

**UNITED MICROELECTRONICS CORPORATION**

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED**

**DECEMBER 31, 2000 AND 1999**

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

English Translation of a Report Originally Issued in Chinese

**REPORT OF INDEPENDENT AUDITORS**

To the Board of Directors and Shareholders of  
United Microelectronics Corporation

We have audited the accompanying balance sheet of United Microelectronics Corporation as of December 31, 2000, and the related statements of income, change in shareholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. As described in Note 4(6) to the financial statements, certain long-term investments were accounted for under the equity method based on the 2000 financial statements of the investees, which were audited by other auditors. Our opinion insofar as it relates to the investment income amounting to NT\$2,765 million for the year ended December 31, 2000, and the related long-term investment balances of NT\$16,342 million as of December 31, 2000, which were included in the financial statements, are based solely on the reports of the other auditors. The financial statements of United Microelectronics Corporation as of December 31, 1999 were audited by other auditors, whose report dated February 5, 2000.

We conducted our audit in accordance with generally accepted auditing standards in the Republic of China, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of United Microelectronics Corporation as of December 31, 2000, and the results of its operations and its cash flows for the year then ended, in conformity with generally accepted accounting principles in the Republic of China.

DIWAN, ERNST & YOUNG  
CERTIFIED PUBLIC ACCOUNTANTS

January 17, 2001  
Taipei, Taiwan  
Republic of China

Notice to Readers

The accompanying financial statements are intended only to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

UNITED MICROELECTRONICS CORPORATION  
BALANCE SHEETS  
December 31, 2000 and 1999  
(Expressed in thousand of New Taiwan dollars)

Assets	Notes	2000	1999	Liabilities and Shareholders' Equity	Notes	2000	1999
Current Assets				Current Liabilities			
Cash and cash equivalents	2, 4(1)	\$ 54,107,647	\$ 11,083,601	Short-term loans	4(8)	\$ 3,489,325	\$ 6,639,765
Marketable securities	2, 4(2)	-	339,375	Accounts payable		5,380,827	2,089,125
Notes receivable	4(3)	288,067	144,663	Accounts payable - related parties	5	370,034	396,440
Notes receivable - related parties	5	189,545	156,984	Income tax payable	2, 4(16)	248,485	12,377
Accounts receivable	2, 4(4)	5,028,330	1,549,355	Accrued expenses	7	3,289,073	1,051,815
Accounts receivable - related parties	2, 5	10,438,893	3,154,394	Other payables		12,421,717	4,206,999
Other receivables	2, 4(16)	1,180,612	622,674	Current portion of long-term loans	4(10), 5	8,790,741	2,355,555
Other receivables - related parties	2, 5	111,144	555,084	Current portion of capacity deposit	7	1,256,420	-
Inventories	2, 4(5)	10,090,495	2,369,376	Other current liabilities		606,725	438,445
Prepaid expenses		472,416	111,989	Subtotal		35,853,347	17,190,521
Deferred income tax assets-current	2, 4(16)	878,287	461,612				
Subtotal		82,785,436	20,549,107	Long-term Liabilities			
Funds and Long-term Investments	2, 4(6)			Bonds payable	2, 4(9)	3,990,000	3,443,776
Long-term investments		68,850,277	85,904,933	Long-term loans	4(10), 5	30,367,021	5,703,909
Prepaid long-term investments		27,560	1,000,000	Subtotal		34,357,021	9,147,685
Allowance for loss on decline of long-term investments		(1,514,297)	(319,448)	Other Liabilities			
Subtotal		67,363,540	86,585,485	Accrued pension liabilities	2, 4(11)	1,038,164	473,932
Property, Plant and Equipment	2, 4(7), 6, 7			Capacity deposit and other deposits	7	1,828,342	519
Land		1,630,239	1,324,223	Others		49,736	14,736
Buildings		9,419,843	6,262,274	Subtotal		2,916,242	489,187
Machinery and equipment		176,617,330	39,741,957	Total Liabilities		73,126,610	26,827,393
Transportation equipment		58,150	33,518	Shareholders' Equity			
Furniture and fixtures		1,018,248	733,041	Capital	4(12)		
Leasehold improvements		53,096	42,131	Common stock		114,714,519	66,549,966
Total Cost		188,796,906	48,137,144	Capital reserve			
Less : Accumulated depreciation		(56,588,857)	(19,302,254)	Premiums		41,582,503	14,089,776
Plus : Construction in progress and prepayments		19,973,113	7,893,163	Gain on disposal of property, plant and equipment		170,473	40,711
Net		152,181,162	36,728,053	Change in equities of long-term investments		23,255,638	22,705,546
Other Assets				Excess from consolidation		17,152,454	-
Leased assets		212,911	156,758	Retained earnings			
Idle assets		24	26,917	Legal reserve		5,625,234	4,579,516
Deposits out	2	248,972	8,714	Unappropriated earnings	4(14)	50,759,921	11,130,347
Deferred assets	2	1,847,974	265,369	Unrealized loss on long-term investments	2, 4(6)	(13,804,227)	(319,448)
Deferred income tax assets - noncurrent	2, 4(16)	3,723,519	1,728,418	Cumulative translation adjustment	2, 4(6)	24,202	535,234
Restricted deposits	6	2,660,800	-	Treasury stocks	2, 4(13)	(1,479,064)	-
Others		103,925	90,220	Total Shareholders' Equity		238,001,653	119,311,648
Subtotal		8,798,125	2,276,396				
Total Assets		\$ 311,128,263	\$ 146,139,041	Total Liabilities and Shareholders' Equity		\$ 311,128,263	\$ 146,139,041

The accompanying notes are an integral part of the financial statements.

UNITED MICROELECTRONICS CORPORATION  
STATEMENTS OF INCOME  
For the years ended December 31, 2000 and 1999  
(Expressed in thousand of New Taiwan dollars, except for earnings per share )

Contents	Notes	2000	1999
Operating Revenues	2, 5		
Sales revenue		\$ 103,492,357	\$ 27,366,933
Less : Sales returns and allowances		(2,018,130)	(539,180)
Net Sales		101,474,227	26,827,753
Other operating revenues		3,610,493	2,319,303
Net operating revenues		105,084,720	29,147,056
Cost of goods sold	5	(48,987,514)	(18,316,947)
Other operating costs		(2,349,625)	(708,606)
Operating Costs		(51,337,139)	(19,025,553)
Gross Profit		53,747,581	10,121,503
Unrealized Intercompany Profit	2	(164,123)	(383,767)
Realized Intercompany Profit	2	18,063	94,252
Net		53,601,521	9,831,988
Operating Expenses			
Selling expenses		(781,576)	(241,390)
Administrative expenses		(3,292,856)	(1,395,061)
Research and development expenses		(5,953,962)	(2,674,143)
Subtotal		(10,028,394)	(4,310,594)
Operating Income		43,573,127	5,521,394
Non-operating Income			
Interest income		1,817,382	778,966
Investment income	2, 4(6)	5,024,119	4,748,076
Gain on disposal of property, plant and equipment	2	236,964	53,944
Gain on disposal of investment	5	174,908	626,390
Exchange gain		2,835,809	217,413
Lease income		115,246	247,826
Other income		291,301	580,989
Subtotal		10,495,729	7,253,604
Non-operating Expenses			
Interest expense	5	(2,343,013)	(989,357)
Loss on disposal of property, plant and equipment		(238,292)	(330,484)
Inventory loss	2	(610,327)	(70,785)
Banking charges		(224,863)	(173,865)
Depreciation and loss on idle assets	2	(61,797)	(372,481)
Other losses		(32,494)	(312,362)
Subtotal		(3,510,786)	(2,249,334)
Income Before Income Taxes		50,558,070	10,525,664
Income Tax Benefit (Expense)	2, 4(16)	222,308	(27,772)
Net Income		<u>\$ 50,780,378</u>	<u>\$ 10,497,892</u>
Earnings Per Share			
Net income (in New Taiwan dollars)	2, 4(15)	<u>\$ 4.57</u>	<u>\$ 1.33</u>

The accompanying notes are an integral part of the financial statements.

UNITED MICROELECTRONICS CORPORATION  
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
For the years ended December 31, 2000 and 1999  
(Expressed in thousand of New Taiwan dollars)

Contents	Capital Stock	Treasury Stock	Certificates Exchangeable for Common Shares	Capital Reserve	Legal Reserve	Unappropriated Earnings	Unrealized Loss on Long-term Investments	Cumulative Translation Adjustment	Total
Balance as of January 1, 1999	\$ 55,382,695	\$ -	\$ 35,318	\$ 12,869,484	\$ 4,140,512	\$ 4,450,744	\$ (443,534)	\$ 101,530	\$ 76,536,749
Appropriation of 1998 earnings:									
Appropriation for legal reserve	-	-	-	-	439,004	(439,004)	-	-	-
Stock dividends	2,780,469	-	-	-	-	(2,780,469)	-	-	-
Directors' and supervisors' remuneration	-	-	-	-	-	(35,040)	-	-	(35,040)
Capitalization of employees' bonus	241,780	-	-	-	-	(241,780)	-	-	-
Capitalization of capital reserve	5,560,939	-	-	(5,560,939)	-	-	-	-	-
Net income for 1999	-	-	-	-	-	10,497,892	-	-	10,497,892
Transfer of gain from disposal of property, plant and equipment to capital reserve	-	-	-	40,711	-	(40,711)	-	-	-
Transfer of gain from disposal of property, plant and equipment of investee company to capital reserve	-	-	-	454	-	(454)	-	-	-
Conversion of convertible bonds issued	2,584,083	-	(35,318)	7,216,438	-	-	-	-	9,765,203
Adjustment of capital reserve and retained earnings accounted for under equity method	-	-	-	22,269,885	-	(280,831)	-	-	21,989,054
Unrealized loss on long-term investments	-	-	-	-	-	-	(268,988)	-	(268,988)
Unrealized loss on long-term investments of investee companies	-	-	-	-	-	-	393,074	-	393,074
Cumulative translation adjustment	-	-	-	-	-	-	-	433,704	433,704
Balance as of December 31, 1999	<u>\$ 66,549,966</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,836,033</u>	<u>\$ 4,579,516</u>	<u>\$ 11,130,347</u>	<u>\$ (319,448)</u>	<u>\$ 535,234</u>	<u>\$ 119,311,648</u>
Balance as of January 1, 2000	\$ 66,549,966	\$ -	\$ -	\$ 36,836,033	\$ 4,579,516	\$ 11,130,347	\$ (319,448)	\$ 535,234	\$ 119,311,648
Stock issuance at January 3, 2000 for acquisition purpose	23,836,503	-	-	17,152,454	-	-	-	(1,083)	40,987,874
Appropriation of 1999 earnings:									
Appropriation for legal reserve	-	-	-	-	1,045,718	(1,045,718)	-	-	-
Stock dividends	9,049,268	-	-	-	-	(9,049,268)	-	-	-
Directors' and supervisors' remuneration	-	-	-	-	-	(95,737)	-	-	(95,737)
Capitalization of employees' bonus	786,893	-	-	-	-	(786,893)	-	-	-
Capitalization of capital reserve	9,049,269	-	-	(9,049,269)	-	-	-	-	-
Purchase of treasury stock	-	(1,479,064)	-	-	-	-	-	-	(1,479,064)
Net income for 2000	-	-	-	-	-	50,780,378	-	-	50,780,378
Transfer of gain from disposal of property, plant and equipment to capital reserve	-	-	-	170,473	-	(170,473)	-	-	-
Transfer of gain from disposal of property, plant and equipment of investee company to capital reserve	-	-	-	2,715	-	(2,715)	-	-	-
Conversion of convertible bonds issued	942,620	-	-	2,486,512	-	-	-	-	3,429,132
Adjustment of capital reserve and retained earnings accounted for under equity method	-	-	-	547,377	-	-	-	-	547,377
Unrealized loss on long-term investments	-	-	-	-	-	-	(1,194,849)	-	(1,194,849)
Unrealized loss on long-term investments of investee companies	-	-	-	-	-	-	(12,289,930)	-	(12,289,930)
Shares issued for American Depository Receipts	4,500,000	-	-	34,014,773	-	-	-	-	38,514,773
Cumulative translation adjustment	-	-	-	-	-	-	-	(509,949)	(509,949)
Balance as of December 31, 2000	<u>\$ 114,714,519</u>	<u>\$ (1,479,064)</u>	<u>\$ -</u>	<u>\$ 82,161,068</u>	<u>\$ 5,625,234</u>	<u>\$ 50,759,921</u>	<u>\$ (13,804,227)</u>	<u>\$ 24,202</u>	<u>\$ 238,001,653</u>

The accompanying notes are an integral part of the financial statements.

