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UNITED TEST AND ASSEMBLY CENTER LTD

(Incorporated in Singapore with limited liability)
(Company registration number: 199708070H)

PROPOSED ISSUE OF DUAL TRANCHE UNSECURED CONVERTIBLE BONDS DUE 2013

The Board of Directors wishes to announce that United Test and Assembly Center Ltd (the "**Company**") proposes to issue in dual tranches unsecured convertible bonds due 2013 (the "**Convertible Bonds**"), which are convertible into fully paid-up new ordinary shares (the "**New Shares**") in the capital of the Company (the "**Offering**"). Citigroup Global Markets Singapore Pte. Ltd. ("**Citigroup**") has been appointed the sole bookrunner and lead manager for the Offering. The Company and Citigroup have on October 31, 2006 entered into a purchase agreement relating to the offering of the Convertible Bonds (the "**Purchase Agreement**"). Under the terms of the Purchase Agreement, the Company has agreed to issue, and Citigroup has agreed to subscribe and pay for, or procure subscription and payment for, up to US\$165 million in aggregate principal amount of Convertible Bonds, with an option for Citigroup to subscribe, under certain circumstances, for additional Convertible Bonds of up to US\$25 million in aggregate principal amount (the "**Option**"). The Convertible Bonds will be issued in two tranches, at an issue price of 100 per cent. of the principal amount thereof, and are convertible into New Shares.

The Offering will be made pursuant to exemptions invoked under Sections 274 and 275 of the Securities and Futures Act, Chapter 289 of Singapore.

Principal Terms and Conditions of the Convertible Bonds

The principal terms and conditions of the Convertible Bonds are summarised as follows:

Principal Size of the Proposed Offering	:	Up to US\$165 million in aggregate. The Convertible Bonds will be issued in two separate tranches. The first tranche (" Tranche A ") and the second tranche Convertible Bonds (" Tranche B ") will each constitute up to US\$82.5 million in principal amount of Convertible Bonds (excluding the Option referred to in below).
Option Size	:	Up to US\$25 million principal amount of Convertible Bonds, comprising of up to US\$12.5 million in aggregate principal amount of Tranche A and up to US\$12.5 million in aggregate principal amount of Tranche B.
Maturity Date	:	(i) Tranche A: November 14, 2013. (ii) Tranche B: November 14, 2013.
Issue Price	:	100 per cent. of the principal amount of the Convertible Bonds.
Yield-to-Put/Maturity	:	(i) Tranche A: 5.50 per cent.. (ii) Tranche B: 5.95 per cent..
Method of Issue	:	Distribution under Regulation S under the U.S. Securities Act of 1933 only.
Conversion Premium	:	38 per cent. over the closing price of the ordinary shares of the Company (the " Shares ") on the Singapore Exchange Securities Trading Limited (the " SGX-ST ") on October 31, 2006. The closing price was S\$0.73 per Share.

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Conversion Terms : The conversion right (the "**Conversion Right**") attaching to any Convertible Bond may be exercised, at the option of the holder, at any time on and after December 25, 2006 up to the close of business (at the place where the Certificate evidencing such Convertible Bond is deposited for conversion) on October 30, 2013 (but, except as provided in the terms and conditions of the Convertible Bonds, in no event thereafter).

The number of Shares to be issued on conversion of a Convertible Bond will be determined by dividing the principal amount of the Convertible Bond (translated into Singapore Dollars at the fixed rate of S\$1.5612 = US\$1.00 (the "**Exchange Rate**") by the conversion price in effect at the date of conversion. A Conversion Right may only be exercised in respect of one or more Convertible Bonds. If more than one Convertible Bond held by the same holder is converted at any one time by the same holder, the number of New Shares to be issued upon such conversion will be calculated on the basis of the aggregate principal amount of the Convertible Bonds to be converted.

Conversion Price : The price at which New Shares will be issued upon conversion, as adjusted from time to time (the "**Conversion Price**") will initially be:

(i) in the case of Tranche A, S\$1.0074 per Share; and

(ii) in the case of Tranche B, S\$1.0074 per Share.

