

UNITED TEST AND ASSEMBLY CENTER LTD

PROPOSED ACQUISITION (“PROPOSED ACQUISITION”) BY UNITED TEST AND ASSEMBLY CENTER LTD (“UTAC” OR THE “COMPANY”) OF ULTRATERA CORPORATION (“UTC”) – AMENDED AND RESTATED AGREEMENT

1. INTRODUCTION

On 13 April 2004, UTAC announced the Proposed Acquisition of 100% of the issued shares of common stock of UTC on the basis of an exchange ratio of 1.6 new ordinary shares of par value US\$0.15 each in the capital of UTAC (“**UTAC Share**”) for every one share of common stock of UTC (“**UTC Share**”). Subsequently, on 30 June 2004, the Company announced, *inter alia*, that UTAC and UTC would re-negotiate the share swap exchange ratio downwards in favour of UTAC.

The Board of Directors of UTAC wishes to announce that UTAC and UTC have agreed to a new exchange ratio of 1.33 UTAC Shares to 1 UTC Share (“**New Exchange Ratio**”).

Similarly, outstanding options to purchase UTC Shares granted by UTC (“**UTC Options**”) will be replaced by UTAC with options to acquire UTAC Shares at the New Exchange Ratio.

An amended and restated agreement to the share swap agreement (“**Amended Agreement**”) between UTAC and UTC was entered into today, to document, *inter alia*, the agreement of the parties on the New Exchange Ratio.

2. INFORMATION ON UTC AND ITS SUBSIDIARIES (“UTC GROUP”)

As at the date of this Announcement, UTC has an issued and paid-up capital of NT\$4,899,026,000 comprising 489,902,600 UTC Shares. There are outstanding UTC Options to subscribe for up to 27,200,000 UTC Shares, granted by UTC under the Guidelines for Issuance and Subscription of Employee Stock Options of UTC adopted on 17 November 2003 (the “**UTC Option Plan**”). Other information relating to the UTC Group and the rationale for the Proposed Acquisition are set out in our earlier announcement of 13 April 2004.

3. ACQUISITION

We set out below some of the main terms of the Proposed Acquisition, taking into account the recent amendments agreed to by UTAC and UTC.

3.1 The Consideration

The Proposed Acquisition involves, *inter alia*, the Company acquiring the entire issued shares of common stock of UTC free from all liens, charges and encumbrances and with all rights and benefits attaching thereto with effect from completion.

The consideration for the Proposed Acquisition, which was arrived at on a willing-buyer willing-seller basis after taking into account the expected respective contributions of both companies to

the enlarged group after the completion of the Proposed Acquisition, amounts to S\$423,390,484 (the "**Purchase Consideration**"), based on the number of new UTAC Shares to be issued as consideration for the Proposed Acquisition and the volume weighted average price of UTAC Shares transacted on 28 July 2004 of S\$0.6498 (the "**UTAC Average Price**") (Source: Bloomberg).

The Purchase Consideration is to be satisfied by the issue and allotment of an aggregate of 651,570,458 new UTAC Shares (the "**Consideration Shares**"), which represents approximately 43.6% of the Enlarged Capital of UTAC (as defined below).

("Enlarged Capital of UTAC" means the enlarged capital of UTAC immediately after the completion of the Proposed Acquisition and the issue of the Consideration Shares and assuming that none of the outstanding options granted by UTAC as at 28 July 2004 pursuant to the 2000 Equity Incentive Plan and the UTAC Employee Share Option Scheme 2003 (collectively known as "**UTAC Options**") and none of the UTC Options have been exercised).)

Each UTC shareholder who would otherwise be entitled to a fraction of a Consideration Share (after aggregating all fractional entitlements that would otherwise be received by such UTC shareholder), shall upon the completion of the Proposed Acquisition receive from UTAC a cash amount (in NT\$ rounded up to the nearest whole dollar) or cash equivalents, without interest, equal to the product of such fraction, multiplied by the UTAC Average Price.

It is intended that after the completion of the Proposed Acquisition, UTC will be delisted from the Emerging Stock Market of the GreTai Securities Market ("**GTSM**") in Taiwan.

3.2 New UTAC Options to replace existing UTC Options

New UTAC options will be issued to replace the existing UTC Options granted pursuant to the UTC Option Plan (the "**UTAC Replacement Options**") at an exchange ratio of 1.33 UTAC Shares for every existing UTC Share. Based on the outstanding UTC Options to subscribe for up to 27,200,000 UTC Shares, as at the date of this announcement, UTAC Replacement Options to subscribe for up to 36,176,000 UTAC Shares will be issued.

