

UTAC To Invest Over S\$60m In R&d Spending In Singapore To Develop Advanced Semiconductor Assembly And Test Capabilities

Sep 09, 2003

Singapore (September 9th, 2003) - United Test and Assembly Center Ltd. ("UTAC") announces that it is intensifying its R&D initiative by investing over S\$60M to develop advanced semiconductors assembly and test solutions in its Singapore headquarters. The 2.5-year R&D program will result in the growth of UTAC's full-time R&D team from about 50 to 120.

This R&D initiative will further enhance UTAC's capability and service offerings in the Broadband, Mobile/Wireless (BM/W) segment which represents the fastest growing area with compound growth rates of about 30%. Mr JC Lee, President & CEO of UTAC, said, "In the last quarter, UTAC derived more than half of total revenues from assembling and testing mixed-signal chips, being our historic high. This achievement is the result of growing our capabilities in the BM/W market which involves knowledge-intensive and sophisticated capabilities that we believe UTAC is well-placed to provide."

UTAC's R&D efforts have already yielded solutions such as 300mm wafer probing & assembly capability, wCSP, the double-density D2wCSP and RF packages. Going forward, UTAC will also expand its IC test engineering team to up to 30 people, where 25 will be based in Singapore with the rest in China. The test engineering team will be able to help IC design customers verify their designs, develop a robust production-ready test solution, and help progress the product from concept/design to a commercial product in the shortest time to market possible. Several of the prior test engineering solution wins include Bluetooth, Wireless LAN, RF transceiver devices and hybrid logic/memory System-In-Packages. The packaging R&D projects include the development of innovative 3D packages, packages high-performance BGAs such as heat sink flip-chip BGA and advanced QFN packages for mobile/wireless applications.

On UTAC's expansion plans, Mr Ko Kheng Hwa, Managing Director of EDB said, "This vote of confidence by UTAC reaffirms Singapore's competitiveness as a location for integrated R&D and manufacturing activities. That UTAC continues to boost its operations here even as it expands to China demonstrates the integral role Singapore plays in the company's growth strategy. We will continue to work hand-in-hand with UTAC as it pursues excellence in the semiconductor field."

"This S\$60M R&D initiative represents UTAC's commitment to our customers to invest to be ahead of the technology curve in order to meet their needs both today and tomorrow," added UTAC's Mr Lee. "We are stepping up R&D activities in our Singapore headquarter as a springboard to further capture more global growth and market share opportunities."

In early August, UTAC had announced that it is starting a production facility in Shanghai, which will be operational in September 2003. The Shanghai test facility will be capable of a complete range of test services including wafer probe, burn in, final test and all related back end services for a wide range of device technologies including, mixed signal, digital and memory. UTAC's China strategy also features a unique "co-opetition" model with Amkor Technology where UTAC's Shanghai facility will focus on IC test while Amkor Technology China will focus on IC assembly. Mr Lee said, "This deal with Amkor shows that the industry respects the technical strengths of UTAC, especially in test. The R&D program will help us to further build upon these strengths in order to grow our world market share."

About UTAC

United Test and Assembly Center Limited ("UTAC") provides full turnkey solutions in assembly and testing of memory and mixed signal semiconductors. UTAC's "BM/W" strategy focuses on accelerating penetration into and expansion in the Broadband and Mobile/ Wireless communications industries. UTAC's customer base comprises leading and emerging global designers and manufacturers of semiconductors that power computing, communication, and consumer electronic appliances. UTAC is headquartered in Singapore with a satellite manufacturing facility in Shanghai, China, and is supported by a global sales and marketing network in Italy, Israel, Japan and the United States. For further information, please visit <http://www.utac.com.sg/>.

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