This initial Conversion Price for each tranche of Convertible Bonds will be subject to adjustment in the manner provided in the terms and conditions of the Convertible Bonds.

Early Redemption Amount : An amount equal to 100 per cent. of the principal amount of the Convertible Bonds redeemed plus a redemption premium at the relevant date fixed for redemption (the "**Early Redemption Amount**").

Redemption at the Option of the Company : (i) Redemption of Tranche A Convertible Bonds:

On or at any time after November 14, 2010 and prior to October 30, 2013, the Company may redeem the Convertible Bonds, in whole but not in part, at the Early Redemption Amount if the closing price of the Shares for each of 30 consecutive trading days, the last of which occurs not more than five days prior to the date upon which notice of such redemption is published, is greater than 130 per cent. of the applicable Early Redemption Amount divided by the applicable conversion ratio.

(ii) Redemption of Tranche B Convertible Bonds:

On or at any time after November 14, 2011 and prior to October 30, 2013, the Company may redeem the Convertible Bonds, in whole but not in part, at the Early Redemption Amount if the closing price of the Shares for each of 30 consecutive trading days, the last of which occurs not more than five days prior to the date upon which notice of such redemption is published, is greater than 130 per cent. of the applicable Early Redemption Amount divided by the applicable conversion ratio.

Redemption at the Option of the Bondholder : The Company will, at the option of the holder of any Tranche A Convertible Bond and any Tranche B Convertible Bond, redeem all or some of that holder's Convertible Bonds on November 14, 2010 and November 14, 2011, respectively, at 119.8311 per cent. of the

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principal amount of the Tranche A Convertible Bonds and at 128.3405 per cent. of the principal amount of the Tranche B Convertible Bonds.

Status of the Convertible Bonds and New Shares : The Convertible Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Company, ranking *pari passu* and rateably without any preference among themselves and save as otherwise provided under any applicable laws or regulations, equally with all other unsecured obligations (other than subordinated obligations, if any) of the Company from time to time outstanding.

The New Shares to be issued upon conversion of the Convertible Bonds when allotted and issued will rank *pari passu* in all respects with the existing Shares, except for any dividends, rights, allotments or other distributions, the record date for which is before the conversion date of the Convertible Bonds.

Redemption : Unless previously redeemed, converted or purchased and cancelled, the Company will redeem the Tranche A Convertible Bonds at 137.7995 per cent. of their principal amount and the Tranche B Convertible Bonds at 142.2171 per cent. of their principal amount on November 14, 2013.

Anti-dilution Protection : The Conversion Price will be adjusted in certain circumstances, including, *inter alia*, the declaration of dividends in respect of the Shares, subdivisions, consolidations and re-classification of Shares, issuance of options, rights or warrants and capital distribution.

Listing : An application will be made for the listing of the Convertible Bonds and the New Shares on the SGX-ST.

Governing Law : English law.

New Shares

The number of New Shares to be allotted and issued by the Company, pursuant to the full conversion of the Convertible Bonds (and inclusive of full exercise of the Option), is approximately 294,449,077 (based on the Conversion Price of S\$1.0074 and assuming no adjustments to the Conversion Price), which represents approximately 19.79 per cent. of the issued and paid-up capital of the Company as at 27 April 2006. The proposed issue of the New Shares is made pursuant to the general mandate for issue of shares and securities given to the Directors of the Company at the annual general meeting of the Company held on 27 April 2006.

Use of Proceeds

The Company intends to use the proceeds of the Offering for the following purposes:

- (a) up to US\$175 million will be used to repay the bank financing taken up for the acquisition of UTAC Thai Limited (formerly known as NS Electronics Bangkok (1993) Ltd) by the Company; and
- (b) the balance will be used for general corporate purposes and/or for refinancing of other outstanding indebtedness.