UNITED MICROELECTRONICS CORPORATION  
STATEMENTS OF CASH FLOWS  
For the years ended December 31, 2000 and 1999  
(Expressed in thousand of New Taiwan dollars)

Contents	2000	1999
Cash flows from operating activities:		
Net income	\$ 50,780,378	\$ 10,497,892
Adjustments to reconcile net income to cash and cash equivalents:		
Depreciation	22,856,468	5,228,306
Amortization	1,660,705	278,053
Provision for bad debts expense	43,409	18,504
Recovery from decline in market value of marketable securities	-	(163,710)
Provision for loss on obsolescence of inventories	610,327	70,785
Long-term investment income accounted for under equity method	(5,343,140)	(5,163,378)
Loss on decline in market value of long-term investments	368,684	498,412
Gain on disposal of investments	(174,908)	(626,390)
Loss on disposal of property, plant and equipment (including idle assets)	1,328	287,074
Transfer from property, plant and equipment, and idle assets to expense	61,797	232,872
Interest saving on bonds payable transferred to capital reserve	74,313	323,634
Changes in assets and liabilities		
Notes receivable	199,444	66,247
Accounts receivable	(4,835,332)	(1,898,517)
Other receivable	(374,295)	(523,612)
Inventories	(6,223,526)	679,816
Prepaid expenses	(302,327)	61,280
Deferred income tax assets	270,799	(54,893)
Accounts payable	2,128,268	(222,483)
Income tax payable	(59,395)	12,377
Other liabilities	(30,063)	-
Accrued expenses	1,615,605	97,425
Other current liabilities	68,546	231,028
Compensation interest payable	(11,494)	243,645
Capacity deposit	3,083,578	-
Accrued pension liabilities	433,914	123,187
Net cash provided by operating activities	<u>66,903,083</u>	<u>10,297,554</u>
Cash flows from investing activities:		
Marketable securities	1,289,615	889,147
Acquisition of long-term investments	(8,234,109)	(17,814,430)
Proceeds from disposal of long-term investments	756,749	1,356,172
Acquisition of property, plant and equipment	(76,594,203)	(14,751,631)
Proceeds from disposal of property, plant and equipment	1,297,568	1,025,935
Withdrawal of prepayments for long-term investments	1,000,000	-
Increase in deferred assets	(2,665,544)	(276,999)
(Increase) decrease in other assets	(56,295)	9,145
Cash proceeds from consolidation	26,702,025	-
Net cash used in investing activities	<u>(56,504,194)</u>	<u>(29,562,661)</u>

UNITED MICROELECTRONICS CORPORATION  
STATEMENTS OF CASH FLOWS  
For the years ended December 31, 2000 and 1999  
(Expressed in thousand of New Taiwan dollars)

Contents	2000	1999
(continued)		
Cash flows from financing activities:		
Increase in restricted deposits	\$ (2,660,800)	\$ -
(Decrease) increase in short-term loans, net	(7,176,850)	5,564,203
Proceeds from long-term loans	8,247,011	2,150,000
Repayment for long-term loans	(6,681,765)	(2,579,497)
Proceeds from bonds issued	3,990,000	-
Proceeds from issuance of American Depository Receipts	38,514,773	-
Redemption of bonds	(33,015)	(1,635)
Cash payment for fraction of one share arising from bonds conversion	(4)	(18)
Increase (decrease) in deposits-in, net	608	(339)
Purchase of treasury stock	(1,479,064)	-
Directors' and supervisors' remuneration paid	(95,737)	(35,040)
Net cash provided by financing activities	<u>32,625,157</u>	<u>5,097,674</u>
Net increase (decrease) in cash and cash equivalents	43,024,046	(14,167,433)
Cash and cash equivalents at the beginning of year	11,083,601	25,251,034
Cash and cash equivalents at the end of year	<u>\$ 54,107,647</u>	<u>\$ 11,083,601</u>
Supplemental disclosures of cash flow information		
Cash paid for interest (excluding interest capitalized)	\$ 2,135,064	\$ 432,091
Cash paid for income tax	<u>\$ 58,569</u>	<u>\$ 70,287</u>
Investing activities partially paid by cash		
Acquisition of property, plant and equipment	79,637,010	\$ 17,956,895
Add: Payable at beginning of the year	4,178,066	972,802
Add: Increase in payable from consolidation	4,048,315	-
Less: Payable at year-end	(11,269,188)	(4,178,066)
Cash paid for acquiring property, plant and equipment	<u>\$ 76,594,203</u>	<u>\$ 14,751,631</u>
Cash proceeds from merger		
Stock issuance for merger	\$ 23,836,503	\$ -
Erasure of shares for merged companies	23,227,738	-
Capital reserve arising from merger	17,152,454	-
Increase in net assets (excludes cash) from merger	(37,514,670)	-
Cash proceeds from merger	<u>\$ 26,702,025</u>	<u>\$ -</u>
Financing activities not affecting cash flows		
Conversion of convertible bonds issued	<u>\$ 2,896,492</u>	<u>\$ 8,804,994</u>

The accompanying notes are an integral part of the financial statements.

**UNITED MICROELECTRONICS CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2000 and 1999**

**1. HISTORY AND ORGANIZATION**

United Microelectronics Corporation (“United Microelectronics”) was incorporated in May 1980 and commenced operations in April 1982. United Microelectronics major business activity is the dedicated manufacturing or fabrication of semiconductor products. United Microelectronics has a broad base of clients throughout the world. United Microelectronics’ products are used in a range of applications in the telecommunications, computing, networking, consumer electronics and other markets. United Microelectronics was publicly listed on the Taiwan Stock Exchange in July 1985 and listed on the New York Stock Exchange in September of 2000.

United Microelectronics Corporation, United Integrated Circuits Corporation (“United Integrated Circuits”), United Silicon Incorporated (“United Silicon”), United Semiconductor Corporation (“United Semiconductor”) and UTEK Semiconductor Corporation (“UTEK Semiconductor”) were merged into one publicly-traded entity, United Microelectronics, on January 3, 2000 (See Note 10 to the financial statements).

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Principle of Business Combinations**

United Microelectronics’ acquisitions in 1999 and 2000 were accounted for under the purchase method.

**Translation of Foreign Currency Transactions**

The accounts of United Microelectronics are maintained in New Taiwan dollars, their functional currency. Transactions denominated in foreign currencies are translated into New Taiwan dollars at the exchange rates prevailing on the transaction dates. Receivables, other monetary assets, and liabilities denominated in foreign currencies are translated into New Taiwan dollars at the exchange rates prevailing at the balance sheet date. Exchange gains or losses are included in the current year’s results. The financial statements of foreign

subsidiaries and investees are translated into New Taiwan dollars using the spot rate as of each financial statement date for asset and liability accounts, average exchange rate for profit and loss accounts and historical exchange rates for equity accounts. The cumulative translation effects for subsidiaries and investees using functional currencies other than the New Taiwan dollars are included in the cumulative translation adjustment in shareholders' equity.

#### Derivative Financial Instruments

The Company enters into interest rate swap and cap agreements to manage its exposure to interest rate risk. These agreements are accounted for on an accrual basis with cash settlements recorded as an adjustment to interest expense.

#### Cash and Cash Equivalents

Cash equivalents are short-term, highly liquid investments which are readily convertible to known amounts of cash and with maturity dates that do not present significant risk or changes in value because of changes in interest rates.

#### Marketable Securities

Marketable securities are recorded at cost when acquired and are stated at the lower of aggregate cost or market value at the balance sheet date. The market value of listed stocks is determined by the average closing prices during the last month of the fiscal year. The market value for open-ended funds is determined by their equity per share at the balance sheet date. The amount by which aggregate cost exceeds market value is reported as a loss in the current year. In subsequent periods, recoveries of market value are recognized as a gain to the extent that the market value does not exceed the original aggregate cost of the investment.

#### Allowance for Doubtful Accounts

The allowance for doubtful accounts is provided based on management's judgment and on the evaluation of collectibility and aging analysis of accounts and other receivables.

#### Inventories

Inventories are recorded at cost when acquired and stated at the lower of aggregate cost, based on weighted average method, or market value at the balance sheet date. The market values of raw materials and supplies are determined on the basis of net realizable value. The allowance for loss on decline in market value and obsolescence is provided, when necessary.

### Long-term Investments

Investments in less than 20% owned listed companies where significant influence on operational decisions does not reside with the Company, are accounted for by the lower of aggregate cost or market value method. The unrealized loss resulting from the decline in market value of investments that are held for long-term investment purposes, is deducted from the shareholders' equity. The Company's investments in less than 20% owned unlisted companies are accounted for under the cost method, unless an other than temporary impairment is evident, in which case they are written down to their net realizable value, establishing a new cost basis.

Investment income or loss from investments in both listed and unlisted companies is accounted for under the equity method provided that the Company owns over 20% of the voting outstanding shares of the investee company and has significant influence on operational decisions of the investee company. The excess of the acquisition cost over the underlying equity in the investee's net assets is capitalized and amortized over its useful life.

Unrealized inter-company gains and losses are eliminated under the equity method. Profit from sales of depreciable assets between the investee and the Company is amortized and recognized based on the assets' economic service lives. Profit from other types of inter-company transactions is recognized when realized. When the Company's proportional interest in an equity investee changes when the latter issues additional shares, the effect of the change in the Company's holding ratio in the long-term investment is adjusted first to capital reserve. If the capital reserve account is insufficient, the effect is included in retained earnings.

### Property, Plant and Equipment

Property, plant and equipment are stated at cost. Interest incurred on loans used to finance the construction of property, plant and equipment is capitalized and depreciated accordingly.

Depreciation is provided on the straight-line basis using the economic useful lives of the assets less any salvage value. When the economic useful live are completed, fixed assets which are still in use are depreciated over the newly estimated remaining useful life of the salvage value. The economic useful lives of the fixed assets are as follows: Buildings-20 to 55 years; Leasehold improvements-the lease period; Others-5 years.

Maintenance and repairs are charged to expense as incurred. Significant renewals and improvements are treated as capital expenditures and are depreciated accordingly. When fixed assets ate disposed of, their original cost and accumulated depreciation are written-off and

related gain, net of income tax, is transferred to capital reserve in the current year.

### Deferred Charges

Deferred charges are stated at cost and amortized on a straight-line basis as follows: royalty-the contract period; software-3years; and convertible bond issuance costs-the life of the bonds. Software consists of over-the-counter software that is not modified.

### Pension Plan

The Company has a funded defined benefit pension plan covering all regular employees. The net pension cost is computed based on an actuarial valuation in accordance with the provision of ROC FAS No. 18, which requires consideration of pension cost components such as service cost, interest cost, expected return on plan assets and amortization of net obligation at transition. The unrecognized net asset or obligation at transition is amortized on a straight-line basis over 15 years. The pension fund is managed by an independently administered pension fund association.

### Convertible Bonds

The excess of the stated redemption price over the par value is accrued as compensation interest payable over the redemption period, using the effective interest method. When the redemption right expires, the balance of the compensation interest payable is amortized over the period from the expiration date to the maturity date using the effective interest method.

When bondholders exercise their conversion rights, the book value of bonds is credited to common stock at an amount equal to the par value of the common stock and the excess is credited to capital reserve; no gain or loss is recognized on bond conversion.

### Income Tax

Provision for income tax includes deferred tax resulting from temporary differences and investment tax credits. Deferred tax assets and liabilities are recognized for the expected tax consequences of temporary differences between the tax bases of assets and liabilities and their reported amounts in the financial statements using enacted tax rates and laws that will be in effect when the difference is expected to reverse. Valuation allowance on deferred tax assets is provided to the extent that it is more likely than not that the tax benefits will not be realized. Over or under provision of prior years' income tax liabilities are included in the current year's income tax expense.

