinion of legal adviser

The company has engaged C&T Partners as the legal adviser in China for the Transaction. According to legal opinion provided by C&T Partners, the overall conclusion on the Transaction is as follows:

“I. The Transaction proposal conforms with the provisions of relevant laws regulations and normalized documents;

II. In regard to the Transaction, the Listed Company has already performed first-stage procedures towards approvals and authorizations as required, and the implementation of the Transaction is still subject to satisfaction of other criteria;

III. As of the date that the Legal Opinion was published, the disclosure of the Listed Company’s information conforms with the provisions of relevant laws regulations and normalized documents; according to the progress of the Transaction, continued performance of the relevant obligations towards disclosure of information will be required according to the provisions of laws and regulations;

IV. The securities agencies participating in the Transaction activities bear the necessary qualifications and credentials according to national laws, regulations, ordinances and other normalized documents.”

Chapter Twelve. Securities Services Agency for the Transaction

I. Independent financial advisor

Independent financial consultant: China International Capital Corporation Limited

Legal representative: Xuedong Ding

Office Address: Floor 27 and 28, Building 2, International Trade Building, Jianguo Gate Broadway street No. 1, Beijing City

Tel: (86) 10 6505 1166

Fax: (86) 10 6505 1156

Main financial consultants: Ying Sun, Tian Zheng

Cooperating consultant: Yuqing Qin

II. Chinese legal consultant

Chinese legal consultant: C&T Partners

Principal of firm: Fan Wang

Office address: Floor 5, Building D, No.532-2, Zhongshan East Road, Nanjing City

Telephone No.: 025-8331 6106

Fax: 025-8332 9335

Signatories: Ying Kan, Bin Shao

III. Accountants

Accounting firm: PricewaterhouseCoopers (LLP) (special general partners)

Office manager: Shaoxin Yang

Office address: Floor 6, DBS Mansion, No. 1318, Lujiazui Huan Road, Pudong New District, Shanghai

Tel: 021-2323 8888

Fax: 021-2323 8800

Signatories: Bo Zhao, Jiajun Song

IV. Financial advisors in Singapore

1. Financial consultant in Singapore (1): CICC (Singapore)

Office address: #39-01, 6 Battery Road, Singapore 049909

Tel: +65 6572 1999

Fax: +65 6327 1278

Project leader: Xi Lin

2. Financial consultant in Singapore (2): Deutsche Bank AG, Singapore Branch

Office address: Level 17, One Raffles Quay South Tower, Singapore 048583

Tele: +65 6423 8001

Fax: +65 6225 9442

Project leader: Mayooran Elalingam

V. Overseas legal consultant

1. International legal consultant

International legal consultant: Herbert Smith Freehills LLP

Office address: 50 Raffles Place, #24-01 Singapore Land Tower, Singapore 048623

Tele: +65 6868 8000

Fax: +65 6868 8001

Project leader: Michael Walter

2. Legal consultant in Singapore

Legal consultant in Singapore: Drew & Napier LLC

Office address: 10 Collyer Quay #10-01 Ocean Financial Centre, Singapore 049315

Tel: +65 65350733

Fax: +65 65354864

Project leaders: Sandy Foo / Farhana Siddiqui

3. Taiwan Legal Advisor

Taiwan Legal Consultant: Tsar & Tsai Law Firm

Office Address: 8/F No. 245 Section 1, No. 106 Dunhua North Road, Taipei

Tel: + 886 2 2781 4111

Fax: + 886 2 2721 3834

Project Managers: LIN Jiahui, CHEN Jianyu

Chapter Thirteen. Statement and Commitment of Board of Directors and Relevant Intermediary Institution

I. Declaration of directors of the company

All directors undertake to guarantee that The Significant Assets Purchase Report of Jiangsu Changjiang Electronics Technology Co., Ltd and the abstract thereof are authentic, exact and complete. There is no false record, misleading statement or major omission, and they undertake to assume individual and implicative legal liability for the legality, authenticity and integrity of the documents submitted.

Signatures of all directors:

Xinchao Wang	Xiekang Yu	Yang Shen
Zhengyi Zhu	Yuanfu Wang	Zhiguo Lin
Yongming Fan	Shoulei Jiang	Zhihui Sha

Jiangsu Changjiang Electronics Technology Co., Ltd.

Year Month Day

II. Declaration of independent financial adviser

CICC limited is in agreement with The Significant Asset Purchase Report of Jiangsu Changjiang Electronics Technology Co., Ltd. and the abstract, which quotes the independent financial adviser's report provided by the company. The company and its handler has verified and approved the content, and affirmed that The Significant Asset Purchase Report of Jiangsu Changjiang Electronics Technology Co., Ltd. and the abstract thereof do not contain false records, misleading statements or important omissions by virtue of its quoting the above-mentioned content. Additionally, they undertake to bear the corresponding legal responsibility for its authenticity, veracity and integrity.

