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LENGTHY DELAYS AND LACK OF FORMAL PROCESS FOR LEVERAGED BUYOUT DEALS HURT TAIWAN CHIP COMPANIES: US-TAIWAN BUSINESS COUNCIL

In its "Semiconductor Report – First Quarter 2007," the US-Taiwan Business Council urges the Taiwan government to make all haste in finishing its internal discussions and crafting of new regulations for the semiconductor industry. These new regulations should include a thorough, transparent, and straightforward process for mergers and acquisitions (M&A) in Taiwan's technology sector.

The lack of a permanent and timely process for reviewing M&A activity in the chip sector adds costs that may inhibit foreign investment from even exploring Taiwan's market. In addition, it leads to delays that may cause deals to ultimately collapse – a contributing factor in the recently scuppered Carlyle Group/Advanced Semiconductor Engineering (ASE) buyout plan.

Council President Rupert Hammond-Chambers commented that "Increased M&A activity in the semiconductor industry would have a positive impact, as it would increase the overall value of Taiwan's economy as well as increase the capital at its disposal. It is also an opportunity to increase the attention paid to Taiwan by the global business community, releasing synergies with portfolio companies and accelerating positive market trends."

Hammond-Chambers added "Taiwan's semiconductor sector is a jewel in the Taiwan economic crown, but legacy policies on chip investment in China and the lack of a formal process for M&A activities in the sector combine to undermine the efforts of Taiwan's companies to become industry leaders through partnerships with global capital."

More information on the Q1, 2007 semiconductor sector analysis report is available at www.us-taiwan.org/tech/.

About the US-Taiwan Business Council:

The US-Taiwan Business Council (www.us-taiwan.org) is a membership-based non-profit association, founded in 1976 to foster trade and business relations between the United States and Taiwan. The Council provides its members with business intelligence, offers access to an extensive network of relationships, and serves as a vital and effective representative in dealing with business, trade, and investment matters.

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