APPENDIX
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our business, financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and the related notes included in this report. This discussion contains forward-looking statements that reflect our current views with respect to future events and financial performance. Our actual results may differ from those anticipated in these forward-looking statements as a result of certain factors, such as those set forth in our Annual Report for the year ended 29 December 2013. Our 52-53 week fiscal year ends on the Sunday nearest and prior to 31 December. Our fiscal quarters end on a Sunday and our fourth quarter of 2014 and year 2014 ended on 28 December 2014, while our third quarter of 2014, fourth quarter of 2013 and year 2013 ended on 28 September 2014, 29 December 2013 and 29 December 2013, respectively.

The financial statements included in this release have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS").

Business Overview

We are a leading service provider of semiconductor packaging design, bump, probe, assembly, test and distribution solutions. We have the scale to provide a comprehensive range of semiconductor packaging and test solutions to a diversified global customer base servicing the computing, communications and consumer markets. Our services include:

- *Advanced packaging and wirebond packaging services:* providing advanced Integrated Circuit ("IC") packages technology such as wafer bump, redistribution layer design and fabrication, flip chip interconnect, fan-out wafer level package ("FOWLP") or embedded Wafer Level Ball Grid Array ("eWLB"), wafer level chip-scale package ("WLCSP"), Through Silicon Via ("TSV"), integrated passive devices ("IPD"), and wirebond IC packages such as leaded, laminate and memory card to customers for a wide variety of electronics applications. As part of our full turnkey packaging services, we offer package design; electrical, mechanical and thermal simulation; measurement and design of leadframes and laminate substrates; and wafer processing and bumping on 200mm and 300mm wafers with options for wafer repassivation, redistribution and IPD layers;

- *Test services:* including wafer probe and final testing on a diverse selection of test equipment covering the major test platforms in the industry. We have expertise in testing a broad variety of semiconductors, especially mixed-signal, radio frequency ("RF"), analog and high-performance digital devices. We also offer test-related services such as burn-in process support, reliability testing, thermal and electrical characterisation, dry pack, and tape and reel; and

- *Pre-production and post-production services:* such as package development, test software and related hardware development, warehousing and drop shipment services.

We are among the leaders in providing advanced package technology, such as flip chip, wafer level packaging and services (including TSV mid-end and back-end processes), die and package stacking, System-in-Package and 3D integration. We are also among the leaders in testing mixed-signal, RF semiconductors or semiconductors combining the use of analog and digital circuits in a chip. Mixed-signal and RF semiconductors are used extensively in fast-growing communications and consumer applications. We have strong expertise in testing a wide range of high-performance digital devices in System-on-Chip ("SoC"). We have been successful in attracting new customers with our packaging and test capabilities and then expanding our relationship with such customers to provide full turnkey solutions tailored to their individual needs.

We are headquartered in Singapore and have manufacturing facilities in South Korea, Singapore, China and Taiwan (which includes the facilities of our 52%-owned Taiwan subsidiary, STATS ChipPAC Taiwan Semiconductor Corporation). We market our services through our direct sales force in the United States, South Korea, China, Singapore, Taiwan and Switzerland.

Temasek Holdings (Private) Limited ("Temasek"), through its wholly-owned subsidiary, Singapore Technologies Semiconductors Pte Ltd ("STSPL"), beneficially owned approximately 83.8% of the Company as of 28 December 2014. Temasek, a private limited company incorporated in Singapore, is wholly-owned by the Singapore Government through the Minister for Finance.

On 1 January 2015, we announced our plan to relocate our wholly-owned subsidiary, STATS ChipPAC Shanghai, Co., Ltd. to a new manufacturing site in China. Recent changes in the long term zoning, development and construction plans for the West Hongqiao area of Shanghai, China have resulted in the need to relocate by the end of 2017. Total compensation amount of RMB1,026.0 million (equivalent to approximately $164.9 million) will be paid to us by the relevant People's Republic of China (PRC) authorities over several agreed upon milestones. Over the next 12 months in 2015, we expect to receive compensation of RMB513.0 million (equivalent to approximately $82.4 million), comprising RMB307.8 million (equivalent to approximately US$49.5 million) in the first quarter of 2015 and RMB205.2 million (equivalent to approximately US$33.0 million) in the third quarter of 2015.