### Revenue Recognition

The Company has two revenue channels. In the first channel, direct sales, the Company bills and ships products to the customer. In the second channel, commission-based sales, the Company bills and ships products to the customer directly and the affiliate or distributor that initiated the sale is entitled to a commission, which is billed separately by the intermediary. In both revenue channels, revenue is recognized when shipment is made and when the payment is realized or realizable.

### Earnings Per Share

Simple earnings per share is calculated by dividing net income by weighted average number of shares outstanding during the year. Primary earnings per share is computed by taking simple earnings per share into consideration plus additional common share equivalents. Fully diluted earnings per share is calculated by taking primary earnings per share into consideration plus additional common shares that would have been outstanding if the dilutive share equivalents had been issued. The net income would also be adjusted for the interest derived from any underlying dilutive share equivalents. The weighted-average outstanding shares are restated for stock dividends issued, with the exception of bonus share issues.

### Treasury Stock

The Company adopted ROC Statement of Financial Accounting Standards No. 30, "Accounting for Treasury Stocks." The Statement requires that treasury stocks be accounted for under cost method. Cost of treasury stock is shown as a deduction to shareholders' equity, while gain or loss of selling treasury stocks is treated as adjustment to capital reserves.

### **3. REASON AND EFFECT OF CHANGE IN ACCOUNTING PRINCIPLES**

None.

#### 4. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) CASH AND CASH EQUIVALENTS (In thousand of NT dollars)

	2000	1999
Cash:		
Cash on hand	\$2,269	\$2,926
Checking and demand accounts	2,918,926	1,605,852
Time deposits	42,546,681	7,046,069
Subtotal	45,467,876	8,654,847
Cash equivalents:		
Commercial paper	3,223,898	656,856
Repurchase bonds	5,415,873	1,771,898
Total	\$54,107,647	\$11,083,601

(2) MARKETABLE SECURITIES (In thousand of NT dollars)

	2000	1999
Mutual funds	\$-	\$324,504
Listed equity securities	-	37,771
Total	-	362,275
Allowance for loss on decline in market value	-	(22,900)
Net	\$-	\$339,375

(3) NOTES RECEIVABLE (In thousand of NT dollars)

	2000	1999
Notes receivable	\$288,067	\$144,663
Allowance for doubtful accounts	-	-
Net	\$288,067	\$144,663

(4) ACCOUNTS RECEIVABLE (In thousand of NT dollars)

	2000	1999
Accounts receivable	\$5,927,637	\$1,636,246
Allowance for sales returns and discounts	(753,286)	(27,246)
Allowance for doubtful accounts	(146,021)	(59,645)
Net	\$5,028,330	\$1,549,355

(5) INVENTORIES (In thousand of NT dollars)

	2000	1999
Raw materials	\$386,513	\$81,792
Supplies and spare parts	1,354,151	553,302
Work in process	6,263,190	1,137,766
Finished goods	2,722,847	746,900
Inventory in-transit	-	46,810
Subtotal	10,726,701	2,566,570
Allowance for loss on decline in market value and obsolescence	(636,206)	(197,194)
Net	\$10,090,495	\$2,369,376

a. Inventories were not pledged.

- b. The insurance coverage for inventories was sufficient as of December 31, 2000 and 1999, respectively.

(6) LONG-TERM INVESTMENTS (In thousand of NT dollars)

- a. Details of long-term investments are as follows:

Investee Company	Percentage of Ownership as of December 31,		
	2000	2000	1999
Investments accounted for under equity method:			
UMC Group (USA)	100.00%	\$718,271	\$505,215
United Foundry Service Inc.	100.00%	67,432	-
Fortune Venture Capital Corporation	99.99%	3,766,868	3,388,305
Hsun Chieh Investment Corporation	99.97%	28,611,676	38,959,276
United MicroMachining Corp.	60.91%	26,399	28,165
Pacific Venture Capital Co., Ltd.	49.99%	353,158	321,202
DuPont Photomasks Taiwan Ltd.	47.16%	942,897	777,872
Nippon Foundry Inc.	47.10%	6,960,008	1,550,124
Trecenti Technologies, Inc.	40.00%	3,427,304	-
Broadmedia, Inc.	39.38%	-	225,600
World Wiser Electronics Incorporated	38.97%	2,596,312	1,554,585
Unipac Optoelectronics Corp.	38.71%	7,774,055	7,515,473
Holtek Semiconductor Inc.	35.39%	657,281	-
Novatek Microelectronics Corp.	29.80%	861,690	551,339
Integrated Technology Express Inc.	28.78%	336,495	304,758
Applied Component Technology Corporation	27.96%	120,328	126,816
Faraday Technology Corp.	21.43%	346,998	214,745
Mediatek Incorporation	18.98%	1,246,785	650,268
Integrated Telecom Express, Inc.	16.39%	826,184	242,554
AMIC Technology (Taiwan), Inc.	14.06%	126,066	-
Focused Semiconductor Corp.	-	-	121,896
United Silicon Inc.	-	-	5,745,592
United Semiconductor Corporation	-	-	7,110,072
AMIC Technology Inc.	-	-	221,494
United Integrated Circuits Corp.	-	-	8,286,487
Utek Semiconductor Corp.	-	-	2,088,890
Sub-Total		59,766,207	80,490,728

Investee Company	Percentage of Ownership as of		
	December 31, 2000	2000	1999
Investments accounted for under cost method or the lower of cost or market method:			
PixTech, Inc.	18.10%	561,080	137,750
United Industrial Gases Co., Ltd.	11.25%	146,250	146,250
Sino-Aerospace Investment Corp.	11.11%	86,588	86,588
National Venture Capital Corp.	11.09%	60,000	60,000
Pacific Technology Partners L. P	11.00%	51,353	-
TECO Information Systems Co., Ltd.	8.05%	500,880	715,542
Vialta.com, Inc.	7.82%	622,835	312,998
Subtron Technology Co., Ltd.	7.41%	240,000	-
Industrial Bank of Taiwan	5.00%	1,150,000	-
TECO Electric & Machinery Co., Ltd.	3.96%	1,535,895	1,535,895
Tonbu, Inc.	3.43%	243,750	-
Chiao Tung Bank	3.07%	3,108,656	1,026,527
SAMPO Corporation	2.96%	443,598	443,598
Dyna Image Corp.	1.67%	28,663	28,663
National Securities Corporation	1.26%	239,316	239,316
Stark Technology Inc.	1.16%	10,552	10,552
Premier Camera Taiwan Ltd.	0.72%	27,964	27,964
Lexar Media, Inc.	0.17%	2,488	-
Catalyst Semiconductor, Inc.	-	-	107,328
Subtotal		9,059,868	4,878,971
Prepaid long-term investments		27,560	1,000,000
		68,853,635	86,369,699
Cumulative translation adjustment		24,202	535,234
Allowance for loss on decline in market value		(1,514,297)	(319,448)
Total		\$67,363,540	\$86,585,485

b. The total long-term investment income under equity method recognized by the Company for the year 2000 based on the audited financial statements of the investee companies was NT\$5,343 million. Investment income amounting to NT\$2,765 million for the year ended December 31, 2000, and the related long-term investment balance of NT\$16,342 million as of December 31, 2000, were determined based on the investees' financial statements, which were audited by other auditors.

- c. Nippon Foundry Inc., the Company's investee accounted for equity method, changed its method of computing depreciation from declining balance method to straight-line method for year 2000 because the direction of its main business changed from DRAM to foundry business. The straight-line method, other than declining balance method, is better suited for foundry business due to its stability in price and profit. The other auditors of Nippon Foundry Inc. also concur the change. As a result of the change, income before income tax of Nippon Foundry Inc. for the year 2000 increased by approximately NT\$574 million and the investment income in equity of the Company for year 2000 increased by approximately NT\$297 million. The effect on the comparability of the Company's financial statements for the years 2000 and 1999 is immaterial.
- d. The Company prepared its consolidated financial statements for the year 2000, which include Hsun Chieh Investment Corporation, UMC Group (USA), and Nippon Foundry Inc. The other subsidiaries were not consolidated into the Company's financial statements since neither the total assets and operating revenues of each subsidiary exceed 10% of those of the Company, nor their combined total assets and operating revenues exceed 30% of those of the Company.
- e. The long-term equity investments were not pledged.

(7) PROPERTY, PLANT AND EQUIPMENT

- a. Total capitalized interest amounted to NT\$813 million and NT\$221 million for the years ended December 31, 2000 and 1999, respectively.
- b. The insurance coverage for property, plant and equipment amounted to NT\$188,158 million and NT\$44,205 million as of December 31, 2000 and 1999, respectively.
- c. Please refer to Note 6 for property, plant and equipment pledged as collateral.

(8) SHORT-TERM LOANS (In thousand of NT dollars)

	2000	1999
Secured loans	\$34,685	\$-
Unsecured loans	3,454,640	6,639,765
Total	<u>\$3,489,325</u>	<u>\$6,639,765</u>
Interest rates	<u>0.83%-8%</u>	<u>0.75%-7.10%</u>

- a. The Company's unused short-term lines of credits amounted to NT\$32,135 million and NT\$4,296 million as of December 31, 2000 and 1999, respectively.
- b. Please refer to Note 6 for assets pledged for short-term loans.

(9) BONDS PAYABLE (In thousand of NT dollars)

	2000	1999
Secured bonds payable	\$3,990,000	\$-
Unsecured bonds payable	-	1,892,900
Euro convertible bonds payable	-	1,036,607
Add: Compensating interest payable	-	514,269
	<u>\$3,990,000</u>	<u>\$3,443,776</u>

- a. On May 16, 1997, the Company issued the second Euro convertible bonds amounting to US\$300 million. These convertible bonds were redeemed and/or converted into the Company's common stocks before May 30, 2000.
- b. On January 20, 1998, the Company issued the third unsecured convertible bond amounting to NT\$15,000 million thousand. These convertible bonds were redeemed and/or converted into the Company's common stocks before June 1, 2000.
- c. On April 27, 2000, the Company issued five-year secured bond amounting to NT\$3,990 million with stated interest rate of 5.6%. The bonds are repayable in installments every six months from April 27, 2000 to April 27, 2005.

(10) LONG-TERM LOANS (In thousand of NT dollars)

	2000	1999
Secured bank loans	\$39,157,762	\$8,059,464
Current portion	(8,790,741)	(2,355,555)
	<u>\$30,367,021</u>	<u>\$5,703,909</u>
Interest rates	<u>5.098%-8.03%</u>	<u>6.35%-8.08%</u>

- a. The Company will repay its long-term debts in installments. The last payment is scheduled at September 25, 2009.
- b. The Company's long-term debts denominated in foreign currencies amounted to US\$390 million and US\$105 million as of December 31, 2000 and 1999, respectively.
- c. Please refer to Note 6 for assets pledged for long-term loans.