The exercise price for each UTAC Replacement Option (the "**Exercise Price**") shall be US\$0.2484, being the US Dollar equivalent of the original exercise price of NT\$11.30 (based on the exchange rate as of 28 July 2004 of NT\$34.206:US\$1) divided by 1.33.

The UTAC Replacement Options shall be set forth and governed by the relevant option agreement executed by each holder of a UTAC Replacement Option with the Company in accordance with the corporate policies or standards of the Company and taking into account the relevant legal, statutory and regulatory requirements, including without limitation, those that may be imposed by the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

3.3 Conditions Precedent

The Proposed Acquisition is subject to and conditional upon, *inter alia*:

- (a) the approval of UTAC shareholders at an extraordinary general meeting ("**EGM**") to be convened;
- (b) the approval of UTC shareholders at a general meeting to be convened;

- (c) the approval by the SGX-ST for the listing of the Consideration Shares and new UTAC Shares to be issued pursuant to the exercise of the UTAC Replacement Options;
- (d) the approval of Taiwan's Fair Trade Commission for the combination of UTAC and UTC (if necessary);
- (e) the approval of the Investment Commission of the Taiwan Ministry of Economic Affairs of the Proposed Acquisition as a foreign investment transaction;
- (f) the approval of the Taiwan Securities and Futures Commission of the Ministry of Finance for the revocation of UTC's "public company" status;
- (g) the approval of the GTSM for the delisting of UTC from the Emerging Stock Market of the GTSM; and
- (h) no occurrence prior to the completion of the Proposed Acquisition which could reasonably be expected to have a material adverse effect on the business, assets, liabilities, condition (financial and other), results of operations or prospects of UTAC and its subsidiaries (the "**UTAC Group**") or the UTC Group.

4. COMMON SHAREHOLDERS AND DIRECTORS AND CHANGE IN SHAREHOLDING STRUCTURE

Details on the common shareholders and directors of UTAC and UTC and the shareholding structure of UTAC pre-Proposed Acquisition and post-Proposed Acquisition are set out in the Appendix.

Under Taiwanese laws, a UTC shareholder has a right to dissent to the Proposed Acquisition ("**UTC Dissenting Shareholder**"). In such an event, UTC shall repurchase the UTC Shares held by the UTC Dissenting Shareholder in accordance with Taiwanese laws. Any UTC Shares held by a UTC Dissenting Shareholder which has not been repurchased prior to completion of the Agreement shall be exchanged for UTAC Shares in accordance with the same exchange ratio and subject to purchase by UTC or its third party designee in accordance with Taiwanese laws after completion. The shareholding details in this Announcement (including the percentages) are therefore subject to change.

5. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Mr Shaw Shung-Ho is a non-executive Director of UTAC. He was also a director of UTC until he recently stepped down in June 2004. He does not hold any shares in UTAC, but holds shares in UTC (directly and through his spouse and children) amounting to 0.25% of the issued share capital of UTC. Mr Shaw is an employee of AsiaVest Partners TCW/YFY (Taiwan) Ltd ("**AsiaVest**"). AsiaVest manages on a discretionary basis Taiwan Special Opportunities Fund II and Taiwan Special Opportunities Fund III, both of which holds UTAC Shares. Taiwan Special Opportunities Fund II is a common shareholder of UTAC and UTC. Mr Lee Kheng Nam, a non-executive director of UTAC, is also a non-executive director of Cresciendo Investment Limited ("**Cresciendo**"). Cresciendo is a subsidiary of Vertex Venture Holdings Ltd, a shareholder of UTAC, which also has an interest in VI(II). VI(II) is a common shareholder of UTAC and UTC.

Mr Yasutaka Shida is a non-executive Director of UTAC. He is the representative of Advantest (Singapore) Pte Ltd. Advantest (Singapore) Pte Ltd is a shareholder of UTAC. Advantest Corporation, the holding company of Advantest (Singapore) Pte Ltd, holds 3.85% of the issued share capital of UTC.

Save as disclosed in this Announcement, none of the Directors or substantial shareholders of UTAC has any interest, direct or indirect, in the Proposed Acquisition.