Results of Operations and Selected Data

	Three Months Ended				Twelve Months Ended			
	28 December 2014		29 December 2013		28 December 2014		29 December 2013	
	(In US$'000, except for ratio)				(In US$'000, except for ratio)			
		% of net revenues		% of net revenues		% of net revenues		% of net revenues
Net revenues	406,674	*100.0*	395,020	*100.0*	1,585,834	*100.0*	1,598,522	*100.0*
Cost of revenues	(357,580)	*(87.9)*	(353,596)	*(89.5)*	(1,402,331)	*(88.4)*	(1,380,941)	*(86.4)*
Gross profit	49,094	*12.1*	41,424	*10.5*	183,503	*11.6*	217,581	*13.6*
Operating expenses:								
Selling, general and administrative	23,360	*5.7*	23,935	*6.1*	96,164	*6.1*	96,140	*6.0*
Research and development	8,927	*2.2*	10,502	*2.7*	39,200	*2.5*	46,432	*2.9*
Restructuring charges	4,319	*1.1*	1,886	*0.4*	4,319	*0.2*	1,886	*0.1*
Exchange offer and redemption expenses	–	*0.0*	–	*0.0*	–	*0.0*	15,701	*1.0*
Write-off of debt issuance costs	–	*0.0*	–	*0.0*	–	*0.0*	2,392	*0.2*
Operating expenses	36,606	*9.0*	36,323	*9.2*	139,683	*8.8*	162,551	*10.2*
Equipment impairment	–	*0.0*	–	*0.0*	3,713	*0.2*	–	*0.0*
Total operating expenses	36,606	*9.0*	36,323	*9.2*	143,396	*9.0*	162,551	*10.2*
Operating income before exceptional items	12,488	*3.1*	5,101	*1.3*	40,107	*2.6*	55,030	*3.4*
Plant closure costs	–	*0.0*	–	*0.0*	–	*0.0*	(36,909)	*(2.3)*
Flood related insurance settlement	–	*0.0*	–	*0.0*	–	*0.0*	19,582	*1.2*
Flood related plan charges	–	*0.0*	–	*0.0*	–	*0.0*	(3,000)	*(0.1)*
Operating income after exceptional items	12,488	*3.1*	5,101	*1.3*	40,107	*2.6*	34,703	*2.2*
Other income (expenses), net:								
Interest income	362	*0.1*	358	*0.1*	1,692	*0.1*	1,334	*0.1*
Interest expense	(13,500)	*(3.3)*	(12,918)	*(3.3)*	(51,432)	*(3.2)*	(54,459)	*(3.4)*
Foreign currency exchange gain	3,640	*0.9*	3,721	*0.9*	3,145	*0.2*	3,641	*0.2*
Other non-operating expenses, net	(785)	*(0.2)*	(1,994)	*(0.4)*	(547)	*(0.1)*	(1,969)	*(0.1)*
Total other expenses, net	(10,283)	*(2.5)*	(10,833)	*(2.7)*	(47,142)	*(3.0)*	(51,453)	*(3.2)*
Income (loss) before income taxes	2,205	*0.6*	(5,732)	*(1.4)*	(7,035)	*(0.4)*	(16,750)	*(1.0)*
Income tax benefit (expense)	3,419	*0.8*	(4,193)	*(1.1)*	(6,515)	*(0.5)*	(22,329)	*(1.4)*
Net income (loss)	5,624	*1.4*	(9,925)	*(2.5)*	(13,550)	*(0.9)*	(39,079)	*(2.4)*
Less: Net income attributable to the non-controlling interest	(2,139)	*(0.5)*	(2,147)	*(0.6)*	(8,245)	*(0.5)*	(8,414)	*(0.6)*
Net income (loss) attributable to STATS ChipPAC Ltd.	3,485	*0.9*	(12,072)	*(3.1)*	(21,795)	*(1.4)*	(47,493)	*(3.0)*

Net revenues by product line and by end user market were:

	Three Months Ended		Twelve Months Ended	
	28 December 2014	29 December 2013	28 December 2014	29 December 2013
	%	%	%	%
Net revenues by product line:				
Advanced packaging	47.9	47.8	48.2	46.9
Wirebond packaging	27.6	29.2	29.4	30.8
Test	24.5	23.0	22.4	22.3
	100.0	100.0	100.0	100.0
Net revenues by end user market:				
Communications	67.7	66.7	67.0	69.0
Personal Computers	8.4	8.1	8.4	8.1
Consumer, Multi-applications and Others	23.9	25.2	24.6	22.9
	100.0	100.0	100.0	100.0

Three and twelve months ended 28 December 2014 compared to three and twelve months ended 29 December 2013

Net Revenues

We derive revenues primarily from the provision of advanced packaging, wirebond packaging and test services. Net revenues in the three and twelve months ended 28 December 2014 were $406.7 million and $1,585.8 million, an increase of 3.0% compared to $395.0 million in the three months ended 29 December 2013 and a decrease of 0.8% compared to $1,598.5 million in the twelve months ended 29 December 2013, respectively. Revenue in the three months ended 28 December 2014 increased compared to same period in 2013 due to higher wireless communications revenue driven by new high-end smartphone ramps and stronger than seasonal demand in China lower tier smartphones. The decrease in net revenues in the twelve months ended 28 December 2014 compared to the same period in 2013 was due to overall weaker demand in the wireless communications market during the twelve months ended 28 December 2014.

In the three and twelve months ended 28 December 2014, our advanced packaging revenues increased by 3.0% and 2.0% to $194.7 million and $764.0 million, compared to the same periods in 2013, respectively. In the three and twelve months ended 28 December 2014, our wirebond packaging revenues decreased by 2.5% and 5.1% to $112.5 million and $467.0 million, compared to the same periods in 2013, respectively. The shift in demand reflected transition of technology from leaded wirebonding to advanced packaging and increasing business traction in advanced packaging for the wireless communications market. In the three and twelve months ended 28 December 2014, our test services revenue increased by 9.7% and decreased by 0.7% to $99.5 million and $354.8 million, compared to the same periods in 2013, respectively, due to product mix change. Our revenue from copper wirebond packaging accounted for 38.0% and 37.9% of our total wirebond packaging revenue in the three and twelve months ended 28 December 2014 compared to 37.2% and 33.9% in the same periods in 2013, respectively.

Gross Profit

Gross profit in the three and twelve months ended 28 December 2014 was $49.1 million and $183.5 million compared to $41.4 million and $217.6 million in the three and twelve months ended 29 December 2013, respectively. Gross profit as a percentage of revenues was 12.1% and 11.6% in the three and twelve months ended 28 December 2014, compared to 10.5% and 13.6% in the three and twelve months ended 29 December 2013, respectively. Gross profit for the three months ended 28 December 2014 improved due to higher revenue and product mix change compared to the three months ended 29 December 2013. Gross profit for the twelve months ended 28 December 2014 decreased due to higher cost of revenues and demand shift towards lower tier smartphones with lower average selling price compared to the twelve months ended 29 December 2013. Our cost of revenues consist principally of fixed costs such as depreciation and leasing expenses and variable costs such as direct and indirect labour, materials and overhead expenses.