(11) PENSION FUND (In thousand of NT dollars)

- a. All of the regular employees of the Company are covered by the pension plan. Under the plan, the Company contributes an amount equal to 2% of the employees' total salaries on a monthly basis to the pension fund, deposited at the Central Trust of China. Pension benefits are generally based on service years. Each employee is limited up to 45 points. Retirement benefits are paid from fund previously provided.
- b. Based on actuarial assumptions for the year 2000, the discount rate and expected rate of return on plan asset are 6%, and the rate of compensation increase is 6%. The transition obligation is amortized equally over 15 years. The funding status of the pension plan is listed as follows:

	December 31, 2000 (the actuarial date)	November 1, 1999 (the actuarial date)
Vested benefit obligation	\$(5,558)	\$(3,241)
Non-vested benefit obligation	(571,136)	(242,642)
Accumulated benefit obligation	(576,694)	(245,883)
Effect on projected salary increase	(1,660,536)	(941,402)
Projected benefit obligation	(2,237,230)	(1,187,285)
Market-related value of plan assets	503,865	283,974
Funded status	(1,733,365)	(903,311)
Unrecognized transition obligation	281,672	309,839
Unrecognized gain or loss	428,616	119,149
Accrued pension cost per actuarial report	(1,023,077)	(474,323)
Over (under) accrual	(15,087)	391
Accrued pension liabilities	\$(1,038,164)	\$(473,932)
Vested benefit	\$5,558	\$3,751

- c. The components of net periodic pension cost for 2000 and 1999 are as follows:

	2000	1999
Service cost	\$374,756	\$103,232
Interest cost	106,244	45,758
Expected return on plan assets	(26,106)	(15,024)
Amortization of transition obligation	28,167	28,167
Amortization of unrecognized gain or loss	13,582	(11,057)
Net periodic pension cost	\$496,643	\$151,076

(12) CAPITAL STOCK

- a. Based on the resolution of the shareholders' annual general meeting on May 13, 1999, the Company issued 858,318,783 new shares from the capitalization of retained earnings of NT\$2,780 million, employees' bonus of NT\$242 million and capital reserve of NT\$5,561 million.
- b. On June 14, 1999, the Company's Board of Directors passed a resolution for the Company's merger with United Semiconductor, United Integrated Circuits, United Silicon, and UTEK Semiconductor. According to the merger agreement, the Company is the surviving company and would later issue new shares in exchange of the shares of USC, UICC, USI and UTEK at the swap ratio of 1:1, 1:3, 1:1.35 and 1:2, respectively. As of January 3, 2000, the officially merged date, the Company issued 2,383,650,273 shares for the merger.
- c. Based on the resolution of the shareholders' meeting on April 7, 2000, the Company issued new shares of 1,888,543,007 shares from the capitalization of retained earnings of NT\$9,049 million, employees' bonus of NT\$787 million and capital reserve of NT\$9,049 million. The Company's authorized capital was also increased to 15,000,000,000 shares.
- d. Based on the resolution of the shareholders' meeting on April 28, 2000, the Company issued 90,000,000 units of American Depositary Receipts (ADR), representing 450,000,000 common shares, in New York Stock Exchange at September 19, 2000. Owners of ADR are able to withdraw the underlying shares from the Company's ADR facility after three months of the issuing date. As of December 31, 2000, the outstanding ADR was 90,000,000 units.
- e. As of December 31, 2000, the authorized capital was 15,000,000,000 shares at par of NT\$10, and 11,471,451,900 common shares were issued and outstanding.

(13) TREASURY STOCK

Following the resolution of the board of directors' meeting on December 22, 2000, the Company purchased its own shares from open market as treasury stocks. The purpose and ending balance of treasury stocks were as follows:

<u>Purpose</u>	<u>Beginning (shares)</u>	<u>Addition (shares)</u>	<u>Disposal (shares)</u>	<u>Ending (shares)</u>
Transfer to Employee	-	32,435,000	-	32,435,000

According to Stock Exchange Regulations of Taiwan, total shares of treasury stocks shall not exceed 10% of the Company's stocks issued and outstanding. Total purchase amount shall not exceed sum of retained earnings and additional paid-in capital and realized capital reserves. The Company's treasury stock possession did not, at any time during 2000, violate the regulation stated above. As of December 31, 2000, the Company held 32,435,000 shares of treasury stock which amounted to NT\$1,479 million.

Treasury stock shall not be pledged, nor does it possess voting rights or receive dividends, in compliance with Stock Exchange Regulations of Taiwan.

(14) RETAINED EARNINGS

- a. According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:
  - (a) paying all taxes and dues;
  - (b) covering prior years' operating losses, if any;
  - (c) setting aside 10% of the remaining amount, after deducting (a) and (b), as legal reserve;
  - (d) allocating 1% of the remaining amount, after deducting (a), (b), and (c) above from the current year's earnings, as directors' and supervisors' fees; and
  - (e) retaining or distributing the remaining amount as follows: 92% as common stockholders' bonus and 8% to employees as employees' bonus.
- b. The new Taiwan imputation tax system requires that any undistributed current earnings, on tax basis of a company derived on or after January 1, 1998 be subject to an additional 10% corporate income tax if the earnings are not distributed before a specific time. This 10% additional tax on undistributed earnings paid by the Company can be used as tax credit by shareholders, including foreign shareholders, against the withholding tax on dividends. In addition, the domestic shareholders can claim a proportionate share in the Company's corporate income tax as tax credit against its individual income tax liability effective 1998.

c. As of December 31, 2000, the ending balance of unappropriated earnings amounted to NT\$50,760 million, of which NT\$64 million was earned prior to January 1, 1998.

d. As of December 31, 2000, the balance of shareholders tax credit was NT\$103 million. The estimated rate of deductible tax credit for the appropriation of 2000 earnings will be 0.20%. The rate of deductible tax credit for the appropriation of 1999 earnings was 1.03%.

(15) EARNINGS PER SHARE

	2000	1999
	(thousand shares)	(thousand shares)
Outstanding averagely weighted shares at beginning	6,654,997	5,541,802
1999 stock dividend at 15.50%	-	858,319
1999 convertible bonds converted	-	144,848
2000 shares issued for acquisition	2,383,650	-
2000 equivalents shares due to ADR offering	127,500	-
2000 stock dividends at 20.87%	1,886,366	1,365,935
2000 convertible bonds converted	67,952	-
2000 purchase of treasury stocks	(330)	-
Outstanding averagely weighted shares	<u>11,120,135</u>	<u>7,910,904</u>
Net income (In thousand of NT dollars)	<u>\$50,780,378</u>	<u>\$10,497,892</u>
Earnings per share (In NT dollars)	<u>\$4.57</u>	<u>\$1.33</u>

(16) INCOME TAX (In thousand of NT dollars)

	2000	1999
Income tax per accounting income	\$10,111,614	\$2,105,133
Estimated permanent differences	(5,104,391)	(1,678,663)
Investment tax credit	(5,288,099)	(481,363)
Estimated 10% corporate income tax on unappropriated earnings	-	12,377
Adjustment of prior year's tax expense	28,226	276
Tax on interest income subject to separate withholding income tax	<u>30,342</u>	<u>70,012</u>
Income tax expense (benefit)	(222,308)	27,772
Net effect of deferred tax assets	279,000	54,893
Adjustment of prior year's tax expense	(28,226)	(276)
Tax on interest income subjected to separate withholding income tax	(30,342)	(70,012)
Prepaid income tax	<u>(135,662)</u>	<u>(55,389)</u>
Income tax receivable	<u>\$(137,538)</u>	<u>\$(43,012)</u>

Deferred income tax assets and liabilities were as follows:

	<u>2000</u>	<u>1999</u>
Deferred income tax assets – current	\$3,269,940	\$894,244
Deferred income tax liabilities – current	(23,211)	(12,632)
Valuation allowance for deferred tax assets	(2,368,442)	(420,000)
Net	<u>\$878,287</u>	<u>\$461,612</u>
Deferred income tax assets – noncurrent	\$9,179,575	\$2,962,812
Deferred income tax liabilities-noncurrent	(2,238,379)	(560,282)
Valuation allowance for deferred tax assets	(3,217,677)	(674,112)
Net	<u>\$3,723,519</u>	<u>\$1,728,418</u>

Significant components of deferred income tax assets and liabilities were as follows:

	<u>2000</u>		<u>1999</u>	
	<u>Amount</u>	<u>Tax effect</u>	<u>Amount</u>	<u>Tax effect</u>
Current items:				
Temporary difference				
Allowance on sales return and discount	\$1,063,161	\$212,632	\$536,679	\$107,336
Others	622,437	124,487	(296,604)	(59,321)
Investment tax credits	-	2,909,610	-	833,597
Valuation allowance	-	(2,368,442)	-	(420,000)
Net	<u>\$1,685,598</u>	<u>\$878,287</u>	<u>\$240,075</u>	<u>\$461,612</u>
Non-current items				
Temporary difference				
Depreciation	\$(11,191,893)	\$(2,238,378)	\$(2,801,409)	\$(560,282)
Pension	926,423	185,284	471,728	94,346
Amortization of organization cost	408,883	81,777	-	-
Amortization of expertise	787,500	157,500	-	-
Others	235,128	47,025	576,564	115,312
Investment tax credits	-	8,707,988	-	2,753,154
Valuation allowance	-	(3,217,677)	-	(674,112)
Net	<u>\$(8,833,959)</u>	<u>\$3,723,519</u>	<u>\$(1,753,117)</u>	<u>\$1,728,418</u>

The Company's income tax returns through the year 1997, except for 1995, were assessed and approved by the Tax Authority.

Pursuant to the "Statute for the Establishment and Administration of Science-Based Industrial Park," the Company was granted several periods of tax holidays with respect to income derived from approved investments. The tax holidays will expire on December 31, 2003. As of December 31, 2000, the Company's unused investment tax credits amounted to NT\$11,618 million.

## 5 **RELATED PARTY TRANSACTION**

### (1) Name and Relationship of Related Parties

Name of related parties	Relationship with the Company
United Semiconductor Corporation (USC)	Investee company
United Silicon Inc. (USI)	Investee company
United Integrated Circuits Corp. (UICC)	Investee company
Utek Semiconductor Corp. (UTEK)	Investee company
Nippon Foundry Inc. (NFI)	Investee company
United Foundry Service Inc. (UFS)	Investee company
Integrated Technology Express Inc. (ITE)	Investee company
Novatek Microelectronics Corp. (Novatek)	Investee company
Mediatek Incorporation (Mediatek)	Investee company
Unipac Optoelectronics Corp. (Unipac)	Investee company
Applied Component Technology Corp. (ACT)	Investee company
AMIC Technology (Taiwan), Inc. (AMIC-Taiwan)	Investee company
World Wiser Electronics Incorporated (WWEI)	Investee company
Fortune Venture Capital Corp. (FVC)	Investee company
DuPont Photomasks Taiwan Ltd. (DPT)	Investee company
Holtek Semiconductor Inc. (Holtek)	Investee company
UMC Group (USA) (UMC-USA)	Investee company
Faraday Technology Corporation (Faraday)	Investee company
Hung Lien Investment Corp. (Hung Lien)	Investee's reinvestee
Davicom International Corp. (Davicom)	Investee's reinvestee
Chiao Tung Bank (Chiao Tung)	A director of the Company
Industrial Bank of Taiwan (IBT)	The Company is its major shareholder
Aptos (Taiwan) Corp. (Aptos)	The chairman is the CEO of the Company
TECO Electric & Machinery Co., Ltd. (TECO)	Director and supervisor of the Company
United Microelectronics (Europe) B.V. (UMC BV)	A director is the chairman of the Company
United Microelectronics Co., Ltd. Hong Kong (UMCL)	A director is the chairman of the Company
Formosa Links Pte Ltd. (Formosa)	A director is the chairman of the Company

## (2) Significant Related Party Transactions

### a. Operating revenues (In thousand of NT dollars)

	2000		1999	
	Amount	Percentage	Amount	Percentage
UMC-USA	\$42,609,198	40%	\$5,559,165	19%
UMC BV	11,849,367	11%	2,819,624	10%
Mediatek	4,938,704	5%	1,045,700	3%
AMIC-Taiwan	2,286,648	2%	-	-
Novatek	1,752,171	2%	959,424	3%
Formosa	1,370,859	1%	895,755	3%
Holtek	1,007,099	1%	-	-
Faraday	1,001,979	1%	356,432	1%
ACT	887,125	1%	851,877	3%
UMCL	697,223	1%	1,488,911	5%
ITE	610,022	1%	839,692	3%
Others	426,863	-	2,490,387	9%
Total	<u>\$69,437,258</u>	<u>66%</u>	<u>\$17,306,967</u>	<u>59%</u>

The sales to above related parties were dealt with in the ordinary course of business with the sales price made in the way similar to the sales to third-party customers. Prior to June 2000, the collection period was net 60 days for oversea sales while month end 60 days for domestic sales. Starting June 2000, the collection periods for oversea sales were net 60 days and net 45~60 days for the related parties and third-party customers, respectively, while the terms for domestic sales were month end 45 days for both the related parties as well as the third-parties customers.