6. UTC FINANCIALS

FY2003	(NT\$'000,000)	(US\$'000,000)⁽²⁾
Key Income Statement Data⁽¹⁾		
Revenues	2,156.9	62.7
EBITDA	1,409.4	41.0
EBIT	47.3	1.4
Net Income	(8.6)	(0.3)
EBITDA Margin	65.3%	-
EBIT Margin	2.2%	-
Net Income Margin	(0.4)%	-
Key Balance Sheet Data⁽¹⁾		
	(NT\$'000,000)	(US\$'000,000)⁽³⁾
Total Assets	6,949.1	204.5
Gross Debt	990.1	29.1
Cash	342.6	10.1
Net Debt	647.5	19.1
Stockholders' Equity	5,519.1	162.4

Notes:

- (1) Based on UTC's audited financial statements for FY2003 prepared in accordance with Taiwan GAAP
(2) Based on the average exchange rate in 2003 of NT\$34.38:US\$1
(3) Based on the year-end exchange rate in 2003 of NT\$33.98:US\$1

7. FINANCIAL EFFECTS

The pro forma financial effect of the Acquisition are for illustration purposes only and do not reflect the future financial results or position of the enlarged group after the completion of the Acquisition. It is also not necessarily indicative of results of the operations or related effects on the financial position that could have been attained had the enlarged group actually existed at an earlier date.

The pro forma FY2003 financial numbers are based on the audited financial statements of UTAC and UTC for FY2003, after pro forma adjustments for significant differences in the accounting standards, principles and practices used by the two companies in the preparation of these financials, the effects of purchase price allocation, including fair valuation of identifiable assets and liabilities at the pro forma dates of Proposed Acquisition and the corresponding depreciation, amortisation and other effects on the financial results.

The pro forma goodwill arising on consolidation (approximately US\$64 million) included in the pro forma financials for illustration purposes have been computed based on the UTAC Average Price of S\$0.6498 assuming that all the UTC shareholders accept the share swap resulting in 651,570,458 new UTAC Shares being issued on completion of the Proposed Acquisition, and after making the pro forma adjustments mentioned in the previous paragraph. The goodwill that will be recorded in the enlarged group after the completion of the Proposed Acquisition, however, will be based on the UTAC share price prevailing on the date the last substantive condition of the Proposed Acquisition is met, and on the actual number of new UTAC Shares to be issued, and therefore could be materially different from the pro forma goodwill disclosed herein.

The Directors of UTAC note that in July 2004, the Council for Corporate Disclosure and Governance issued FRS 103 "Business Combinations". The new accounting standard, amongst other things, require goodwill to be carried on the balance sheet of an acquirer at cost without amortization but instead be subjected to annual impairment review. FRS 103 permits, and the Company intends to apply the requirements of FRS 103 to this acquisition. Accordingly, the pro forma financials do not take into account any goodwill amortisation.

Net Tangible Assets. For illustrative purposes only and subject to the assumptions above, the pro forma financial effect of the Proposed Acquisition on the NTA per UTAC Share as at 31 December 2003 (assuming that the Proposed Acquisition had taken place on 31 December 2003) is as follows:

	As at 31 December 2003	
	Before the Proposed Acquisition	(Pro forma) After the Proposed Acquisition
NTA (US\$ in millions)	240.8	405.3
Number of UTAC Shares (in millions)	833.7	1485.3
NTA per UTAC Share (US\$ in cents)	28.9	27.3

Note: NTA as at 31 December 2003 above includes the net proceeds from UTAC's Initial Public Offering in January 2004 ("IPO") and the number of UTAC Shares includes new UTAC Shares issued pursuant to the IPO. It also assumes that the UTAC Shares currently held by UTC, and those issued in exchange for UTC treasury shares pursuant to this Proposed Acquisition, amounting to 50.2 million UTAC Shares in total, were sold for cash on 31 December 2003 at S\$0.6498 per UTAC Share, and assumes none of the UTAC Options and UTC Options have been exercised.

