

STATS ChipPAC Ltd.
Unaudited Pro Forma Consolidated Financial Information

The following unaudited pro forma consolidated financial statements for the years ended 30 December 2012 and 29 December 2013 and for the nine months ended 28 September 2014, reflect adjustments to our historical financial results related to the following:

1. Proposed Distribution of Taiwan Subsidiaries

On 30 December 2014, STATS ChipPAC Ltd. (“STATS ChipPAC”) announces that it intends to distribute USD15,000,000 in cash and its Taiwan subsidiaries, STATS ChipPAC Taiwan Semiconductor Corporation (“SCT1”) and STATS ChipPAC Taiwan Co., Ltd. (“SCT3” and, collectively with SCT1, “Taiwan Subsidiaries”), to the shareholders of STATS ChipPAC by way of a capital reduction (“Taiwan Capital Reduction”);

As at the date hereof, STATS ChipPAC owns 51.9% of SCT1 and 100% of SCT3. Prior to the Taiwan Capital Reduction, STATS ChipPAC intends to undertake an internal reorganisation (“Internal Restructuring Exercise”), pursuant to which (subject to the approval of the Investment Commission of Taiwan):

- it will transfer all its shares in SCT3 to SCT1 for an aggregate cash consideration USD15,000,000;
- it will transfer all its shares in SCT1 to a new wholly-owned Singapore subsidiary of STATS ChipPAC (“NewCo”) for an aggregate consideration of USD74,119,520, based on the market capitalisation of SCT1, to be satisfied by the issue of new shares in NewCo to STATS ChipPAC; and
- the intercompany debt extended by the STATS ChipPAC to SCT3 which is currently outstanding will be repaid in full.

After the proposed distribution of Taiwan subsidiaries, STATS ChipPAC will no longer consolidate the Taiwan subsidiaries within its financial results. The unaudited pro forma consolidated financial statements for the years ended 30 December 2012 and 29 December 2013 and for the nine months ended 28 September 2014 give effect to the Internal Restructuring Exercise and the Taiwan Capital Reduction as if they occurred at the beginning of the financial year 2012 on 26 December 2011.

The unaudited pro forma consolidated statements of earnings (i) are presented based on information currently available, (ii) are intended for informational purposes only, (iii) are not necessarily indicative of and do not purport to represent what STATS ChipPAC operating results would have been had the Internal Restructuring Exercise and the Taiwan Capital Reduction occurred as described or what STATS ChipPAC’s future operating results will be after giving effect to these events, and (iv) do not reflect all actions that may be undertaken by management after the Internal Restructuring Exercise and Taiwan Capital Reduction.

STATS ChipPAC Ltd
Unaudited Pro Forma Consolidated Income Statement
(in USD thousands)

	For the Year Ended 30 Dec 2012	For the Year Ended 29 Dec 2013	For 9 Months Ended 28 Sept 2014
Net revenues	1,602,421	1,477,869	1,071,808
Cost of revenues	(1,339,510)	(1,289,662)	(962,092)
Gross profit	<u>262,911</u>	<u>188,207</u>	<u>109,716</u>
Operating expenses:			
Selling, general and administrative	117,389	90,585	68,074
Research and development	46,543	43,251	28,925
Restructuring charges	5,715	1,886	—
Exchange offer and redemption expenses	—	15,701	—
Write-off of debt issuance costs	—	2,392	—
Operating expenses	<u>169,647</u>	<u>153,815</u>	<u>96,999</u>
Goodwill impairment	24,100	—	—
Equipment impairment	3,819	—	3,713
Total operating expenses	<u>197,556</u>	<u>153,815</u>	<u>100,712</u>
Operating income before exceptional items	65,345	34,392	9,004
Plant closure costs	—	(36,909)	—
Flood related insurance settlement	26,741	19,582	—
Flood related plan charges	(10,061)	(3,000)	—
Operating income after exceptional items	<u>82,025</u>	<u>14,065</u>	<u>9,004</u>
Other income (expenses), net:			
Interest income	1,191	1,024	1,101
Interest expense	(59,829)	(54,458)	(37,932)
Foreign currency exchange gain (loss)	1,023	3,065	(472)
Share of loss of associate	(739)	—	—
Other non-operating income (expenses), net	474	(2,021)	9
Total other expenses, net	<u>(57,880)</u>	<u>(52,390)</u>	<u>(37,294)</u>
Income (loss) before income taxes	24,145	(38,325)	(28,290)
Income tax expense	(10,864)	(18,445)	(7,395)
Net income (loss) for the year attributable to STATS ChipPAC Ltd	<u>13,281</u>	<u>(56,770)</u>	<u>(35,685)</u>

STATS ChipPAC Ltd
Unaudited Pro Forma Consolidated Balance Sheet
(in USD thousands)