### b. Purchases (In thousand of NT dollars)

	2000		1999	
	Amount	Percentage	Amount	Percentage
DPT	\$961,567	5%	\$69,875	1%
NFI	579,827	3%	620,765	7%
ACT	490,142	2%	-	-
UTEK	-	-	1,506,076	17%
USC	-	-	1,274,357	15%
USI	-	-	744,164	9%
Others	3,504	-	49,098	-
Total	<u>\$2,035,040</u>	<u>10%</u>	<u>\$4,264,335</u>	<u>49%</u>

The purchases from above related parties were dealt with in the ordinary course of business similar to those from third-party suppliers. The payment terms for purchase from oversea were net 60 days and net 30 days for the related parties and third-party suppliers, respectively, while the terms for domestic purchase were month end 60 days and month end 60 to 90 days for the related parties and third-party suppliers, respectively.

c. Notes receivable (In thousand of NT dollars)

	2000	1999
Holtek	\$161,785	\$-
Others	27,760	156,984
Net	<u>\$189,545</u>	<u>\$156,984</u>

d. Accounts receivable (In thousand of NT dollars)

	2000	1999
UMC-USA	\$6,854,152	\$888,779
UMC BV	2,119,103	816,164
AMIC-Taiwan	551,392	-
Formosa	404,382	120,011
Mediatek	189,338	224,043
UMCL	182,677	337,291
Novatek	172,035	168,356
Holtek	151,285	-
Faraday	144,500	86,007
Others	242,041	575,505
Subtotal	<u>11,010,905</u>	<u>3,216,156</u>
Allowance for sales returns and discounts	(454,747)	(11,270)
Allowance for doubtful accounts	(117,265)	(50,492)
Net	<u>\$10,438,893</u>	<u>\$3,154,394</u>

e. Other receivables (In thousand of NT dollars)

	2000	1999
NFI	\$69,408	\$55,919
USC	-	268,590
USI	-	144,087
Aptos	-	43,838
Others	42,239	42,650
Subtotal	111,647	555,084
Allowance for doubtful accounts	(503)	-
Net	<u>\$111,144</u>	<u>\$555,084</u>

f. Accounts payable (In thousand of NT dollars)

	2000	1999
DPT	\$181,075	\$20,763
ACT	85,444	-
NFI	65,196	129,797
UTEK	-	128,163
USI	-	46,367
WWEI	34,513	39,550
USC	-	22,609
Others	3,806	9,191
Total	<u>\$370,034</u>	<u>\$396,440</u>

g. Loans (In thousand of NT dollars)

	2000				
	Maximum balance		Ending balance	Interest rate	Interest expense
	Amount	Month			
Chiao Tung	\$5,543,077	March	\$4,014,861	0.87-8.39%	\$285,863
IBT	998,750	June	998,750	6.1-6.43%	64,137
Total	<u>\$6,541,827</u>		<u>\$5,013,611</u>		<u>\$350,000</u>

  

	1999				
	Maximum balance		Ending Balance	Interest rate	Interest expense
	Amount	Month			
Chiao Tung	<u>\$1,146,530</u>	May	<u>\$923,910</u>	6.64%	<u>\$64,285</u>

h. Acquisition of long-term investment (In thousand of NT dollars)

1999		
	Item	Amount
Hung Lien	Common stocks of World Wiser Electronics Incorporated	\$438,014

i. Disposal of long-term investments (In thousand of NT dollars)

2000			
	Item	Amount	Gain (Loss)
AMIC-Taiwan	Common stocks of AMIC Technology Inc.	\$135,000	\$(80,517)

  

1999			
	Item	Amount	Gain (Loss)
FVC	Common stocks of Tripath Technology Inc. and Silicon Perspective Corp., etc.	\$334,984	\$15,710
Mediatek	Common stocks of Legend Venture Capital Investment Corp.	57,500	7,500
Aptos	Common stocks of APTOS Corp.	79,241	(79,488)
Total		\$471,725	(\$56,278)

j. Disposal of property, plant and equipment (In thousand of NT dollars)

1999			
	Item	Amount	Gain (Loss)
DPT	Machineries and software	\$477,246	\$7,842
Unipac	Plant facility	242,224	9,983
NFI	Machineries	156,267	24,432
Others	Machineries, etc.	69,238	5,071
Total		\$944,975	\$47,328

k. Other transactions (In thousand of NT dollars)

	Item	2000	1999
USC	Facility revenues, etc.	\$-	\$428,018
USI	Facility revenues, etc.	-	309,338
UICC	Facility revenues, etc.	-	115,353
Unipac	Facility revenues, etc.	68,552	9,881
Others	Facility revenues, etc.	41,144	115,353
Total		\$109,696	\$977,943

	Item	2000	1999
USI	Research fee and mask charges	\$-	\$978,040
WWEI	Processing expenditures	299,239	192,943
UMC-USA	Commissions	127,961	-
Others	Service charges and processing expenditures, etc.	174,611	123,144
Total		\$601,811	\$1,294,127

6. **ASSETS PLEDGED AS COLLATERAL** (In thousand of NT dollars)

	2000	1999	Subject of collateral
Time deposit	\$2,660,800	\$-	Long-term loans
Land	452,915	452,915	Long-term loans
Building	2,778,469	4,048,416	Short-term and long-term loans
Machinery	50,905,639	13,712,787	Short-term and long-term loans
Total	\$56,797,823	\$18,214,118	

7. **COMMITMENTS AND CONTINGENT LIABILITIES**

a. The Company's unused letters of credit for import materials and machinery were NT\$3,738 million as of December 31, 2000.

b. The Company entered into contracts, amounted to US\$617 million, with third parties for rights to use patents registered by the third parties. Royalty payable for the consecutive 5 years starting 2001 through 2005 are US\$97 million, US\$79 million, US\$97 million, US\$31 million, and US\$34 million, respectively.

c. The Company has signed several construction contracts for the expansion of its factory space. As of December 31, 2000, these construction contracts amounted to NT\$5,065 million with the un-accrued portion of the contracts in NT\$2,182 million.

d. A number of third parties have notified the Company of its alleged infringement on the patents held by those third parties (including EMI, Intel, NEC, etc.), and have demanded that the Company obtain a license for various semiconductor fabrication techniques and circuit designs. The Company commenced evaluation of the specific patents involved, and the preliminary discussions with the third parties regarding licensing terms. Company management indicated a willingness to obtain licenses, wherever required and necessary, to continue the Company's business.

e. In April 1998, Oak Technology Inc. filed a lawsuit with International Trade Commission (ITC)

of USA against the Company for alleged violation of the settlement agreement for patents held in relation to its CD ROM controller chip. On September 27, 1999, the ITC issued a ruling affirming that there was no infringement. Oak has appealed the finding of non-infringement to the Federal Circuit Court of Appeals. The Company's management believes that this complaint will not have a material adverse effect on the Company's operations and financial performances, since the Company no longer includes any sales of UMC CD ROM controllers in its financial plans.

- f. The Company entered into several operating lease contracts for land. Future minimum lease payments under those leases are: (In thousand of NT dollars)

Year	Amount
2001	\$121,809
2002	115,578
2003	115,578
2004	115,578
2005	115,578
2006-2010	516,990
2011-2015	382,617
2016-2018	62,110
Total	\$1,545,838

- g. The Company entered into several wafer-processing contracts with its main clients. According to the contracts, the Company shall guarantee processing capacity, while the clients make deposit to the Company or pay penalties in case the clients' orders do not meet the capacity guaranteed.
- h. The Company entered into two three-year purchase agreements which committed the Company to purchase at least 75% of its 8-inch wafer consumption from two of its suppliers for a period of three years.
- i. The Company has signed a Memorandum with Infineon Technologies AG and Singapore's Economic Development Board Investments Pte Ltd to form a joint venture in Singapore. The venture plans to manufacture 300mm wafers and to provide related foundry services using 0.18 micron and more advanced technologies. The expected capital expenditure is about US\$3,600 million for a planned production output of 40,000 pcs 12 inch wafers per month. According to the agreed-upon Memorandum, the Company is entitled to acquire and represent the controlling ownership of the venture.
- j. The Company and Hitachi, Ltd. have established a joint wafer fabrication company in Japan

for the purpose of manufacturing 12-inch wafers, named Trecenti Technologies, Inc. (“Trecenti”) on March 15, 2000. The Company has invested ¥12,000 million for 40% equity interest as of December 31, 2000.

8. **SIGNIFICANT DISASTER LOSS**

None.

9. **SIGNIFICANT SUBSEQUENT EVENT**

None.

10. **BUSINESS ACQUISITION**

The Company completed its merger with United Semiconductor, United Integrated Circuits, United Silicon and UTEK Semiconductor on January 3, 2000 through the issuance of 2,383,650,273 shares. Under ROC GAAP, the fair value of the net assets received is deemed to be the value of the consideration for the acquisition of the remaining interests in United Semiconductor, United Silicon, UTEK Semiconductor and United Integrated Circuits and is reflected in the common stock and capital reserve in the balance sheet.

The following unaudited pro forma data summarizes the results of operations for the years ended December 31, 2000 and 1999, respectively, as if the acquisitions had been completed on January 1, 2000 and 1999, respectively. The pro forma data show the effect on actual operating results prior to the acquisition and the increase in the depreciation expense as a result of a step up in the fair value of fixed assets acquired.

These pro forma amounts do not propose to be indicative of the results that would have actually been obtained if the acquisition had occurred on January 1, 2000 and 1999 or that may be obtained in the future.

United Microelectronics Corporation  
Pro Forma Statement of Income  
For the years ended December 31, 2000 and 1999  
(Unaudited )  
(Expressed in thousand of New Taiwan dollars)

	2000	1999
Sales	\$105,084,720	\$54,630,561
Cost of sales	(51,337,139)	(36,074,151)
Gross Profit	53,747,581	18,556,410
Unrealized inter-company profit-net	(146,060)	(365,781)
Realized gross profit	53,601,521	18,190,629
Operating expenses		
Selling expense	(781,772)	(1,231,426)
Administrative expense	(3,294,081)	(2,256,027)
Research and development expense	(5,954,696)	(3,904,625)
Subtotal	(10,030,549)	(7,392,078)
Operating income	43,570,972	10,798,551
Non-operating income		
Interest income	1,824,102	1,988,080
Investment income	5,024,119	2,524,102
Miscellaneous income	3,654,228	1,984,115
Subtotal	10,502,449	6,496,297
Non-operating expense		
Interest expense	(2,354,173)	(2,498,366)
Miscellaneous loss	(1,167,802)	(1,420,776)
Subtotal	(3,521,975)	(3,919,142)
Income before income tax	50,551,446	13,375,706
Income tax	222,308	(424,976)
Net income	\$50,773,754	\$12,950,730

**11. INVESTMENT IN MAINLAND CHINA**

None.

**12. SPECIAL DISCLOSURE ITEMS**

The following related information on significant transactions and investee companies for the year 2000 was prepared based on the audited financial statements.

- a. Loans to others attributed to financial activities as of December 31, 2000: Please see attachment-1.
- b. The endorsements and guarantees provided by the Company to others as of December 31, 2000: Please see attachment-2.
- c. The ending balance of securities held by the Company as of December 31, 2000: Please see attachment-3.
- d. The cumulative buying or selling of one specific security exceeding the lower of NT\$100 million and 20 percent of the capital stock for the year 2000: Please see attachment-4.
- e. Acquisition of real estate with an amount exceeding the lower of NT\$100 million and 20 percent of the Company's capital stock for the year 2000: Please see attachment-5.
- f. Disposal of real estate with an amount exceeding the lower of NT\$100 million and 20 percent of the Company's capital stock for the year 2000: Please see attachment-6.
- g. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million and 20 percent of the Company's capital stock for the year 2000: Please see attachment-7.
- h. Receivables from related parties exceeding the lower of NT\$100 million and 20 percent of the Company's capital stock as of December 31, 2000: Please see attachment-8.
- i. Related information on investee companies as of December 31, 2000: Please see attachment-9.

### 13. SEGMENT INFORMATION

#### a. Operations in different industries

The Company operates principally in one industry. The Company's major operation is the manufacture of semiconductor products.

#### b. Operations in different geographic areas

The Company has no significant foreign operations.

#### c. Export sales (In thousand of NT dollars)

	2000	1999
North America	\$46,625,687	\$4,976,762
Europe	18,672,062	2,363,783
Asia	6,787,493	4,119,989
Other	1,069,011	-
Sale to Overseas	73,154,253	11,460,534
Domestic sale	28,319,974	15,367,219
Net sale	<u>\$101,474,227</u>	<u>\$26,827,753</u>

#### d. Major customers (In thousand of NT dollars)

Customers	2000		Sales segment
	Sales amount	%	
UMC Group (USA)	\$42,609,198	41	The whole Company
UMC BV	11,849,367	11	The whole Company
Total	<u>\$54,458,565</u>	<u>52</u>	

  

Customers	1999		Sales segment
	Sales amount	%	
UMC Group (USA)	\$5,559,165	19	The whole Company
UMC BV	2,819,624	10	The whole Company
Total	<u>\$8,378,789</u>	<u>29</u>	

## 14. FINANCIAL INSTRUMENTS

### a. Derivative Financial Instruments

The Company entered into some Interest Rate Swap (IRS) contracts with certain banks. The major information is as follows:

(1) Purpose: to hedge interest rate risk. The Company entered into several Interest Rate Swap contracts in 2000, the related interest income amounted to \$8 million.