Loss per UTAC Share. For illustrative purposes only and subject to the above assumptions, the pro forma financial effect of the Proposed Acquisition on the loss per UTAC Share ("EPS") for FY2003 (assuming that the Proposed Acquisition had taken place on 1 January 2003) is as follows:

	For FY2003	
	Before the Proposed Acquisition	(Pro forma) After the Proposed Acquisition
Losses attributable to shareholders (US\$ in millions)	(7.6)	(8.5)
Number of UTAC Shares (in millions)	554.0	1,205.6
Loss Per UTAC Share (US\$ in cents)	(1.37)	(0.70)

Note: The loss per UTAC Share for FY2003 is computed using weighted average number of UTAC Shares in issue during 2003 and assuming that the new UTAC Shares to be issued pursuant to the Proposed Acquisition were issued on 1 January 2003 on a pro forma basis. It also assumes that the UTAC shares currently held by UTC, and those issued in exchange for UTC treasury shares pursuant to this Proposed Acquisition, amounting to 50.2 million UTAC Shares in total, were sold for cash on 1 January 2003 at S\$0.6498 per UTAC Share. The loss per UTAC Share figures above exclude the net proceeds and the new UTAC Shares issued pursuant to the IPO. No adjustment has been made for the assumed conversion of the UTAC Options in the above illustration as the exercise of the UTAC Options would have anti-dilutive effect on the loss per UTAC Share.

As announced previously on 30 June 2004, UTC will not be able to achieve its profit before tax and revenue projections for FY2004 as represented earlier by UTC's management and referred to by UTAC in its earlier announcement of 13 April 2004.

Based on UTAC's discussions with the management of UTC, assuming that (i) the provision for diminution in value of long-term investments of UTC of approximately NT\$351 million (or approximately US\$10.3 million based on the exchange rate as of 28 July 2004 of NT\$34.206:US\$1) and a gain from disposal of fixed assets by UTC of approximately NT\$55 million (or approximately US\$1.6 million based on the exchange rate as of 28 July 2004 of NT\$34.206:US\$1) are not taken into account; and (ii) no adjustments are made for purchase price allocation, differences in accounting standards, principles and practices and timing of the completion of the Proposed Acquisition, the Board of Directors of UTAC believe that the impact of the Proposed Acquisition on the EPS of UTAC would still be accretive.

8. FURTHER INFORMATION

8.1 Sale of UTC's Shareholding in the Company

As at the date of this announcement, UTC has an interest in an aggregate of 36,533,333 UTAC Shares, representing 4.34% of the current issued share capital of the Company.

Following the completion of the Proposed Acquisition, UTC will have an interest in an aggregate of 50,162,412 UTAC Shares representing 3.36% of the Enlarged Capital of UTAC. UTC will become a wholly-owned subsidiary of the Company. Under the Companies Act (Chapter 50 of Singapore), UTC cannot be a member of a company which is its holding company. Accordingly, following the completion of the Proposed Acquisition, UTC shall have no right to vote at meetings of the Company or any class of members thereof and UTC shall, within 12 months or such longer period as the Singapore courts may allow after becoming a subsidiary of the Company, dispose of all its UTAC Shares.

8.2 Major Transaction

The Proposed Acquisition is expected to be classified as a "Major Transaction" under Rule 1013 of the SGX-ST Listing Manual.

Based on the audited consolidated financial statements of UTAC and the audited financial statements of UTC for FY2003, UTAC had a net loss of US\$7.6 million and UTC had a net loss of NT\$8.6 million (or approximately US\$0.3 million based on an average exchange rate in 2003 of NT\$34.38: US\$1).

The Purchase Consideration of S\$423,390,484 represents approximately 77.37% of the market capitalisation of the Company of approximately S\$547,196,752 (calculated based on the volume weighted average price of UTAC Shares transacted on 28 July 2004 of S\$0.6498).

Based on the exchange ratio, the Consideration Shares to be issued by UTAC in consideration of the Proposed Acquisition amounts to 651,570,458 new UTAC Shares and represents approximately 77.37% of the issued share capital of UTAC (comprising 842,100,264 UTAC Shares) as at 28 July 2004.

UTAC will convene an EGM to seek the approval of the shareholders of UTAC for the Proposed Acquisition and the proposed issue of new UTAC Shares and all other matters necessary to effect the Proposed Acquisition by the shareholders of UTAC at the EGM.

8.3 Appointment to the Board of Directors of UTAC

Upon completion of the Proposed Acquisition, it is contemplated that three new directors will be appointed to the Board of Directors of UTAC. Mr Charles Chen Chih Yuan will remain as Chairman of the Company while Mr Lee Joon Chung will remain as President and Chief Executive Officer of the Company. The current 12 members of the Board of Directors of UTAC will remain on the Board.

8.4 Appointment of an Independent Financial Adviser

The Company has appointed ANZ Singapore Limited as the independent financial adviser to advise the Board of Directors of UTAC on the Proposed Acquisition.