	<u>As at 30 Dec 2012</u>	<u>As at 29 Dec 2013</u>	<u>As at 28 Sept 2014</u>
ASSETS			
Current assets:			
Cash and cash equivalents	255,196	245,012	227,477
Short-term bank deposits	—	—	11,375
Accounts receivable, net	243,642	202,008	194,363
Other receivables	20,692	15,070	33,391
Inventories	88,063	68,902	75,646
Prepaid expenses and other current assets	21,730	12,212	21,518
Total current assets	<u>599,323</u>	<u>543,204</u>	<u>563,770</u>
Non-current assets:			
Long-term bank deposits	5	11,165	5
Property, plant and equipment, net	1,109,228	1,238,341	1,493,980
Intangible assets	34,765	33,906	33,837
Goodwill	380,166	380,166	380,166
Prepaid expenses and other non-current assets	2,918	2,904	3,180
Total non-current assets	<u>1,527,082</u>	<u>1,666,482</u>	<u>1,911,168</u>
Total assets	<u><u>2,126,405</u></u>	<u><u>2,209,686</u></u>	<u><u>2,474,938</u></u>
LIABILITIES			
Current liabilities:			
Accounts and other payable	161,558	131,616	179,833
Payables related to property, plant and equipment purchases	41,416	124,999	177,007
Accrued operating expenses	106,470	114,378	96,589
Income taxes payable	9,337	14,133	12,350
Short-term borrowings	50,690	37,947	73,000
Short-term amounts due to related parties	28	100	29
Total current liabilities	<u>369,499</u>	<u>423,173</u>	<u>538,808</u>
Non-current liabilities:			
Long-term borrowings	792,609	874,281	1,064,314
Deferred tax liabilities	46,943	47,476	46,559
Other non-current liabilities	21,532	24,204	15,633
Total non-current liabilities	<u>861,084</u>	<u>945,961</u>	<u>1,126,506</u>
Total liabilities	<u><u>1,230,583</u></u>	<u><u>1,369,134</u></u>	<u><u>1,665,314</u></u>
EQUITY			
Share capital	798,679	796,786	792,815
Retained earnings	98,971	51,478	26,198
Other reserves	(1,828)	(7,712)	(9,389)
Equity attributable to equity holders of STATS ChipPAC Ltd.	<u>895,822</u>	<u>840,552</u>	<u>809,624</u>
Total liabilities and shareholders' equity	<u><u>2,126,405</u></u>	<u><u>2,209,686</u></u>	<u><u>2,474,938</u></u>

STATS ChipPAC Ltd
Unaudited Pro Forma Consolidated Cash Flow Statement
(in USD thousands)

	For the Year Ended 30 Dec 2012	For the Year Ended 29 Dec 2013	For 9 Months Ended 28 Sept 2014
Cash Flows From Operating Activities			
Net income (loss)	13,281	(56,770)	(35,685)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Income tax expense	10,864	18,445	7,395
Depreciation and amortisation	248,127	266,487	200,761
Gain on sale of property, plant and equipment	(1,243)	(1,446)	(2,209)
Goodwill impairment	24,100	-	-
Asset impairment	3,819	20,730	3,713
Exchange offer and redemption expenses	-	15,701	-
Write-off of debt issuance costs	-	2,392	-
Foreign currency exchange (gain) loss	9	(374)	362
Share of loss of associate	739	-	-
Interest income	(1,191)	(1,024)	(1,101)
Interest expense	59,829	54,458	37,932
Others	(2,406)	(3,303)	(1,716)
Changes in operating working capital:			
Accounts receivable	(36,424)	41,634	7,645
Inventories	(1,903)	19,161	(6,744)
Other receivables, prepaid expenses and other assets	698	(618)	(26,074)
Accounts payable, accrued operating expenses and other payables	25,700	(59,545)	25,456
Amounts due to related parties	-	72	(71)
Income tax paid	(10,154)	(12,849)	(10,279)
Net cash provided by operating activities	<u>333,845</u>	<u>303,151</u>	<u>199,385</u>
Cash Flows From Investing Activities			
Acquisition of intangible assets	(5,224)	(4,896)	(4,131)
Purchases of property, plant and equipment	(370,185)	(324,811)	(401,251)
Proceeds from divestment of associate	10,436	-	-
Interest received	901	297	501
Dividends received	5,641	5,824	6,077
Proceeds from sales of property, plant and equipment and others	4,700	651	769
Net cash used in investing activities	<u>(353,731)</u>	<u>(322,935)</u>	<u>(398,035)</u>
Cash Flows From Financing Activities			
Adjustment related to repayment of SCT3 intercompany debts	86,242	44,368	(3,660)
Repayment of bank borrowings	(108,300)	(233,700)	(121,000)
Proceeds from issuance of senior notes	-	255,000	-
Debt issuance costs	-	(7,400)	-
Repurchase and redemption of senior notes	-	(280,652)	-
Proceeds from bank borrowings	139,300	312,948	341,445
Decrease in restricted cash	-	5	-
Grants received	2,233	4,780	686
Interest paid	(56,217)	(55,749)	(36,356)
Net cash provided by financing activities	<u>63,258</u>	<u>39,600</u>	<u>181,115</u>
Net increase (decrease) in cash and cash equivalents	43,372	19,816	(17,535)
Effect of exchange rate changes on cash and cash equivalents	-	-	-
Cash and cash equivalents at beginning of the financial period	<u>181,824</u>	<u>225,196</u>	<u>245,012</u>
Cash and cash equivalents at end of the financial period	<u><u>225,196</u></u>	<u><u>245,012</u></u>	<u><u>227,477</u></u>