Selling, General and Administrative

Selling, general and administrative expenses consist primarily of payroll-related costs for administrative personnel, external fees such as consultancy, legal, administrative, profession and regulatory fees and depreciation of equipment used in selling, general and administrative activities. Selling, general and administrative expenses were $23.4 million and $96.2 million in the three and twelve months ended 28 December 2014 compared to $23.9 million and $96.1 million in the three and twelve months ended 29 December 2013, respectively. The decrease in the three months ended 28 December 2014 was primarily due to cost initiatives to lower headcount and lower discretionary expenses and payroll-related costs. As a percentage of revenues, selling, general and administrative expenses were 5.7% and 6.1% in the three and twelve months ended 28 December 2014 compared to 6.1% and 6.0% in the three and twelve months ended 29 December 2013.

Research and Development

Research and development expenses consist primarily of payroll-related cost for research and development, external fees such as consultancy and legal, and depreciation of equipment and consumables used in research and development activities. Research and development expenses were $8.9 million and $39.2 million in the three and twelve months ended 28 December 2014 compared to $10.5 million and $46.4 million in the three and twelve months ended 29 December 2013, respectively. The decrease in research and development expenses in the three and twelve months ended 28 December 2014 was primarily due to cost initiatives to lower headcount and lower payroll-related costs. As a percentage of revenues, research and development expenses were 2.2% and 2.5% in the three and twelve months ended 28 December 2014 compared with 2.7% and 2.9% in the three and twelve months ended 29 December 2013, respectively.

Restructuring Charges
In order to increase efficiency and to reduce costs, we have undertaken a global initiative to redesign our business structure. In the three and twelve months ended 28 December 2014, we recorded severance and related charges of $4.3 million as we expedited measures to reduce headcount at our corporate headquarters. In the three and twelve months ended 29 December 2013, we incurred restructuring expenses of $1.9 million.

Exchange Offer Expenses and Write-Off of Debt Issuance Costs
In the twelve months ended 29 December 2013, we recorded $14.1 million of redemption premium expenses related to redemption of the outstanding $241.6 million of 7.5% Senior Notes due 2015 and $1.6 million of exchange offer expenses related to the cash portion of our exchange offer of the 7.5% Senior Notes due 2015 for the 4.5% Senior Notes due 2018. In connection with the exchange offer and redemption of the 7.5% Senior Notes due 2015, we recorded $2.4 million on write-off of debt issuance costs in the twelve months ended 29 December 2013. No exchange offer and redemption expenses and write-off of debt issuance costs were incurred in the three and twelve months ended 28 December 2014.

Equipment Impairment
In the twelve months ended 28 December 2014, we recorded $3.7 million of charges related to the impairment of certain 200mm wafer level packaging equipment. No equipment impairment expense was incurred in the three and twelve months ended 29 December 2013.

Plant Closure Costs
In the twelve months ended 29 December 2013, we recorded plant closure costs of $36.9 million related to our strategic plan for our Malaysia plant. The plant closure costs included employee severance and benefit costs of $18.2 million, non-cash asset impairment charges of $17.7 million and other associated costs of $1.0 million. No plant closure costs were incurred in the three and twelve months ended 28 December 2014.

Flood Related Plan Income (Expenses)
In the twelve months ended 29 December 2013, we recognised $19.6 million of insurance settlement as final compensation for our business interruption insurance claims related to the flood in Thailand. In the twelve months ended 29 December 2013, we incurred flood related plan charges totalling $3.0 million which primarily relate to additional land and building impairment on the Thailand plant. No flood related plan income (expenses) were incurred in the three and twelve months ended 28 December 2014.

Net Interest Income (Expense)
Net interest expense was $13.1 million and $49.7 million in the three and twelve months ended 28 December 2014 compared to $12.6 million and $53.1 million in the three and twelve months ended 29 December 2013, respectively. Interest income was $0.4 million and $1.7 million in the three and twelve months ended 28 December 2014 compared to $0.4 million and $1.3 million in the three and twelve months ended 29 December 2013, respectively.

Interest expense was $13.5 million and $51.4 million in the three and twelve months ended 28 December 2014, compared to $12.9 million and $54.5 million in the three and twelve months ended 29 December 2013, respectively. The increase in interest expense in the three months ended 28 December 2014 was due to higher borrowings. The decrease in interest expense in the twelve months ended 28 December 2014 was due to lower interest rate on our long-term borrowings as we refinanced our $600.0 million of 7.5% Senior Notes due 2015 with $611.2 million of 4.5% Senior Notes due 2018, partially offset by higher borrowings. Total outstanding interest-bearing debt was $1,203.3 million and $912.2 million as of 28 December 2014 and 29 December 2013, respectively.

Foreign Currency Exchange Gain (Loss)
Net foreign currency exchange gain was $3.6 million and $3.1 million in the three and twelve months ended 28 December 2014 compared to $3.7 million and $3.6 million in the three and twelve months ended 29 December 2013, respectively. These non-cash gains were due primarily to the fluctuations during the three and twelve months ended 28 December 2014 compared to the same periods in 2013 between the exchange rate of the United States dollar and the South Korean Won, the Singapore dollar, the Chinese Renminbi and the New Taiwan Dollar.