(2) Notional amount and contract period:

As of December 31, 2000:

<u>Notional amount</u>	<u>Contract period</u>	
US\$10 million	November 28, 1996	May 28, 2001

(As the result of last closing for the contract, there would be no more mutual interest obligation for the period from November 28, 2000 through May 28, 2001.)

As of December 31, 1999:

<u>Notional amount</u>	<u>Contract period</u>	
US\$10 million	November 28, 1996	May 28, 2001
US\$40 million	December 19, 1997	December 19, 2000
US\$20 million	December 23, 1997	December 27, 2000

(3) Term and characteristics of the swaps:

- Term: These transactions are settled on a semi-annual basis. The Company agrees to pay to the banks on each payment date, an amount equal to the notional amount multiplied by a fixed rate. The Company receives the floating rate interest, which is based on the 6 months USD-LIBOR-BBA rate on the day that is two London Banking Days preceding any reset date, from bank.
- Credit risk: There is no significant credit risk with respect to the above three transactions because the banks have good global standing.
- Market risk: The market risk is low due to the nature of the swaps.
- The gains (or losses) resulted from the IRS contracts were NT\$0.4 million and (NT\$20 million) for the years ended December 31, 2000 and 1999, respectively.

b. Non-derivative Instruments (In thousand of NT dollars)

Financial Assets	2000		1999	
	Book Value	Fair Value	Book Value	Fair Value
Cash and cash equivalents	\$54,107,647	\$54,107,647	\$11,083,601	\$11,083,601
Notes and accounts receivable	15,944,835	15,944,835	5,005,396	5,005,396
Marketable securities	-	-	339,375	350,661
Long-term investments	67,363,540	98,029,567	86,585,485	152,917,639

Financial Liabilities	2000		1999	
	Book Value	Fair Value	Book Value	Fair Value
Short-term loans	\$3,489,325	\$3,489,325	\$6,639,765	\$6,639,765
Accounts payable	21,710,136	21,710,136	7,756,756	7,756,756
Long-term loans (including current portion)	39,157,762	39,157,762	8,059,464	8,059,464
Bands payable	3,990,000	4,024,031	3,443,776	8,386,642

The methods and assumptions used to measure the fair value of financial instruments are as follows:

- (1) The carrying amounts of short-term financial assets and liabilities approximate fair values due to their short maturities.
- (2) The fair values of marketable securities and long-term investments are based on the market value of the securities or, if market value is unavailable, the net equities of the investee companies are used as fair value.
- (3) Fair value of bonds payable is estimated by the market value.
- (4) The book value of long-term loans is used as fair value as the loans bear floating rates.

ATTACHMENT-1 (Loans to others attributed to financial activities as of December 31, 2000) (Amount in thousand of NT dollars unless otherwise stated)

No.	Names of lending company	Accounts name	Name of the borrowers	The credit limit set up by the company for its respective borrower	The highest balance during 2000	The ending balance	Interest rate	The reason for lending	Collateral	Value of collateral	The yearly amount of sales to (purchase from) the borrower	The ceiling of fund financing for the borrower
1	UMC Group (USA)	Receivable from employee's loans	The Company's employees	N/A	US\$ 3,308,000	US\$ 2,618,000	7.00%	Employee loan	None	N/A	None	N/A

ATTACHMENT-2 (The endorsements and guarantees provided by the Company to others as of December 31, 2000) (Amount in thousand of NT dollars unless otherwise stated)

No.	Guarantor	Guarantee	Relationship with the Company	The limit of guarantee for such party	The highest outstanding guarantee amount during 2000	The outstanding guarantee amount at Dec. 31, 2000	The amount of guarantee with collateral placed	The ratio of accumulated guarantee amount to net value of the Company	The ceiling of the outstanding guarantee for the respective party
1	Nippon Foundry Inc.	A director and employee	A director and employee	¥1,125,248,000	¥1,200,640,000	¥1,125,248,000	¥1,000,000,000	1.70%	¥1,125,248,000

ATTACHMENT-3 (The ending balance of securities held by the Company as of December 31, 2000) (Amount in thousand of NT dollars unless otherwise stated)

Kinds of marketable securities	Name of marketable securities	The relationship of the issuers with the Company	General ledger accounts	December 31, 2000				Shares as collateral (thousand)
				Number of shares (thousand)	Book value	Percentage	Market value	
<u>December 31, 2000</u>								
<u>United Microelectronics Corporation</u>								
Stock	United Foundry Service Inc.	Investee company	Long-term investment	2,005	67,432	100.00%	N/A	None
Stock	UMC Group (USA)	Investee company	Long-term investment	16,438	718,271	100.00%	N/A	None
Stock	Fortune Venture Capital Corporation	Investee company	Long-term investment	299,994	3,766,868	99.99%	N/A	None
Stock	Hsun Chieh Investment Corporation	Investee company	Long-term investment	1,417,294	28,611,676	99.97%	N/A	None
Stock	United MicroMachining Corp.	Investee company	Long-term investment	6,000	26,399	60.91%	N/A	None
Stock	Pacific Venture Capital Co., Ltd.	Investee company	Long-term investment	30,000	353,158	49.99%	N/A	None
Stock	Dupont Photomasks Taiwan Ltd.	Investee company	Long-term investment	77,810	942,896	47.16%	N/A	None
Stock	Nippon Foundry Inc.	Investee company	Long-term investment	120	6,960,008	47.10%	31,560,298	None
Stock	Trecenti Technologies, Inc.	Investee company	Long-term investment	240	3,427,304	40.00%	N/A	None
Stock	Broadmedia, Inc.	Investee company	Long-term investment	10,000	-	39.38%	N/A	None
Stock	World Wiser Electronics Incorporated	Investee company	Long-term investment	132,093	2,596,312	38.97%	5,979,172	None
Stock	Unipac Optoelectronics Corp.	Investee company	Long-term investment	530,247	7,774,055	38.71%	9,378,014	None
Stock	Holtek Semiconductor Inc.	Investee company	Long-term investment	43,170	657,281	35.39%	N/A	None
Stock	Novatek Microelectronics Corp.	Investee company	Long-term investment	45,045	861,690	29.80%	N/A	None
Stock	Integrated Technology Express Inc.	Investee company	Long-term investment	26,855	336,495	28.78%	N/A	None
Stock	Applied Component Technology Corporation	Investee company	Long-term investment	10,048	120,328	27.96%	137,989	None
Stock	Faraday Technology Corp.	Investee company	Long-term investment	18,541	346,998	21.43%	3,565,509	None
Stock	Mediatek Incorporation	Investee company	Long-term investment	41,160	1,246,785	18.98%	N/A	None
Stock	Integrated Telecom Express, Inc.	Investee company	Long-term investment	7,000	826,184	16.39%	1,549,792	None
Stock	AMIC Technology (Taiwan), Inc.	Investee company	Long-term investment	13,500	126,066	14.06%	N/A	None

ATTACHMENT-3 (The ending balance of securities held by the Company as of December 31, 2000) (Amount in thousand of NT dollars unless otherwise stated)

Kinds of marketable securities	Name of marketable securities	The relationship of the issuers with the Company	General ledger accounts	December 31, 2000				Shares as collateral (thousand)
				Number of shares (thousand)	Book value	Percentage	Market value	
<u>December 31, 2000</u>								
<u>United Microelectronics Corporation</u>								
Stock	PixTech, Inc.	None	Long-term investment	9,883	561,080	18.10%	423,226	None
Stock	United Industrial Gases Co., Ltd.	None	Long-term investment	11,566	146,250	11.25%	N/A	None
Stock	Sino-Aerospace Investment Corp.	None	Long-term investment	28,500	86,588	11.11%	N/A	None
Stock	National Venture Capital Corporation	None	Long-term investment	6,000	60,000	11.09%	N/A	None
Stock	Pacific Technology Partners, L.P.	None	Long-term investment	-	51,353	11.00%	N/A	None
Stock	TECO Information Systems Co., Ltd.	None	Long-term investment	47,358	500,880	8.05%	N/A	None
Stock	Vialta.com, Inc.	None	Long-term investment	7,600	622,835	7.82%	N/A	None
Stock	Subtron Technology Co., Ltd.	None	Long-term investment	16,000	240,000	7.41%	N/A	None
Stock	Industrial Bank of Taiwan	The Promoter	Long-term investment	116,725	1,150,000	5.00%	N/A	None
Stock	TECO Electric & Machinery Co., Ltd.	The director and supervisor of the Company	Long-term investment	70,713	1,535,895	3.96%	1,299,910	None
Stock	Tonbu, Inc.	None	Long-term investment	938	243,750	3.43%	N/A	None
Stock	Chiao Tung Bank	The director of the Company	Long-term investment	75,000	3,108,656	3.07%	1,887,738	None
Stock	SAMPO Corporation	The director of the Company	Long-term investment	30,950	443,599	2.96%	393,065	None
Stock	Dyna Image Corp.	None	Long-term investment	4,244	28,663	1.67%	77,137	None
Stock	National Securities Corporation	None	Long-term investment	14,251	239,316	1.26%	125,565	None
Stock	Stark Technology Inc.	None	Long-term investment	967	10,552	1.16%	133,760	None
Stock	Premier Camera Taiwan Ltd.	None	Long-term investment	2,041	27,964	0.72%	93,138	None
Stock	Lexar Media Inc.	None	Long-term investment	100	2,488	0.17%	10,377	None

ATTACHMENT-3 (The ending balance of securities held by the Company as of December 31, 2000) (Amount in thousand of NT dollars unless otherwise stated)

Kinds of marketable securities	Name of marketable securities	The relationship of the issuers with the Company	General ledger accounts	December 31, 2000				Shares as collateral (thousand)
				Number of shares (thousand)	Book value	Percentage	Market value	
<u>December 31, 2000</u>								
<u>Hsun Chieh Investment Corporation</u>								
Stock	UniMicron Technology Corp.	Investee company	Long-term investment	84,559	1,364,153	43.93%	N/A	None
Stock	Harvatek Corporation	Investee company	Long-term investment	15,351	204,541	33.37%	N/A	None
Stock	Advance Materials Corporation	Investee company	Long-term investment	14,994	207,521	15.78%	N/A	None
Stock	Enovation Group, Inc.	Investee company	Long-term investment	7,172	73,807	14.34%	N/A	None
Stock	Integrated Photonics, Inc.	None	Long-term investment	300	6,244	11.46%	N/A	None
Stock	Golden Technology Venture Capital Investment	The director of the Company	Long-term investment	8,000	80,000	10.67%	N/A	None
Stock	Cnyes.Com, Inc.	None	Long-term investment	5,000	62,640	9.81%	N/A	None
Stock	Ascend Semiconductor Corporation	The Company is the director and supervisor	Long-term investment	3,600	36,000	9.00%	N/A	None
Stock	NTCU Spring I Technology Venture Capital	The Company is the director	Long-term investment	4,284	43,482	8.60%	N/A	None
Stock	Faraday Technology Corp.	Investee company to UMC	Long-term investment	5,648	1,286,510	6.77%	1,308,880	None
Stock	Pst International, Inc.	The Company is the director	Long-term investment	1,200	18,000	6.70%	N/A	None
Stock	Advance Microelectronics Product Inc.	None	Long-term investment	7,000	126,000	6.36%	N/A	None
Stock	NCTU Spring Venture Capital Co., Ltd.	The Company is the director	Long-term investment	2,000	20,000	6.28%	N/A	None
Stock	Cosmos Technology Venture Capital Investment	The Company is the director	Long-term investment	4,000	40,000	5.03%	N/A	None
Stock	Integrated Telecom Express, Inc.	Investee company	Long-term investment	1,163	213,021	4.85%	N/A	None
Stock	Nippon Foundry Inc.	Investee company to UMC	Long-term investment	11	777,044	4.41%	N/A	None
Fund	Taiwan Asia Pacific Venture Fund	None	Long-term investment	115	29,295	4.17%	N/A	None
Stock	Subtron Technology Co., Ltd.	The Company is the director	Long-term investment	7,800	99,000	3.61%	N/A	None
Stock	Sampo Semiconductor Corporation	None	Long-term investment	8,442	84,420	3.38%	N/A	None
Stock	United Microelectronics Corporation	Parent company	Long-term investment	366,008	29,592,654	3.19%	18,053,706	None
Stock	Sheng-Hua Venture Capital Corporation	None	Long-term investment	5,000	50,000	2.50%	N/A	None
Stock	PixArt Imaging Inc.	None	Long-term investment	1,000	10,000	2.00%	N/A	None
Stock	Chiao Tung Bank	The director of the Company	Long-term investment	46,721	1,882,974	1.91%	1,175,962	None
Stock	TECO Information Systems Co., Ltd.	None	Long-term investment	7,136	107,044	1.20%	N/A	None
Stock	Ingenus Corp.	None	Long-term investment	240	29,813	0.66%	2,713	None