Legal representative (or authorized representative): ____________

Shoukang Lin

Head of business department of Investment bank: ____________

Zhaohui Huang

Core principal: ____________

Fang Shi

Main financial adviser: ____________ ____________

Ying Sun Tian Zheng

Project assistant: ____________

Yuqing Qin

China International Capital Corporation Limited

Year Month Day

III. Declaration of legal adviser

This law firm and the handling lawyer are in agreement with The Significant Asset Purchase Report of Jiangsu Changjiang Electronics Technology Co., Ltd and the abstract that quotes the legal opinion provided by the company. The law firm and its handling lawyer have verified and approved the content, and affirmed that The Significant Asset Purchase Report of Jiangsu Changjiang Electronics Technology Co., Ltd. and the abstract thereof contain no false records, misleading statements or important omissions by virtue of its quoting the above-mentioned content. Additionally, they undertake to bear the corresponding legal responsibility for its authenticity, veracity and integrity.

Director of law firm (signature): ________________

Fan Wang

Operating lawyer (signature):

________________ ________________

Ying Kan Bin Shao

C&T Partners

Year Month Day

IV. Audit agency declaration

The Firm and its undersigned certified public accountant permit the Company to quote in the Significant Assets Purchase Report the Verification Report presented by the Firm on the discrepancies between the major accounting policies adopted by the financial statements of STATS ChipPAC Ltd. for the fiscal year as at 30 December 2012, the fiscal year as at 29 December 2013 and the period of the fiscal year 2014 as at 28 September 2014 which were prepared by the Company's management in accordance with the Singapore Financial Reporting Standards and relevant provisions of the Chinese Accounting Standards (including the *Accounting Standards for Business Enterprises-Basic Standards* as promulgated by the Ministry of Finance on 15 February 2006 and amended from time to time, specific accounting standards and relevant provisions).

The Firm and its undersigned certified public accountant confirm that, no false records, misleading statements or material omissions will appear in corresponding part of the Significant Assets Purchase Report due to the complete and accurate quotation of the said report presented by the Firm, and they will be legally liable for the truth, accuracy and completeness of the said report presented by the Firm in accordance with applicable laws and regulations.

Legal representative: ___________________

[Shaoxin Yang]

Signing certified public accountant: __________________

[Bo Zhao]

____

[Jiajun Song]

PricewaterhouseCoopers (LLP) (special general partnership)

Year Month Day

Chapter Fourteen. Inspected Documents and Inspected Places

I. Inspected documents

1. The conditional tender offer issued by the Offeror to STATS ChipPAC.

2. *Offer Implementation Agreement* signed by and between Changjiang Electronics Technology, the Offeror and STATS ChipPAC.

3. *Agreement on Joint Investment* jointly signed by and between Changjiang Electronics Technology, Sector Funds and Siltech Semiconductor.

4. *Equity Sale Agreement* signed by and between Changjiang Electronics Technology, the Xinchao Group and IC Investment Fund.

5. *Investment Withdrawal Agreement* signed by and between Changjiang Electronics Technology, the Xinchao Group and Siltech Semiconductor

6. The 20^{th}, 22^{nd} and 23^{rd} extraordinary meeting resolutions of the fifth session of the board of directors of Changjiang Electronics Technology.

7. The Undertaking provided by STSPL, the largest shareholder of the Target Company.

8. Break Fee Contract signed by and between Changjiang Electronics Technology, Xinchao Group and Target Company

9. Assurance report on differences in accounting standards provided by PricewaterhouseCoopers (LLP).

10. Independent financial adviser's report provided by China International Capital Corporation Limited.

11. Legal opinion provided by C&T Partners

12. The Letter of Commitment furnished by the Bank of China for the purpose of the Transaction.

II. Methods of consulting inspected documents

Investors can view the Report and the related inspected documents in the following locations, newspapers or websites:

1. Jiangsu Changjiang Electronics Technology Co., Ltd

Address: No. 78 Changshan Road, Chengjiang Town, Jiangyin City, Jiangsu Province.

Contact: Zhengyi Zhu

Tel: 0510-86856061

Fax: 0510-86199179

2. China International Capital Corporation Limited

Address: Floor 27 and 28, International Trade Mansion 2, No. 1, Jianguo Menwai Avenue, Beijing City

Contacts: Zilong Wang, Shulin Liu, Ying Sun, Tian Zheng, Xinyi Zhao, Yuqing Qin

Tel: 010-6505 1166

Fax: 010-6505 1156

3. Designated disclosing journals: Shanghai Securities News, China Securities Journal

4. Designated disclosing website: investors can view the full text of this Report in the website http://www.sse.com.cn designated by the CSRC.

(There is no main content on this page, it is the seal page of The Significant Assets Purchase Report of Jiangsu Changjiang Electronics Technology Co., Ltd)

Jiangsu Changjiang Electronics Technology Co., Ltd