



Press Release

(all figures in US\$ unless otherwise stated)

UTAC and Taiwan's UTC Reach Revised Deal to Form Major Global Player in Chip Testing and Memory Service

- **Transaction will be earnings-accretive for UTAC**
- **UTAC will issue 651.6 million new shares at an exchange ratio of 1.33, valuing UTC at \$245.4 million following the revision**
- **Deal expected to be completed by Jan 2005 instead of September 2004**
- **Both parties remain committed to create the world's fifth largest test-centric powerhouse and third largest independent memory service provider with global operations in key semiconductor centers**

SINGAPORE, 29 July 2004 – United Test and Assembly Center Ltd (“UTAC – SGX: UTAC”), a leading Asian semiconductor test and assembly service provider listed on the Singapore Exchange (“SGX”), announced today it has revised the terms of its proposed 100% acquisition of UltraTera Corporation (“UTC”) of Taiwan, swapping 651.6 million UTAC shares for 489.9 million UTC shares, valuing UTC at \$245.4¹ million.

UTAC said the terms were revised after UTC indicated it was unlikely to achieve its initial pre-tax income estimates for the financial year ending 31 December 2004 (“FY2004”), mainly due to a delay in order from a key customer.

¹ Based on UTAC Share Volume Weighted Average Price of S\$0.6498 and US\$-S\$ exchange rate of 1.726 on 28 July 2004 (Source: Bloomberg)



The two companies had announced on 13 April 2004 an all-share acquisition of UTC by UTAC which will make the combined entity the fifth largest test-centric player and the third largest independent memory service provider globally. The deal would also provide UTAC with a strategic presence in the key Taiwanese semiconductor market.

In the revised agreement signed today, UTAC will now issue 651.6 million new shares of par value \$0.15 to UTC shareholders at an exchange ratio of 1.33 UTAC shares for every issued share of UTC, enlarging the share capital base of UTAC from 842.1 million shares currently to 1,493.7 million shares. The revised deal values UTC at \$245.4 million.

Goodwill resulting from the revision will be significantly reduced to \$64 million from \$313 million previously. With the new accounting standard on business combination issues introduced in Singapore in July, UTAC will be carrying the goodwill on its balance sheet at cost without amortisation, subject to annual impairment review.

Following the acquisition, the existing issued capital held by the current shareholders of UTAC will represent approximately 56.4% (increased from 51.7% previously) of the enlarged capital of UTAC. UTAC will continue to be listed on the Main Board of the SGX post-acquisition.

Assuming approval by the relevant authorities and shareholders approval by both companies, the acquisition is expected to be completed by January 2005 instead of September 2004 as announced earlier. Citigroup Global Markets ("Citigroup") is the exclusive financial advisor to UTAC.

Mr Lee Joon Chung, UTAC's President and CEO, said: "The Taiwan market is an important part of our growth strategy as most of the world leading chip players are concentrated there. The revision in the terms of acquisition in no way diminishes the underlying impetus for this union – to reap synergies in customer portfolio, geographic and product fit and provide a springboard for the enlarged group to be one of the world's largest test and memory service providers. We will gain immediate exposure to the flash memory business and new customers which UTAC currently do not have."

"Upon being alerted that the initial profit estimates of UTC would not be met, both parties – in the interests of upholding corporate governance and protecting shareholder value – acted immediately to revise the terms which remain earnings-accretive for UTAC. Apart from the lower valuation of UTC, delay in timing and the higher shareholding of UTAC in the enlarged group, there is no other change. Both parties are fully committed to harnessing this opportunity to work closely together at a time of a recovery of the global semiconductor industry," said Mr Lee, who will remain as President and CEO of the enlarged group.



Commenting on the revised terms, UTC's President Mr Tsai Chung-Che said: "While the delay by our customer was unexpected, we are nonetheless committed to working closely with UTAC to deliver strong profitability for the combined group. We are confident of delivering strong results for FY2004 and expect our Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") to remain among the highest in the industry."

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 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.

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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.

For more information, visit www.utac.com.sg.

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"), has specialized 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

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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 registered 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.tw.

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