ATTACHMENT-3 (The ending balance of securities held by the Company as of December 31, 2000) (Amount in thousand of NT dollars unless otherwise stated)

Kinds of marketable securities	Name of marketable securities	The relationship of the issuers with the Company	General ledger accounts	December 31, 2000				Shares as collateral (thousand)
				Number of shares (thousand)	Book value	Percentage	Market value	
<u>December 31, 2000</u>								
<u>Hsun Chieh Investment Corporation</u>								
Stock	Cheng Hsun Electronics, Inc.	Investee company	Long-term investment	3,150	31,500	31.50%	N/A	None
Stock	Hsun Huei Technology, Inc.	Investee company	Long-term investment	3,100	31,000	31.00%	N/A	None
Stock	Plato Electronics (Cayman) Limited	Investee company	Long-term investment	28	424,539	30.00%	N/A	None
Stock	Elite Flash Storage Technology, Inc.	The Company is the director	Long-term investment	1,950	19,500	19.50%	N/A	None
Stock	Giga Solution	None	Long-term investment	8,750	105,000	19.44%	N/A	None
Stock	Patentop, Ltd.	None	Long-term investment	720	22,356	18.00%	N/A	None
Stock	AEM Technology, Inc.	None	Long-term investment	1,760	28,714	17.60%	N/A	None
Stock	Kits On Line Technology Corp.	None	Long-term investment	3,200	38,656	16.41%	N/A	None
Stock	Union Technology Corp.	The Company is the director	Long-term investment	1,800	18,000	15.00%	N/A	None
Stock	Epogy Communication, Inc.	None	Long-term investment	4,000	62,130	13.33%	N/A	None
Stock	Linden Technologies Inc.	None	Long-term investment	300	92,385	11.17%	N/A	None
Stock	NetEmpower Software Technologies Inc.	None	Long-term investment	1,500	92,388	9.42%	N/A	None
Stock	Alpha & Omega Semiconductor Inc.	None	Long-term investment	1,500	46,883	9.09%	N/A	None
Stock	Vialta.com, Inc.	None	Long-term investment	7,600	618,883	8.35%	N/A	None
Stock	Tonbu, Inc.	None	Long-term investment	2,000	185,017	7.90%	N/A	None
Stock	Formerica International Holding Inc.	None	Long-term investment	2,000	30,898	6.51%	N/A	None
Stock	VenGlobal Capital Fund III, L.P.	None	Long-term investment	-	16,190	4.00%	N/A	None
Stock	Industrial Bank of Taiwan	None	Long-term investment	9,000	90,000	3.81%	N/A	None
Stock	Broadcom Corporation.	None	Long-term investment	700	70,941	3.38%	N/A	None
Stock	Hantek Technology Co., Ltd.	None	Long-term investment	1,501	45,030	3.34%	N/A	None
Stock	Aurora System, Inc.	None	Long-term investment	550	72,226	2.99%	N/A	None
Stock	Trisected Corp.	None	Long-term investment	360	16,913	2.19%	N/A	None
Stock	Primarion, Inc.	None	Long-term investment	418	31,800	1.26%	N/A	None
Stock	King-Yuan Electronics Co., Ltd.	None	Long-term investment	1,000	70,000	0.38%	N/A	None
Stock	Netlogic Microsystems Inc.	None	Long-term investment	100	3,195	0.34%	N/A	None
Stock	Lite Lineonit Corp.	None	Long-term investment	800	58,400	0.33%	N/A	None
Stock	Evertrac, Inc.	None	Long-term investment	-	31,275	-	N/A	None
Membership Card.	Golf Club Membership Card.	None	Long-term investment	-	60,000	-	N/A	None

ATTACHMENT-3 (The ending balance of securities held by the Company as of December 31, 2000) (Amount in thousand of NT dollars unless otherwise stated)

Kinds of marketable securities	Name of marketable securities	The relationship of the issuers with the Company	General ledger accounts	December 31, 2000				Shares as collateral (thousand)
				Number of shares (thousand)	Book value	Percentage	Market value	
<u>December 31, 2000</u>								
<u>Fortune Venture Capital Corporation</u>								
Stock	APTOS Corp.	Investee company	Long-term investment	36,886	393,250	35.13%	N/A	None
Stock	Broadmedia Inc.	Investee company	Long-term investment	12,500	138,464	24.53%	N/A	None
Stock	Systematic Designs International Inc.	None	Long-term investment	1,300	10,178	19.50%	N/A	None
Stock	Silicon Perspective Corp.	None	Long-term investment	800	57,600	19.16%	N/A	None
Stock	PixArt Imaging Inc.	The Company is the director	Long-term investment	8,372	117,917	16.74%	N/A	None
Stock	Softchina Venture Group Ltd.	The Company is the director	Long-term investment	6,000	60,000	15.00%	N/A	None
Stock	Epitech Corp.	The Company is the director	Long-term investment	4,658	47,300	14.33%	N/A	None
Stock	Thin Film Module, Inc.	None	Long-term investment	5,287	52,870	13.91%	N/A	None
Stock	Advance Materials Corporation	Investee company	Long-term investment	12,800	137,989	13.47%	N/A	None
Stock	AMIC Technology (Taiwan), Inc.	Investee company	Long-term investment	12,716	243,106	13.25%	N/A	None
Stock	Urex Precision, Inc.	None	Long-term investment	1,977	19,772	13.18%	N/A	None
Stock	Triscend Corporation	None	Long-term investment	1,750	188,957	10.23%	N/A	None
Stock	Integrated Telecom Express Inc.	Investee company	Long-term investment	4,000	421,101	9.70%	N/A	None
Stock	Linktech Microelectronics Corp.	None	Long-term investment	1,215	34,450	8.10%	N/A	None
Stock	Shin-Etsu Handdotai Taiwan Co., Ltd.	None	Long-term investment	10,500	105,000	7.00%	N/A	None
Stock	Trident Technologies, Inc.	None	Long-term investment	1,350	16,875	6.75%	N/A	None
Stock	Pst International, Inc.	None	Long-term investment	1,200	12,000	6.70%	N/A	None
Stock	Programmable Microelectronics (Taiwan) Corp.	None	Long-term investment	2,004	20,042	6.68%	N/A	None
Stock	Tripath Technology, Inc.	None	Long-term investment	500	158,235	5.50%	262,230	None
Stock	Vialta.com, Inc.	None	Long-term investment	3,800	313,205	4.18%	N/A	None
Stock	The 3CX U.S.A.	None	Long-term investment	180	5,814	3.95%	N/A	None
Stock	SiRF Technology Inc.	None	Long-term investment	875	119,436	3.51%	N/A	None
Stock	Ominivision Vision Technology Inc.	None	Long-term investment	540	22,272	3.34%	130,318	None
Stock	Tvia, Inc.	None	Long-term investment	700	14,435	2.41%	154,224	None
Stock	CTS Computer Technology System Corp.	None	Long-term investment	1,717	27,694	2.00%	N/A	None
Stock	Hsin Chu Chen-Tao CATV Co., Ltd.	None	Long-term investment	349	3,489	1.40%	N/A	None
Stock	Orchid Biocomputer, Inc.	None	Long-term investment	380	90,478	1.20%	124,465	None
Stock	Velio Communications Inc.	None	Long-term investment	110	30,817	0.54%	N/A	None
Stock	Springsoft Inc.	None	Long-term investment	214	6,832	0.46%	27,303	None
Stock	Sino-American Silicon Products Inc.	None	Long-term investment	284	6,635	0.33%	N/A	None
Stock	Shuttle Inc.	None	Long-term investment	360	7,828	0.26%	2,647	None
Stock	United Microelectronics Corporation	Investor company	Long-term investment	13,333	171,858	0.12%	657,680	None

ATTACHMENT-3 (The ending balance of securities held by the Company as of December 31, 2000) (Amount in thousand of NT dollars unless otherwise stated)

Kinds of marketable securities	Name of marketable securities	The relationship of the issuers with the Company	General ledger accounts	December 31, 2000				Shares as collateral (thousand)
				Number of shares (thousand)	Book value	Percentage	Market value	
<u>December 31, 2000</u>								
<u>Fortune Venture Capital Corporation</u>								
Stock	Aurora System, Inc.	None	Long-term investment	2,500	222,072	13.87%	N/A	None
Stock	Iglobe Partners Fund L.P.	None	Long-term investment	-	63,318	7.42%	N/A	None
Stock	Alpha & Omega Semiconductor	None	Long-term investment	1,500	46,312	5.00%	N/A	None
Stock	IXNICRO Inc.	None	Long-term investment	333	49,534	4.44%	N/A	None
Stock	EPIC Technologies Inc.	None	Long-term investment	23	34,240	2.24%	N/A	None
Stock	Rise Technology	None	Long-term investment	500	41,811	2.14%	N/A	None
Stock	Monetary Design Systems Inc.	None	Long-term investment	394	34,201	2.06%	N/A	None
Stock	Arcadia Design Systems Inc.	None	Long-term investment	162	26,203	1.45%	N/A	None
Stock	Crystal Internet Venture Fund II	None	Long-term investment	20	41,757	0.99%	N/A	None

ATTACHMENT-4(The cumulative buying or selling of one specific security exceeding the lower of NT\$100 million and 20 percent of the capital stock for the year 2000) (Amount in thousand of NT dollars unless otherwise stated )

Name of the securities	Beginning balance		Addition		Disposal			Ending balance		Gain/Loss form disposal
	Number of shares (thousand)	Amount	Number of shares (thousand)	Amount	Number of shares (thousand)	Amount	Cost	Number of shares (thousand)	Amount	
<u>December 31, 2000</u>										
<u>United Microelectronics Corporation</u>										
Yuan-Ta New Main Stream Fund	9,500	9,500	-	-	9,500	117,895	95,000	-	-	22,895
Truswell Truswell Fund	16,000	160,000	-	-	16,000	159,777	160,000	-	-	(223)
Shanghai Fudan Microelectronics Company Limited.	-	-	12,372	39,808	12,372	125,841	39,808	-	-	86,032
Nippon Foundry Inc.	107	1,550,124	13	3,835,112	-	-	-	120	6,960,009	-
Trecenti Technologies, Inc.	-	-	240	3,664,000	-	-	-	240	3,427,304	-
PixTech, Inc.	1,111	137,750	9,320	454,440	-	-	-	9,883	561,080	-
Tonbu, Inc.	-	-	938	243,750	-	-	-	938	243,750	-
Subtron Technology Co., Ltd.	-	-	16,000	240,000	-	-	-	16,000	240,000	-
AMIC Technology (Taiwan), Inc.	-	-	13,500	135,000	-	-	-	13,500	126,066	-
Focus Semiconductor Corp.	24,600	121,896	-	-	24,600	121,897	121,896	-	-	1
Unipac Optoelectronics Corp.	510,741	7,515,473	-	-	7,494	224,820	165,402	503,247	7,774,055	59,418
Catalyst Semiconductor, Inc.	650	107,328	-	-	650	179,830	107,328	-	-	52,903
AMIC Technology Inc.	15,000	221,494	-	-	15,000	135,000	215,517	-	-	(80,517)
<u>Fortune Venture Capital Corporation</u>										
Unipac Optoelectronics Corp.	25,245	354,973	-	-	25,245	409,616	354,973	-	-	54,643
APTOS Corp.	25,523	291,812	11,363	170,443	-	-	-	36,886	393,250	-
AMIC Technology (Taiwan), Inc.	7,200	72,000	5,516	137,900	-	-	-	12,716	243,106	-
<u>Hsun Chieh Investment Corporation</u>										
Unimicron Technology Corp.	85,990	1,059,610	8,389	192,948	9,820	339,000	133,214	84,559	1,364,153	205,786
Advance Materials Corp.	4,054	44,212	10,940	163,950	-	-	-	14,994	207,521	-
Unipac Optoelectronics Corp.	28,832	513,222	-	-	28,832	558,700	513,222	-	-	45,478
Tonbu, Inc.	-	-	2,000	185,017	-	-	-	2,000	185,017	-
Plato Electronics (Cayman) Limited	-	-	28	424,539	-	-	-	28	424,539	-
China Unicon Ltd.	-	-	11,500	708,922	11,500	826,261	708,922	-	-	117,339
Giga Solution	-	-	8,750	105,000	-	-	-	8,750	105,000	-

Remark(1): The ending balance also includes other additions or deductions not shown on the above schedule, including long-term equity investment income or loss, cumulative translation adjustment, changes in long-term investment due to unproportionate changes in ownership, and unrealized loss in long-term investment, etc.