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Financial Effects of the Offering

For purposes of illustration only, the financial effects of the Offering, based on the audited financial statements of the Company and its subsidiaries (collectively, the “Group”) as at 31 December 2005, on the share capital, net tangible assets, earnings and net gearing of the Group, are as follows:

(a) Share Capital

	Number of Shares '000
Issued and fully paid-up share capital as at 31 December 2005	1,465,952
Issued and fully paid-up share capital as at 31 December 2005, after the issue of the Convertible Bonds, but before any conversion of the Convertible Bonds	1,465,952
Issued and fully paid-up share capital as at 31 December 2005, assuming full conversion of the Convertible Bonds	1,760,401

(b) Net Tangible Assets (“NTA”)

	US\$'000
NTA based on audited accounts as at 31 December 2005	466,648
Capital reserve arising from recording the fair value of the conversion rights upon the issuance of the Convertible Bonds.	17,914
Adjusted NTA as at 31 December 2005 after the issue of the Convertible Bonds but before any conversion of the Convertible Bonds	484,562
NTA per Share (US\$)	
Before the issue of the Convertible Bonds	0.3183
After the issue of the Convertible Bonds but before any conversion of the Convertible Bonds	0.3305

Assuming full conversion of the Convertible Bonds, the effects on NTA and NTA per share would be as follows:

	US\$'000
Adjusted NTA as at 31 December 2005	652,659
Adjusted NTA per share (US\$)	0.3707

(c) Earnings

The interest expense in respect of the Convertible Bonds prior to any conversion will be the aggregate of 1.0 per cent. interest per annum, calculated semi-annually, and the amortisation of the fair value of the Conversion Right recorded on the date of issue. In view of the intended use of the proceeds from the Convertible Bonds described earlier, it is not possible to quantify the effect of the issue of the Convertible Bonds on the earnings of the Group until the proceeds from the issue of the Convertible Bonds have been deployed.

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(d) Gearing

	US\$'000
Net borrowings as at 31 December 2005	86,068
Increase in net borrowings upon the issuance of the Convertible Bonds	167,607
Adjusted net borrowings as at 31 December 2005, after the issuance of the Convertible Bonds but before the deployment of the net proceeds from the issuance of the Convertible Bonds	253,675
Total equity as at 31 December 2005	529,868
Capital reserve arising from recording the fair value of the conversion right upon the issuance of the Convertible Bonds.	17,914
Adjusted total equity as at 31 December 2005, after the issuance of the Convertible Bonds but before any conversion of the Convertible Bonds	547,782
Gearing Ratio	
As at 31 December 2005	0.16
After the issuance of the Convertible Bonds	0.46

Assuming full conversion of the Convertible Bonds, the effect on the gearing ratio of the Group would be as follows:

	US\$'000
Adjusted net borrowings as at 31 December 2005 assuming full conversion of the Convertible Bonds	86,068
Adjusted total equity as at 31 December 2005 assuming full conversion of the Convertible Bonds	715,879
Gearing Ratio	0.12

Conditions

The issue of the Convertible Bonds is conditional upon, *inter alia*, applications being made to the SGX-ST for the following:

- (a) the listing and quotation of the Convertible Bonds on the Official List of the SGX-ST; and
- (b) the listing and quotation of the New Shares (when issued upon conversion) on the Official List of the SGX-ST.

The SGX-ST's approval in-principle, if given, shall not be construed as an indication of the merits of the proposed issue of the Convertible Bonds, the New Shares or the Company.

Closing Date

The closing date for the Offering is expected to be on or about November 14, 2006 (the "**Closing Date**").

Interests of Directors and Substantial Shareholders

None of the Directors and substantial shareholders of the Company, or any other persons listed in Rule 812(1) of the Listing Manual of the SGX-ST, have any interest, direct or indirect in the Offering.

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Other Information

This announcement does not constitute an offer to sell, or the solicitation of an offer to buy, any security and shall not constitute an offer, solicitation or sale in any jurisdiction in which such offer, solicitation or sale would be unlawful.

This announcement is not an offer of securities for sale in the United States. The securities referred to herein may not be offered or sold in the United States absent registration or an exemption from registration requirements under the U.S. Securities Act of 1933. Any public offering of the securities to be made in the United States will be made by means of a prospectus that may be obtained from the issuer and that will contain detailed information about the company and management, as well as financial statements.

BY ORDER OF THE BOARD

Lareina Yap Chu Han
Company Secretary

Singapore, 1 November 2006