Other Non-Operating Income (Expenses), Net
Net other non-operating expenses was $0.8 million and $0.5 million in the three and twelve months ended 28 December 2014, compared to $2.0 million in both three and twelve months ended 29 December 2013, respectively.

Income Tax Benefit (Expense)
Our consolidated income tax benefit (expense) was $3.4 million and $(6.5) million in the three and twelve months ended 28 December 2014, compared to $(4.2) million and $(22.3) million in the three and twelve months ended 29 December 2013, respectively, based on the mix of tax rates and taxable income across the various jurisdictions in which we do business. In the three months ended 28 December 2014, tax credits of $4.7 million were recognised in relation to our investment in South Korea. Our primary tax jurisdictions are Singapore, South Korea, China, Taiwan and the United States.

Balance Sheet

Total Group assets increased $236.2 million to $2,613.8 million as of 28 December 2014 compared to $2,377.7 million as of 29 December 2013, mainly due to an increase in cash, cash equivalents and bank deposits by $2.4 million, property, plant and equipment by $205.9 million, other receivables by $14.2 million, and prepaid expenses and other current assets by $12.6 million.

The Group had cash, cash equivalents and bank deposits of $185.2 million as of 28 December 2014 compared to $182.8 million as of 29 December 2013. The increase in property, plant and equipment was due to our capital expenditure of $534.7 million, partially offset by depreciation of $305.4 million and equipment impairment of $3.7 million in the twelve months ended 28 December 2014. The increase in other receivables was mainly due to increase in input tax receivable. The increase in prepaid expenses and other current assets was mainly due to held for sale assets related to our Malaysia plant closure.

Total Group liabilities increased $264.5 million to $1,671.4 million as of 28 December 2014 compared to $1,406.9 million as of 29 December 2013 mainly due to an increase in short and long-term borrowings by $291.1 million, accounts and other payables by $60.1 million, partially offset by a decrease in payables related to property, plant and equipment purchases by $46.4 million, accrued operating expenses by $17.3 million, income tax payable by $5.9 million, deferred tax liabilities by $8.8 million and other non-current liabilities by $8.1 million. The increase in short and long-term borrowings was mainly to fund capital expenditures. The increase in accounts and other payables was mainly due to timing of payment. The decrease in payables related to property, plant and equipment purchases was mainly due to payment of capital expenditures. The decrease in accrued operating expenses was mainly due to a reduction in accrued staff cost and lower headcount. The decrease in income tax payable and deferred tax liabilities were mainly due to lower income tax.

Total shareholders' equity attributable to STATS ChipPAC Ltd. decreased by $27.9 million to $889.5 million mainly due to our net loss of $21.8 million in the twelve months ended 28 December 2014 and other comprehensive loss of $6.1 million in the twelve months ended 28 December 2014.

Liquidity and Total Borrowings

Our principal sources of liquidity consist of cash flows from operating activities, bank facilities and other debt financing, and our existing cash, cash equivalents and bank deposits. As of 28 December 2014, we had cash, cash equivalents and bank deposits of $185.2 million. We also have available lines of credit and banking facilities consisting of loans, overdrafts, letters of credit and bank guarantees, including those available to our consolidated subsidiaries, which amounted to an aggregate of $589.5 million, of which $137.8 million of credit facilities and $29.8 million of other banking facilities were available as of 28 December 2014. Our liquidity needs arise primarily from servicing our outstanding debts, working capital needs and the funding of capital expenditures and investments. Our capital expenditures are largely driven by the demand for our services, primarily to increase our packaging and testing capacity, to replace packaging and testing equipment from time to time, and to expand our facilities and service offerings. Capital expenditures in the three and twelve months ended 28 December 2014, including $34.7 million and $178.9 million progressive capital spending for the new factory construction in South Korea, was $64.8 million and $534.7 million, compared to $200.6 million and $507.5 million in the three and twelve months ended 29 December 2013, respectively.

As of 28 December 2014, our total debt outstanding consisted of $1,203.3 million of borrowings, which included $611.2 million of our 4.5% Senior Notes due 2018, $200.0 million of our 5.375% Senior Notes due 2016, and other short-term and long-term borrowings.

In February 2013, we commenced a private offer to exchange any and all of our outstanding $600.0 million of 7.5% Senior Notes due 2015 for U.S. dollar-denominated fixed rate senior notes due 2018. On 15 March 2013, upon the expiry of the exchange offer, an aggregate principal amount of $358.4 million of 7.5% Senior Notes due 2015, representing 59.7% of these notes were validly tendered. The notes that were validly tendered in the exchange offer were cancelled immediately upon exchange for the new 4.5% Senior Notes due 2018. On 20 March 2013, we issued a further $255.0 million of 4.5% Senior Notes due 2018 to fund the redemption of the remaining outstanding $241.6 million of 7.5% Senior Notes due 2015 for cash proceeds of $247.6 million, after deducting debt issuance cost. On 19 April 2013, we redeemed our remaining outstanding $246.1 million of 7.5% Senior Notes due 2015 for $255.7 million pursuant to the redemption price terms of the indenture. We financed the redemption with the proceeds from the issuance of the 4.5% Senior Notes due 2018 and short-term borrowings. The notes were cancelled upon redemption. Redemption premium of $15.7 million and debt issuance costs of $2.4 million were expensed in the income statement in 2013.