8.5 Circular to shareholders

A circular containing, *inter alia*, details of the Proposed Acquisition and a notice convening the EGM of UTAC will be despatched to shareholders of UTAC in due course.

8.6 Documents for Inspection

Copies of the Amended Agreement entered into today are available for inspection during normal business hours at the office of UTAC at 5 Serangoon North Avenue 5, Singapore 554916, for a period of three months commencing from the date of this announcement.

8.7 Caveat

It should be noted that the Proposed Acquisition is subject to certain conditions precedent being fulfilled or satisfied including those set out above in paragraph 3.3 of this Announcement. Such approvals, consents, and/or waivers are beyond the control of the Company and UTC and there is no assurance that all such approvals, consents and/or waivers will be granted by the relevant authorities or that all other conditions precedents will be fulfilled or satisfied.

By order of the Board

LAREINA YAP CHU HAN
Company Secretary
29 July 2004

APPENDIX – COMMON SHAREHOLDERS AND DIRECTORS AND CHANGE IN SHAREHOLDING

1. As at the date of this announcement and based on the latest available information, the details of (a) common shareholders and directors of UTAC and UTC (b) the number of shares held in UTAC and UTC respectively and (c) the entitlement to UTAC Shares pursuant to the Proposed Acquisition are as follows:

Shareholders	Investment in UTAC		Investment in UTC		No of new UTAC Shares entitled pursuant to Proposed Acquisition
	Number of UTAC Shares	% ⁽¹³⁾	Number of UTC Shares	%	
Solomon Technology and Affiliates					
Solomon Technology Corp.	3,475,328	0.41%	27,148,366	5.54%	36,107,326
Moredol Investment Corp. ⁽¹⁾	-	-	27,648,040	5.64%	36,771,893
Derly Investment Corp. ⁽¹⁾	-	-	36,117,548	7.37%	48,036,338
Moretek Investment Corp. ⁽¹⁾	-	-	30,511,290	6.23%	40,580,015
Solomon Smartnet Corp. ⁽¹⁾	-	-	609,000	0.12%	809,970
Solomon Sensor-tech Corporation ⁽²⁾	-	-	2,638,500	0.54%	3,509,205
TM Technology Inc. ⁽³⁾	-	-	4,877,992	1.00%	6,487,729
Subtotal	3,475,328	0.41%	129,550,736	26.44%	172,302,476
Entities managed by AsiaVest Partners, TCW / YFY (Taiwan) Ltd					
Taiwan Special Opportunities Fund	-	-	14,758,100	3.01%	19,682,273
Taiwan Special Opportunities Fund II	49,371,418	5.86%	6,380,000	1.30%	8,485,400
Taiwan Special Opportunities Fund III	35,800,000	4.25%	-	-	-
Subtotal	85,171,418	10.11%	21,138,100	4.31%	28,167,673
Tsai Chung Che & Related					
Tsai Chung Che ⁽³⁾	-	-	3,332,078	0.68%	4,431,663
Tsai Hwang Yen Mei ⁽³⁾	-	-	12,739,859	2.60%	16,944,012
Tsai Hsien Chon ⁽³⁾	-	-	1,160,000	0.24%	1,542,800
Tsai Hsien Wei ⁽⁴⁾	-	-	1,160,000	0.24%	1,542,800
Tsai Hsien Tsong ⁽⁴⁾	-	-	1,160,000	0.24%	1,542,800
Sirustech Co. ⁽⁵⁾	-	-	3,480,000	0.71%	4,628,400
M & Vactek Corporation ⁽⁶⁾	4,693,056	0.56%	-	-	-
Scientek Corp. ⁽⁷⁾	-	-	17,413,138	3.55%	23,159,473
Scientek Holding (B.V.I.) Corp ⁽⁷⁾	14,020,229	1.67%	-	-	-
Subtotal	18,713,285	2.22%	40,445,075	8.26%	53,791,948
Advantest					
Advantest Corporation	-	-	18,850,000	3.85%	25,070,500
Advantest (Singapore) Pte Ltd. ⁽⁸⁾	16,937,947	2.01%	-	-	-
Subtotal	16,937,947	2.01%	18,850,000	3.85%	25,070,500
Entities controlled or managed by Vertex⁽⁹⁾					
Cresciendo Investments Limited	36,796,196	4.37%	-	-	-
Vertex Investment International (I) Inc.	1,234,118	0.15%	-	-	-
Vertex Investment (II) Ltd.	10,943,014	1.30%	1,109,250	0.23%	1,475,302
Vertex Asia Limited	10,943,014	1.30%	1,386,200	0.28%	1,843,646
HWH Investment Pte. Ltd ⁽¹⁰⁾	-	-	276,950	0.06%	368,343
Subtotal	59,916,342	7.12%	2,772,400	0.57%	3,687,291

