



## **Press Release**

(all figures in US\$ unless otherwise stated)

# **Singapore Chip Test And Assembly Company UTAC Acquires UTC of Taiwan for US\$475.8 Million**

- **Share-swap transaction will transform enlarged group into a worldwide leading test-centric group and one of the largest global independent full-turnkey provider in the memory business**
- **Synergies in customer portfolio, geographic and product mix will increase revenue and yield cost savings**
- **Acquisition, expected to be completed in September 2004, will result in an enlarged group with operations in Singapore and Taiwan**

**SINGAPORE, April 13, 2004** – United Test and Assembly Center Ltd (“UTAC – SGX: UnitedTAC”) of Singapore announced today the acquisition of UltraTera Corporation (“UTC”) of Taiwan for \$475.8 million in a share-swap transaction which will transform the two leading Asian semiconductor test and assembly service providers into a worldwide leading test-centric group and one of the largest global independent full-turnkey provider in the memory business.

The proposed acquisition will lead to synergies in customer portfolio, geographic and product fit. It will springboard the enlarged group to one of the world’s largest test service provider with 77% of revenue derived from testing and 23% from chip assembly based on pro forma results for the financial year ended 31 December 2003 (“FY2003”). To capitalize on the opportunities created from the acquisition, the group will be increasing its combined staff strength of 2,135 to cater to its expanding operations.

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The acquisition, which is subject to approval by shareholders of both companies, will result in UTC becoming a wholly owned subsidiary of UTAC, which is listed on the Main Board of the Singapore Exchange (“SGX”).

UTAC will issue 783.8 million new shares of par value \$0.15 to UTC shareholders at an exchange ratio of 1.6 UTAC shares for every issued share of UTC, enlarging the share capital base of UTAC from 839.5 million shares currently to 1,623.3 million shares. Following the acquisition, UTAC shareholders will own approximately 51.7% of the enlarged group which will continue to be listed on the SGX.

UTC’s will provide its strong technology expertise and product portfolios including patents for leading edge memory technologies. In addition, this transaction will provide economies of scale and cost reductions through centralizing research and development and marketing, and the enlarged group will enjoy a stronger balance sheet with increased financial flexibility and better access to capital markets.

Founded in November 1997, UTAC has manufacturing facilities in Singapore and a current staff strength of 1,389. UTC was founded in 1995 and has manufacturing facilities in Hsinchu, Taiwan, with 746 staff.

Mr Charles C.Y. Chen, the UTAC Chairman, will be the Chairman of the enlarged group. Mr Lee Joon Chung, the current UTAC President and CEO, will continue to be President and CEO of the enlarged group.

Citigroup Global Markets (“Citigroup”), the exclusive financial advisor to UTAC, said that assuming approval by shareholders of UTAC and UTC at shareholders’ meetings at the end of June 2004, the acquisition is expected to be completed by September 2004.

“Coming at a time of a recovery of the global semiconductor industry, this transaction will transform the group into one of the world’s largest independent full-turnkey memory players and chip testing companies, with combined revenues of \$178.1 million in FY2003,” Mr Y.T. Du, Managing Director of Citigroup, told a media briefing in Singapore.

“The acquisition is the first major cross-border share swap transaction between a Taiwanese company and a Singapore company,” he said.

UTAC’s Mr Lee said: “UTAC is embarking on a path of rapid growth organically to establish our leadership in test capabilities. Through this important acquisition of UTC, the first by UTAC since our listing, the enlarged group will be able to solidify its geographic presence in Taiwan – a key market for chip test and assembly – and complement our core operations in Singapore and ongoing expansion in Shanghai.”



"We have minimal overlap of customers, product mix and geographic sales network. Apart from access to strong customers of UTC such as Hynix and Sandisk, the acquisition will also allow us to use Taiwan as a launch pad for mixed-signal and logic business and accelerate growth of UTC's packaging business through UTAC's mass manufacturing expertise," he added.

UTC's Mr Tsai said: " By combining our strengths with UTAC we will be able to leverage UTAC's strengths in packaging which accounted for only 2% of FY2003 revenues of UTC compared with 33% for UTAC, and the mixed signal business in which UTC had limited exposure compared with 48% for UTAC's FY2003 revenues. This will enable us to offer our customers these capabilities in a much shorter timeframe."

Dr T.J. Huang, President of AsiaVest Partners which has significant shareholding in both UTAC and UTC said: "We are very pleased to have played an introductory role for the two companies. We support the decision of the respective boards to seek a combination of these two companies, as we believe that this transaction will be beneficial to shareholder value creation." AsiaVest Partners is a leading private equity firm in Greater China.

The enlarged group will emerge as a chip testing powerhouse with combined pro forma revenues of \$178.1 million in FY2003, an increase of 21.4% from \$146.7 million in FY2002. Its combined pro forma Earnings Before Interest, Tax, Depreciation and Amortization ("EBITDA") for FY2003 was \$83.6 million, up from \$60.0 million in FY2002. Its pro forma EBITDA margin was 46.9% for FY2003, up from 40.9% in FY2002. Currently, both companies already have high EBITDA margins relative to the industry.

~ End of Release ~

### **About United Test and Assembly Center Ltd ("UTAC")**

Established in 1997 and listed on the Main Board of the Singapore Exchange on 9 February 2004, UTAC is a leading independent provider of semiconductor assembly and testing services to its customers, which comprise Integrated Device Manufacturers, fabless companies and wafer foundries. UTAC provides wafer probing and final testing services on a diverse selection of test platforms for a range of semiconductors including memory, logic, mixed-signal and radio-frequency ICs. Besides testing services, UTAC also provides assembly services for a broad range of leadframe and array packages.

Headquartered in Singapore where it houses its manufacturing, test engineering and package design facilities, UTAC has established a global network of sales offices in the United States, Italy and Japan and has appointed a sales agent in Israel.

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For FY2003, UTAC recorded net revenue growth of 30.1% to \$115.4 million, from which, 66.6% was attributed to testing and 33.4% was derived from assembly. UTAC achieved EBITDA margin of 36.9% from its operations.

### **About UltraTera Corporation (“UTC”)**

UltraTera Corporation (renamed from United Test Center in July 2002), a public company incorporated in the Republic of China (Taiwan) (“Taiwan”), specializes in providing memory test services since its incorporation in 1995. UTC has also successfully developed semiconductor packaging material and state-of-the-art assembly printing technology for commercial use since 1999. Over the past few years, UTC has spent significant resources in building up a patent portfolio and working with key customers to enter the memory packaging business. UTC has a strong patent portfolio in key packaging technologies including patents for WBGA packaging, DRAM stack, printing technologies, and NAND Flash Die Stack. UTC is now able to provide semiconductor substrate material, assembly and packaging to complement testing services. UTC shares were listed on the Emerging Stock Market of the GTSM on 14 January 2003 in Taiwan.

UTC had total revenue of \$62.7 million with approximately 96.7% of its revenues derived from testing for the memory market for FY2003. The company also achieved high gross margins of 20.1% and EBITDA margins of 65.3% for the same financial year. For more information, visit [www.utac.com.sg](http://www.utac.com.sg) for UTAC and [www.utc.com.tw](http://www.utc.com.tw) for UTC.

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