The aggregate principal amount of 4.5% Senior Notes due 2018 issued pursuant to the exchange offer and private placement of these notes for cash amounted to $611.2 million. These notes are our senior unsecured obligations and are listed on the SGX-ST. These notes are guaranteed, on an unsecured senior basis, by all of our existing subsidiaries (except STATS ChipPAC Shanghai Co., Ltd. and STATS ChipPAC Taiwan Semiconductor Corporation) (collectively "Non-Guarantor Subsidiaries") and our future restricted subsidiaries (except where prohibited by local law). These notes will mature on 20 March 2018 bearing interest at the rate of 4.5% per annum payable semi-annually on 20 March and 20 September of each year, commencing 20 September 2013. Prior to 20 March 2016, we may redeem all or part of these notes at any time by paying a "make-whole" premium plus accrued and unpaid interest. We may redeem all, but not less than all, of these notes at any time in the event of certain changes affecting withholding taxes at 100% of their principal amount plus accrued and unpaid interest. On or after 20 March 2016, we may redeem all or a part of these notes at any time at the redemption prices specified under the terms and conditions of these notes plus accrued and unpaid interest. In addition, prior to 20 March 2016, we may redeem up to 35% of these notes with the net proceeds from certain equity offerings. Upon certain circumstances including a change of control as defined in the indenture related to these notes, we may be required to offer to purchase these notes at 101% of their principal amount plus accrued and unpaid interest. The STATS ChipPAC consolidated group, with the exception of STATS ChipPAC Taiwan Semiconductor Corporation, is subject to the covenant restrictions. Therefore the Non-Guarantor Subsidiaries and STATS ChipPAC Shanghai Co. Ltd. (the "China Non-Guarantor Subsidiary") are also Restricted Subsidiaries as defined under these notes. The covenant restrictions include, among other things, limit their ability to incur additional indebtedness, prepay subordinated debts, make investments, declare or pay dividends, enter into transactions with related parties, sell assets, enter into sale and leaseback transactions, incur liens and encumbrances and enter into merger and consolidations.

On 29 August 2012, we obtained a $50.0 million revolving credit facility from DBS Bank Ltd. On 26 September 2013, the revolving credit facility was extended until February 2015 and the facility amount was increased to $75.0 million. In July 2014, the revolving credit facility was extended until February 2016. The purpose of the facility is for our general corporate funding. As of 28 December 2014, we have $75.0 million outstanding under this facility. The principal and interest of the loan are payable on maturity in March 2015. The loan bears interest at the rate of 1% per annum.

On 31 July 2012, we obtained a $50.0 million revolving credit facility from Oversea-Chinese Banking Corporation Limited. On 27 September 2013, the revolving credit facility was extended until October 2015 and the facility amount was increased to $75.0 million. The purpose of the facility is for our general corporate funding. As of 28 December 2014, we have $47.9 million outstanding under this facility. The principal and interest of the loan are payable on maturity in March 2015. The loan bears interest at the rate of 1% per annum.

On 26 September 2013, our subsidiary, STATS ChipPAC Korea Ltd. entered into a $120.0 million five-year secured term loan with Hana Bank. The purpose of the loan is to finance capital expenditures. The facility is collateralised by equipment located at our South Korean subsidiary and upon completion of construction, our South Korean subsidiary's new facility in the Incheon Free Economic Zone. As of 28 December 2014, we have $108.6 million outstanding under this facility. The principal of the loan is payable on maturity in September 2018. The interest of the loan is payable on a monthly basis. The loan bears interest at the rate of 4% per annum.

On 2 October 2013, we obtained a $25.0 million revolving credit facility from Mizuho Bank Ltd. In August 2014, the revolving credit facility was extended until October 2015 and the facility amount was increased to $40.0 million. The purpose of the facility is for our general corporate funding. As of 28 December 2014, we have $35.0 million outstanding under this facility. The principal and interest of the loan are payable on maturity in February and March 2015. The loan bears interest at the rate of 1% per annum.

On 26 September 2014, our subsidiary, STATS ChipPAC Korea Ltd. entered into a $40.0 million committed revolving facility with Shinhan Bank and a $30.0 million committed revolving credit facility with Hana Bank. The purpose of these facilities is to finance purchase of materials and capital expenditures. As of 28 December 2014, we have $18.5 million outstanding under the Shinhan Bank revolving facility. The principal of the loan is payable on maturity in September 2017. The interest of the loan is payable on a monthly basis. The loan bears interest at the rate of 2% per annum. As of 28 December 2014, there was no drawdown on the Hana Bank revolving facility.

On 12 January 2011, we issued $200.0 million of 5.375% Senior Notes due 2016 for proceeds of $198.0 million after deducting debt issuance cost. These notes are fully and unconditionally guaranteed, jointly and severally, on an unsecured senior basis, by all of our existing subsidiaries, except the Non-Guarantor Subsidiaries and our future restricted subsidiaries except where prohibited by local law. These notes are our senior unsecured obligations and are listed on the SGX-ST. On 18 January 2011, we repaid the $234.5 million outstanding principal under the $360.0 million senior credit facility with the net proceeds from the $200.0 million of 5.375% Senior Notes due 2016 and cash on hand. These notes will mature on 31 March 2016, bearing interest at the rate of 5.375% per annum payable semi-annually on 31 March and 30 September of each year, commencing 31 March 2011. We may redeem all, but not less than all, of these notes at any time in the event of certain changes affecting withholding taxes at 100% of their principal amount plus accrued and unpaid interest. On or after 31 March 2014, we may redeem all or a part of these notes at any time at the redemption prices specified under the terms and conditions of these notes plus accrued and unpaid interest. Upon certain circumstances including a change of control as defined in the indenture related to these notes, we may be required to offer to purchase these notes at 101% of their principal amount plus accrued and unpaid interest. The STATS ChipPAC consolidated group, with the exception of STATS ChipPAC Taiwan Semiconductor Corporation, is subject to the covenant restrictions. Therefore the China Non-Guarantor Subsidiary is also a Restricted Subsidiary as defined under these notes. The covenant restrictions, among other things, limit their ability to incur additional indebtedness, prepay subordinated debts, make investments, declare or pay dividends, enter into transactions with related parties, sell assets, enter into sale and leaseback transactions, incur liens and encumbrances and enter into merger and consolidations.