Shaw Shung-Ho & Family

Shaw Shung-Ho ⁽¹¹⁾	-	-	439,025	0.09%	583,903
Liao Shu-Pi Shaw ⁽¹¹⁾	-	-	581,128	0.12%	772,900
Hsiao Shih-Hua ⁽¹¹⁾	-	-	96,280	0.02%	128,052
Hsiao Fang-Yi ⁽¹¹⁾	-	-	96,280	0.02%	128,052
Subtotal	0	0.00%	1,212,713	0.25%	1,612,907

UTC	36,533,333	4.34%	10,247,428 ⁽¹²⁾	2.09%	13,629,079
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Notes:

- (1) 100% owned by Solomon Technology Corp.
- (2) 60.47% owned by Solomon Technology Corp.
- (3) The Chairman of TM Technology Inc, Chen Jan-Sun, is also Chairman of Solomon Technology Corp. Solomon Smartnet Corp., Moredol Investment Corp., Moretek Investment Corp. and Solomon Technology Corp. together hold 5.16% of TM Technology Inc.
- (4) Tsai Chung Che is President and Director of UTC. Tsai Hwang Yen Mei, Tsai Hsien Chon, Tsai Hsien Wei and Tsai Hsien Tsong are Tsai Chung Che's spouse, elder son, second son and third son, respectively.
- (5) The company is owned by Tsai Chung Che.
- (6) The company is controlled by Tsai Chung Che, though he is not Chairman of the said company.
- (7) Tsai Chung Che is founder and Chairman of the company.
- (8) Advantest (Singapore) Pte Ltd. is a wholly-owned subsidiary of Advantest Corporation.
- (9) Temasek Holdings (Private) Limited directly and indirectly owns 100% of Singapore Technologies Pte Ltd ("STPL") and STPL owns 100% of Ellensburg Holding Pte Ltd ("EHP"), which in turn owns 100% of Vertex Venture Holdings Ltd ("VVH"). VVH and EHP together own 100% of Cresciendo Investments Limited ("Cresciendo") with VVH holding 64.63% and EHP holding 35.27% interest in Cresciendo. Both VVH and EHP are deemed to be interested in Cresciendo's shareholding in UTAC, which amounts to approximately 4.37% of the Company's issued share capital. Temasek and STPL are in turn also deemed to be interested in Cresciendo's shareholding in UTAC. VVH has an equity interest of approximately 27%, 48% and 100% in Vertex Asia Limited ("VAL"), Vertex Investment (II) Ltd ("VI(II)") and Vertex Investment International (I) Inc ("VII(I)") respectively and is thus deemed to be interested in their respective shareholdings in UTAC, amounting to an aggregate of 2.75% of the Company's issued share capital. In turn, Temasek, STPL and EHP are deemed to be interested in VVH's deemed interests in UTAC through VAL, VI(II) and VII(I). VAL and VI(II) are discretionary funds managed by Vertex Management (II) Pte Ltd, which is a wholly-owned subsidiary of Vickers Capital Limited, which is in turn, wholly-owned by VVH. Lee Kheng Nam, a non-executive Director of UTAC, is a non-executive director of Cresciendo and Vertex Management (II) Pte Ltd.
- (10) HWH Investment Pte. Ltd is owned by GIC but managed by Vertex.
- (11) Shaw Shung-Ho, a non-executive director of UTAC, is employed by AsiaVest Partners, TCW/YFY (Taiwan) Ltd. He was also a director of UTC until he recently stepped down in June 2004. Liao Shu-Pi, Hsiao Shih-Hua and Hsiao Fang-Yi are Shaw Shung-Ho's spouse, son and daughter, respectively.
- (12) Refers to UTC Shares held by UTC (9,992,428) and its subsidiary (255,000)
- (13) Based on UTAC's issued share capital of 842,100,264 UTAC Shares as at 28 July 2004.