Other unsecured revolving credit facilities comprised $160.0 million, $2.7 million, $10.2 million of facilities issued to the Company and its subsidiaries in South Korea and Taiwan, respectively. The purpose of these facilities is for general corporate funding. As of 28 December 2014, we have outstanding loans of $130.0 million under these facilities. The principal and interest of the loans are payable on maturity in March 2015. The loans bear interest at the rate of 1% per annum.

We believe that our cash on hand, existing credit facilities, anticipated cash flows from operations, working capital improvements and compensation from the China plant relocation will be sufficient to meet our currently anticipated capital expenditure requirements, investment requirements, as well as debt service repayment and liability obligations for the next 12 months. We regularly evaluate our current and future financing needs and may take advantage of favourable capital or credit market conditions to raise additional financing. We may also from time to time seek to refinance or otherwise restructure our outstanding debt, or retire or purchase our outstanding debt through cash purchases and/or exchanges for securities, in the open market purchases, privately negotiated transactions or otherwise for strategic reasons, or to further strengthen our financial position. From time to time, we may make acquisitions of, or investments in, other companies and businesses that we believe could expand our business, augment our market coverage, enhance our technical capabilities or otherwise offer growth opportunities. Such additional financing, refinancing, repurchases, exchanges, acquisitions or investments, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

There can be no assurance that our business activity would be maintained at the expected level to generate the anticipated cash flows from operations or that our credit facilities would be available or sufficient. If the market conditions deteriorate, there can be no assurance that demand for our services will not be adversely affected, resulting in our cash flows from operations being lower than anticipated. If our cash flows from operations is lower than anticipated, including as a result of a downturn in the market conditions generally or the semiconductor industry, or shortages in supply of key components and disruption in supply chain, or otherwise, or our capital requirements exceed our expectations as a result of higher than anticipated growth in the semiconductor industry, acquisition or investment opportunities, or the expansion of our business or otherwise, we may have to seek additional financing. In such events, there can be no assurance that additional financing will be available or, if available, that such financings can be obtained on terms favourable to us or that any additional financing will not be dilutive to our shareholders or detrimental to our creditors.

Guarantor Subsidiaries and Non-Guarantor Subsidiaries

In January 2011 and March 2013, the Company issued $200.0 million of 5.375% Senior Notes due 2016 and $611.2 million of 4.5% Senior Notes due 2018, respectively, which are fully and unconditionally guaranteed, jointly and severally, on a senior basis, by its subsidiaries, with the exception of the Non-Guarantor Subsidiaries. Of the Non-Guarantor Subsidiaries, the China Non-Guarantor Subsidiary is a Restricted Subsidiary as defined under these notes. STATS ChipPAC Taiwan Semiconductor Corporation, which is not a wholly-owned subsidiary, is not a Restricted Subsidiary.

For the three and twelve months ended 28 December 2014, the Non-Guarantor Subsidiaries, after eliminations of transactions and balances within these entities (but before taking into account any transactions and balances between the Non-Guarantor Subsidiaries, the guarantor subsidiaries and STATS ChipPAC Ltd.), generated $118.2 million and $431.9 million of net revenues (representing 29.1% and 27.2% of our consolidated net revenues) and $2.5 million and $6.1 million of operating income (representing 19.9% and 15.2% of our consolidated operating income of $12.5 million and $40.1 million), respectively. As of 28 December 2014 and 29 December 2013, the Non-Guarantor Subsidiaries held $632.2 million and $605.6 million of assets (representing 24.2% and 25.5% of our consolidated total assets), respectively.

For the three and twelve months ended 28 December 2014, STATS ChipPAC Korea Ltd. generated $143.9 million and $546.0 million of net revenues (representing 35.4% and 34.4% of our consolidated net revenues) and $9.5 million and $41.1 million of operating income (representing 76.1% and 102.6% of our consolidated operating income of $12.5 million and $40.1 million), respectively. As of 28 December 2014 and 29 December 2013, STATS ChipPAC Korea Ltd. held $900.5 million and $723.1 million of assets (representing 34.4% and 30.4% of our consolidated total assets), respectively.

For the three and twelve months ended 28 December 2014, the China Non-Guarantor Subsidiary generated $104.8 million and $378.0 million of net revenues (representing 25.8% and 23.8% of our consolidated net revenues) and $2.6 million and $13.5 million of operating loss (representing (20.7)% and (33.7)% of our consolidated operating income of $12.5 million and $40.1 million), respectively. As of 28 December 2014 and 29 December 2013, the China Non-Guarantor Subsidiary held $514.5 million and $485.2 million of assets (representing 19.7% and 20.4% of our consolidated total assets), respectively.

As of 28 December 2014 and 29 December 2013, STATS ChipPAC Korea Ltd. had indebtedness outstanding of $127.0 million and $25.1 million and approximately $152.4 million and $113.1 million of trade payables and other liabilities outstanding, respectively.

As of 28 December 2014 and 29 December 2013, the China Non-Guarantor Subsidiary had no indebtedness outstanding and $189.4 million and $153.4 million of trade payables and other liabilities outstanding, respectively, and STATS ChipPAC Taiwan Semiconductor Corporation had no indebtedness outstanding and $7.2 million and $8.8 million of trade payables and other liabilities outstanding, respectively.

Off-Balance Sheet Arrangements

We have no significant investment in any unconsolidated entities. Our off-balance sheet commitments are limited to operating leases, royalty/license agreements and purchase obligations. Our total off-balance sheet obligations were approximately $317.1 million as of 28 December 2014.

Contractual Obligations

Our total commitments on our loans, operating leases, other obligations and agreements as of 28 December 2014 were as follows:

	Payments Due (in US$'000)				
	Within 1 Year	1-3 Years	3-5 Years	More Than 5 Years	Total
On balance sheet commitments:					
4.5% Senior Notes due 2018 (1)	—	—	611,152	—	611,152
5.375% Senior Notes due 2016 (1)	—	200,000	—	—	200,000
Short-term bank borrowings (1)	212,900	—	—	—	212,900
Long-term bank borrowings (1)	—	93,487	108,551	—	202,038
Other non-current liabilities (2)	—	—	—	—	—
Total on balance sheet commitments	212,900	293,487	719,703	—	1,226,090
Off balance sheet commitments:					
Operating leases	38,518	34,213	11,722	88,915	173,368
Royalty/ licensing agreements	3,653	7,226	6,666	—	17,545
Purchase obligations:					
- Capital commitments (3)	37,053	—	—	—	37,053
- Inventory purchase commitments	87,709	—	—	—	87,709
- Other purchase commitments	1,443	—	—	—	1,443
Total off balance sheet commitments	168,376	41,439	18,388	88,915	317,118
Total commitments	381,276	334,926	738,091	88,915	1,543,208

Notes:

(1) Our senior notes, short-term and long-term bank borrowings agreements contain provisions for the payment of interest either on a monthly, quarterly, semi-annual or annual basis at a stated rate of interest over the term of the debt. These payment obligations are not reflected in the table above. The interest payments due within one year, 1-3 years and 3-5 years amount to $42.5 million, $68.7 million and $16.2 million, respectively.

(2) Our other non-current liabilities as of 28 December 2014 were $16.1 million, including $1.0 million related to severance benefits for our employees in South Korea which were not included in the table due to lack of contractual certainty as to the timing of payments.

(3) On 19 November 2012, we announced our expansion plans in South Korea for the investment of a new integrated facility in the Incheon Free Economic Zone. The construction of the new facility began in the third quarter of 2013 and the new facility is expected to be operational in the first quarter of 2015. Included in operating leases as of 28 December 2014 were minimum lease payments for the land and outsourced facility infrastructures within one year, 1-3 years, 3-5 years and more than 5 years of $4.7 million, $9.5 million, $9.5 million and $84.6 million, respectively. Included in capital commitments as of 28 December 2014 were purchase obligations within one year of $7.0 million. We expect to incur additional facilitisation costs of approximately $2.6 million related to the expansion as of 28 December 2014. These figures are based on the prevailing South Korean Won exchange rate at the end of fourth quarter of 2014.

Contingencies

We are subject to claims and litigations that arise in the normal course of business. These claims may include allegations of infringement of intellectual property rights of others as well as other claims of liability. We accrue liability associated with these claims and litigations when they are probable and reasonably estimable.

We have been served by ERS Electronic GMBH with a Writ of Summons which was filed in the High Court of the Republic of Singapore alleging infringement on two of its patents relating to debonder machines used in wafer level package assembly process. We have sought legal advice and are of the opinion that the claim is groundless and without merit and we intend to take all necessary steps to vigorously defend the claim, including but not limited to, a counterclaim for invalidation of the patents which we have been alleged to infringe. We do not expect this action to have a material financial impact.

We also, from time to time, receive from customers request for indemnification against pending or threatened infringement claims brought against such customers, such as the Tessera cases described in our financial statement for the year ended 30 December 2012. The resolution of any future allegation or request for indemnification could have a material adverse effect on our business, financial condition and results of operations.

In addition, we are subject to various taxes in the different jurisdictions in which we operate. These include taxes on income, property, goods and services, and other taxes. We submit tax returns and claims with the appropriate government taxing authorities, which are subject to examination and agreement by those taxing authorities. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine adequacy of provision for taxes.

Cash Flow Information

	Three Months Ended		Twelve Months Ended	
	28 December 2014	29 December 2013	28 December 2014	29 December 2013
	(In US$'000)		(In US$'000)	
Net cash provided by operating activities	99,642	94,149	342,773	380,496
Net cash used in investing activities	(154,030)	(111,994)	(590,110)	(412,681)
Net cash provided by (used in) financing activities	56,226	(493)	235,618	(9,221)

Cash Flows from Operating Activities

In the three and twelve months ended 28 December 2014, cash provided by operations was $99.6 million and $342.8 million compared to $94.1 million and $380.5 million in the three and twelve months ended 29 December 2013. Cash provided by operations is calculated by adjusting our net income (loss) by non-cash related items such as income tax expense (benefit), depreciation and amortisation, gain from sale of assets, asset impairment, exchange offer expenses, write-off of debt issuance costs, foreign currency exchange loss or gain, interest income, interest expense and by changes in assets and liabilities. In the three and twelve months ended 28 December 2014, non-cash related items included $(3.4) million and $6.5 million of income tax expense (benefit), respectively, $79.2 million and $310.9 million related to depreciation and amortisation, respectively, $nil and $3.7 million related to equipment impairment, respectively, $1.6 million and $3.8 million gain from the sale of equipment, respectively, $1.4 million and $1.2 million of foreign currency exchange gain, respectively, $0.4 million and $1.7 million of interest income and $13.5 million and $51.4 million of interest expense, respectively.