2. It is anticipated that immediately upon completion of the Proposed Acquisition, the shareholdings of the common shareholders and directors of UTAC and UTC will be as follows:

Shareholders	Total Shareholdings in UTAC post-Proposed Acquisition	
	No. of UTAC Shares	% of the Enlarged Capital of UTAC ⁽¹⁴⁾
Solomon Technology and Affiliates		
Solomon Technology Corp.	39,582,654	2.65%
Moredol Investment Corp. ⁽¹⁾	36,771,893	2.46%
Derly Investment Corp. ⁽¹⁾	48,036,338	3.22%
Moretek Investment Corp. ⁽¹⁾	40,580,015	2.72%
Solomon Smartnet Corp. ⁽¹⁾	809,970	0.05%
Solomon Sensor-tech Corporation ⁽⁴⁾	3,509,205	0.23%
TM Technology Inc. ⁽³⁾	6,487,729	0.43%
Subtotal	175,777,804	11.77%
Entities managed by AsiaVest Partners, TCW / YFY (Taiwan) Ltd		
Taiwan Special Opportunities Fund	19,682,273	1.31%
Taiwan Special Opportunities Fund II	57,856,818	3.87%
Taiwan Special Opportunities Fund III	35,800,000	2.40%
Subtotal	113,339,091	7.58%
Tsai Chung Che & Related		
Tsai Chung Che ⁽⁴⁾	4,431,663	0.30%
Tsai Hwang Yen Mei ⁽⁴⁾	16,944,012	1.13%
Tsai Hsien Chon ⁽⁴⁾	1,542,800	0.10%
Tsai Hsien Wei ⁽⁴⁾	1,542,800	0.10%
Tsai Hsien Tsong ⁽⁴⁾	1,542,800	0.10%
Sirustech Co. ⁽⁵⁾	4,628,400	0.31%
M & Vactek Corporation ⁽⁶⁾	4,693,056	0.31%
Scientek Corp. ⁽⁷⁾	23,159,473	1.55%
Scientek Holding (B.V.I.) Corp ⁽⁷⁾	14,020,229	0.94%
Subtotal	72,505,233	4.85%
Advantest		
Advantest Corporation	25,070,500	1.68%
Advantest (Singapore) Pte Ltd. ⁽⁸⁾	16,937,947	1.13%
Subtotal	42,008,447	2.81%
Entities controlled or managed by Vertex⁽⁹⁾		
Cresciendo Investments Limited	36,796,196	2.46%
Vertex Investment International (I) Inc.	1,234,118	0.08%
Vertex Investment (II) Ltd.	12,418,316	0.83%
Vertex Asia Limited	12,786,660	0.86%
HWH Investment Pte. Ltd ⁽¹⁰⁾	368,343	0.02%
Subtotal	63,603,633	4.26%
Shaw Shung-Ho & Family		
Shaw Shung-Ho ⁽¹¹⁾	583,903	0.04%
Liao Shu-Pi Shaw ⁽¹¹⁾	772,900	0.05%
Hsiao Shih-Hua ⁽¹¹⁾	128,052	0.01%
Hsiao Fang-Yi ⁽¹¹⁾	128,052	0.01%
Subtotal	1,612,907	0.11%
UTC	50,162,412	3.36%

Notes:

For Notes (1) to (12), please refer to paragraph 1 of the Appendix.

(14) Based on the Enlarged Capital of UTAC of 1,493,670,722 UTAC Shares calculated based on the issued share capital of UTAC of 842,100,264 UTAC Shares as at 28 July 2004 and disregarding all fractional entitlements in the calculation of the Consideration Shares.

"Enlarged Capital of UTAC" means the enlarged capital of UTAC immediately after the completion of the Proposed Acquisition and the issue of the Consideration Shares and assuming that none of the outstanding options as at 28 July 2004 granted by UTAC pursuant to the 2000 Equity Incentive Plan and the UTAC Employee Share Option Scheme 2003 and none of the outstanding options granted by UTC under the Guidelines for Issuance and Subscription of Employee Stock Options of UTC adopted on 17 November 2003 have been exercised).

As at 28 July 2004, there were 49,699,590 UTAC options outstanding pursuant to the 2000 Equity Incentive Plan which are exercisable at either US\$0.1875 or US\$0.60 and will expire at various times between 15 November 2004 and 30 September 2013. As at 28 July 2004, UTC had outstanding stock options to subscribe for up to 27,200,000 UTC Shares which are exercisable at NT\$11.30 and will expire in 2011.