In the three and twelve months ended 29 December 2013, non-cash related items included $4.2 million and $22.3 million of income tax expense, respectively, $82.7 million and $302.5 million related to depreciation and amortisation, respectively, $nil and $2.4 million of debt issuance costs written off, respectively, $nil and $15.7 million of exchange offer and redemption expenses, respectively, $nil and $20.7 million on asset impairment, respectively, $1.0 million and $1.8 million gain from the sale of equipment, respectively, $0.6 million and $0.9 million of foreign currency exchange gain, respectively, $0.4 million and $1.3 million of interest income, respectively, and $12.9 million and $54.5 million of interest expense, respectively.

Working capital sources of cash in the three months ended 28 December 2014 included decreases in inventories, increases in accounts payable, accrued operating expenses and other payables, and amounts due to related parties. Working capital uses of cash in the three months ended 28 December 2014 included increases in accounts receivables and other receivables, prepaid expenses and other assets.

Working capital sources of cash in the twelve months ended 28 December 2014 included increases in accounts payable, accrued operating expenses and other payables. Working capital uses of cash in the twelve months ended 28 December 2014 included increases in accounts receivables, inventories, other receivables, prepaid expenses and other assets and decreases in amount due to related parties.

Accounts receivables as of 28 December 2014 were flat compared to 29 December 2013. Accounts payable increased as of 28 December 2014 as compared to 29 December 2013 primarily due to timing of purchases and working capital management. Payables related to property, plant and equipment purchases decreased due to lower capital expenditures in the last quarter of 2014. Additionally, accrued operating expenses and other payables decreased mainly due to a reduction in accrued staff cost and lower headcount.

Cash Flows from Investing Activities

In the three and twelve months ended 28 December 2014, cash used in investing activities was $154.0 million and $590.1 million compared to $112.0 million and $412.7 million in the same periods in 2013, respectively. The primary usage of cash in investing activities was related to the acquisition of property and equipment, net of changes in payables related to property, plant and equipment purchases of $152.9 million and $581.1 million in the three and twelve months ended 28 December 2014, compared to $105.2 million and $408.2 million in the same periods in 2013, respectively. In the three and twelve months ended 28 December 2014, we invested $1.0 million and $5.1 million in the acquisition of software, licenses and other intangible assets compared to $1.6 million and $5.2 million in the same periods in 2013, respectively. In the three and twelve months ended 28 December 2014, we purchased $14.0 million and $97.7 million of bank deposits compared to $30.5 million and $89.2 million in the same periods in 2013, respectively. In the three and twelve months ended 28 December 2014, we received proceeds from the maturity of our bank deposits of $6.5 million and $81.3 million compared to $23.7 million and $85.4 million in the same periods in 2013, respectively. We received $0.2 million and $1.0 million of interest income in the three and twelve months ended 28 December 2014, compared to $0.2 million and $0.6 million in the same periods in 2013, respectively.

Cash Flows from Financing Activities

In the three and twelve months ended 28 December 2014, cash provided by (used in) financing activities was $56.2 million and $235.6 million, compared to $(0.5) million and $(9.2) million in the same periods in 2013, respectively. In the three and twelve months ended 28

December 2014, $91.3 million and $432.8 million of bank borrowings were incurred and $27.1 million and $148.1 million were repaid, respectively. In the three and twelve months ended 28 December 2014, we paid $8.0 million and $44.4 million of interest expense, respectively. In the three and twelve months ended 28 December 2014, we received $0.02 million and $0.7 million of government grant, respectively. In the three and twelve months ended 28 December 2014, we distributed $nil and $5.4 million to non-controlling interest in a subsidiary, respectively.

In the three and twelve months ended 29 December 2013, $54.1 million and $314.7 million of bank borrowings were incurred and $51.0 million and $235.5 million of our borrowings were repaid. In the twelve months ended 29 December 2013, $247.6 million of proceeds, after deducting debt issuance cost of $7.4 million were received from the issuance of our $255.0 million 4.5% Senior Notes due 2018. In February 2013, we commenced a private exchange offer for our $600.0 million 7.5% Senior Notes due 2015. In connection with our refinancing of our $600.0 million of 7.5% Senior Notes due 2015 with $611.2 million of 4.5% Senior Notes due 2018, we made cash payment of $280.7 million comprising redemption premium of $14.1 million and redemption of $241.6 million principal of our 7.5% Senior Notes due 2015 on 19 April 2013, cash portion of $25.0 million relating to our exchange offer of the 7.5% Senior Notes due 2015, and received net cash proceeds of $247.6 million from the issuance of $255.0 million of 4.5% Senior Notes due 2018 in March 2013. In the three and twelve months ended 29 December 2013, we paid $7.3 million and $55.8 million of interest expense, respectively. In the three and twelve months ended 29 December 2013, we received $3.7 million and $4.8 million of government grants, respectively. In the three and twelve months ended 29 December 2013, we distributed $nil and $4.9 million to non-controlling interest in a subsidiary, respectively.