Remark(2): Gain/Loss from disposal of security were computed by deducting cost, handling charge and exchange loss or gain from sale amount.

ATTACHMENT-5 (Acquisition of real estate with an amount exceeding the lower of NT\$100 million and 20 percent of the capital stock for the year 2000 ) (Amount in thousand of NT dollars unless otherwise stated)

Name of the properties	Date of transaction	Transaction amount	Status of payment	Counter party	The relationship with the Company	Original owner who sold the property to the counter party	The relationship of the original owner with the Company	Date of the original transaction	Amount	The bases or reference used in deciding the price	Other commitments
<u>December 31, 2000</u>											
<u>United Microelectronics Corporation</u>											
Land	Dec.15, 2000	127,457	Paid	An individual	None	-	-	-	-	Market value	-

ATTACHMENT-6(Disposal of real estate with an amount exceeding the lower of NT\$100 million and 20 percent of the capital stock for the year 2000) (Amount in thousand of NT dollars unless otherwise stated)

<u>Names of the properties</u>	<u>Date of transaction</u>	<u>Acquisition date of the properties</u>	<u>Book value</u>	<u>Transaction amount</u>	<u>Status of payment receiving</u>	<u>Gain/ Loss on disposal</u>	<u>Counter party</u>	<u>The relationship with the Company</u>	<u>Reason for disposal</u>	<u>The bases or reference used in deciding the price</u>	<u>Other commitments</u>
<u>December 31,2000</u>											
<u>United Microelectronics Corporation</u>											
FAB5A of UMC	April 8, 2000	May 31, 1991-March 21, 2000	138,373	109,000	Received	(29,373)	Episil Technologies Inc.	None	Retiring phased-out	Market value	None

ATTACHMENT-7 ( Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million and 20 percent of the capital stock for the year 2000) (Amount in thousand of NT dollars unless otherwise stated)

Name of related parties transactions	Relationship with the Company	Transactions				Notes & accounts receivable (payable)	
		Purchase (Sales)	Amount	Percentage of purchase (sales)	Term	Balance	Percentage of account
<u>2000</u>							
<u>United Microelectronics Corporation</u>							
UMC Group (USA)	Investee company	Sales	42,609,198	40%	60days	6,854,152	43%
United Microelectronics (Europe) B.V	The director is the chairman of the Company	Sales	11,849,367	11%	60days	2,119,103	13%
United Microelectronics Co., Ltd. Hong Kong	The director is the chairman of the Company	Sales	697,223	1%	60days	182,677	1%
Mediatek Incorporation.	Investee company	Sales	4,938,704	5%	60days	189,338	1%
AMIC Technology (Taiwan), Inc.	Investee company	Sales	2,286,648	2%	60days	564,810	4%
Novatek Microelectronics Corp.	Investee company	Sales	1,752,171	2%	60days	172,035	1%
Formosa Links Pte Ltd.	The director is the chairman of the Company	Sales	1,370,859	1%	60days	404,382	3%
Applied Component Technology Corp.	Investee company	Sales	887,125	1%	60days	65,547	-
Integrated Technology Express Inc.	Investee company	Sales	610,022	1%	60days	53,702	-
DAVICOM Semiconductor Inc.	Investee's subsidiary	Sales	343,942	-	60days	18,523	-
Faraday Technology Corp.	Investee company	Sales	1,001,979	1%	60days	144,500	1%
Holtek Semiconductor Inc.	Investee company	Sales	1,007,099	1%	60days	313,070	2%
Applied Component Technology Corp.	Investee company	Purchase	490,142	2%	60days	(85,444)	1%
Dupont Photomasks Taiwan Ltd.	Investee company	Purchase	961,567	5%	60days	(181,075)	3%
Nippon Foundry Inc.	Investee company	Purchase	579,827	3%	60days	(65,196)	1%
<u>UMC Group (USA)</u>							
United Microelectronics Corporation	Parent company	Purchase	US\$1,360,399,000	99.6%	55days	(US\$207,821,000)	100%
Nippon Foundry Inc.	Subsidiary	Purchase	US\$5,984,000	0.4%	60days	(US\$81,000)	-
Integrated Technology Express Inc.	Subsidiary	Sales	US\$ 15,921,000	1.1%	-	US\$ 4,111,000	1.8%
<u>Nippon Foundry Inc.</u>							
United Microelectronics Corporation	Parent company	Sales	¥1,933,285,000	5.3%	60days	¥348,221,000	2.7%
United Microelectronics Corporation	Parent company	Operating expense	¥502,112,000	2.0%	-	¥1,185,000	0.3%
UMC Group (USA)	Affiliated company	Sales	¥626,943,000	17%	60days	¥11,651,000	0.1%

ATTACHMENT-8 (Receivable from related parties exceeding the lower of NT\$100 million and 20 Percent of capital stock as of December 31, 2000)  
(Amount in thousand of NT dollars unless otherwise stated)

Name of the counter party	Relationship with the counter party	Balance of receivable from related party			Turnover rate (times)	Overdue receivable		Subsequent received amount	Bad debt allowance provided	
		Notes receivable	Accounts receivable	Other receivables		Amount	Collection			
<u>December 31, 2000</u>										
<u>United Microelectronics Corporation</u>										
United Microelectronics (Europe) B.V	The director is the chairman of the Company	-	2,119,103	-	2,119,103	8.07	871	-	863,198	20,983
UMC Group (USA)	Investee company	-	6,854,152	-	6,854,152	11.40	1,826	-	42,371	69,886
AMIC Technology (Taiwan), Inc.	Investee company	13,418	551,392	1,806	566,616	8.00	162,014	Credit Collecting	-	7,150
Formosa Links Pte Ltd.	The director is the chairman of the Company	-	404,382	-	404,382	6.81	1	Credit Collecting	-	4,008
Mediatek Incorporation	Investee company	-	189,338	404	189,742	23.89	2,453	Credit Collecting	-	2,363
United Microelectronics Co., Ltd., Hong Kong	A director is the chairman of the Company	-	182,677	-	182,677	2.68	62,034	-	15,775	2,381
Novatek Microelectronics Corp.	Investee company	-	172,035	371	172,406	10.30	-	Credit Collecting	986	1,724
Holtek Semiconductor Inc.	Investee company	161,785	151,285	2,874	315,944	5.89	138	Credit Collecting	-	1,584
Faraday Technology Corp.	Investee company	-	144,500	-	144,500	9.39	20,201	Credit Collecting	-	4,135
Ascend Semiconductor Corp.	Investee company	-	102,814	-	102,814	4.02	3,362	Credit Collecting	-	1,062
<u>Nippon Foundry Inc.</u>										
United Microelectronics Corporation	Parent company	-	¥348,211,000	-	¥348,211,000	-	-	-	-	0.5% of Accounts Receivable

ATTACHMENT-9 (Related information on investee companies as of December 31, 2000) (Amount in thousand of NT dollars unless otherwise stated)

Investee company	Address	The main business scopes	Initial Investment		Shares held by the Company			The net income of the investee company	The gain /loss recorded by the Company	Note
			Ending balance	Beginning balance	Number of shares (thousand)	Percentage	Book value			
<u>December 31, 2000</u>										
<u>United Microelectronics Corporation</u>										
UMC Group (USA)	488 DeGuigne Drive Sunnyvale, CA 94086, USA	IC Sales	US\$16,437,000	US\$13,150,000	16,438	100.00%	718,271	US\$ 3,443,000	92,468	
United Foundry Service, Inc.	489 DeGuigne Drive Sunnyvale, CA 94086, USA	Supervising and monitoring group project	US\$2,005,000	-	2,005	100.00%	67,432	US\$ 173,000	5,357	
Fortune Venture Capital Corporation	2F, No.76, Sec.2, Tunhwa S. Rd., Taipei, Taiwan	Consulting and planning for investment in new business	2,999,940	2,999,940	299,994	99.99%	3,766,868	(37,082)	(37,078)	
Hsun Chieh Investment Corporation	2F, No.76, Sec.2, Tunhwa S. Rd., Taipei, Taiwan	Investment	14,172,940	13,998,000	1,417,294	99.97%	28,611,676	1,022,231	1,021,226	
United MicroMachining Corp.	1557A Center Pointe DR, Milipitas, CA 95035	R&D, manufacturing & sales of delicate machinery	US\$1,500,000	US\$1,500,000	6,000	60.91%	26,399	US\$5,392,000	(1,766)	
Pacific Venture Capital Co., Ltd.	5F, No.420, Fu-Hsin N. Rd. Taipei	Venture capital consultation	300,000	300,000	30,000	49.99%	353,158	101,602	50,856	
Dupont Photomasks Taiwan Ltd.	No.3, Li-Shin Rd. II, Science-Based Industrial Park, Hsin-Chu	Manufacturing of photomasks	780,502	785,005	77,810	47.16%	942,896	359,017	169,783	
Nippon Foundry Inc.	NO.1580 Yamamoto, Tateyama-City, Chiba, JAPAN	Sales and manufacturing of integrated circuit fabrication	¥20,126,316,000	¥8,327,638,000	120	47.10%	6,960,008	¥ 13,175,863,000	2,301,690	
Trecenti Technologies, Inc.	751, Horiguchi, Hitachinaka-Shi Ibaraki-ken, Japan	IC production and sales	¥30,000,000,000	-	240	40.00%	3,427,304	(¥ 1,993,514,000)	(236,696)	Note1
Broadmedia, Inc.	1135 Kern Avenue, Sunnyvale, CA 94086	Telecom IC design and sales	US\$5,000,000	US\$5,000,000	10,000	39.38%	-	(US\$ 9,183,000)	(74,499)	
World Wiser Electronics Inc.	No.66-6, Hou Pi Tso,9 Lin, Keng Kou Village, Lu-Chu, Taoyuan	PCB production	2,548,658	1,250,121	132,093	38.97%	2,596,312	950,923	277,938	
Unipac Optoelectronics Corp.	No.3, Industrial East Rd.III, Science-Based Industrial Park, Hsin-Chu	LCD component sales and manufacturing	7,631,687	7,745,333	503,247	38.71%	7,774,055	1,101,502	371,116	
Holtek Semiconductor Inc.	No. 3, Creation Rd. , Science-Based Industrial Park, Hsin-chu	IC production and sales	456,709	-	43,170	35.39%	657,281	611,262	228,800	
Novatek Microelectronics Corp.	2F, No.13, Innovation Rd. 1, Science-Based Industrial Park, Hsin-Chu	IC production and sales	150,000	150,000	45,045	29.80%	861,690	1,085,991	336,451	
Integrated Technology Express, Inc.	3F, No.13, Innovation Rd. 1, Science-Based Industrial Park, Hsin-Chu	IC production and sales	239,770	239,770	26,855	28.78%	336,495	123,832	40,667	
Applied Component Technology Corp.	12F-5, No.171 Sung The Rd., Taipei	Electronic component design and sales	15,558	18,000	10,048	27.96%	120,328	42,621	14,193	
Faraday Technology Corp.	7F-3, No.9, Prosperity Rd.I, Science-Based industrial Park, Hsin-Chu	ASIC design and production	62,455	62,455	18,541	21.43%	346,998	649,202	142,800	
Mediatek Incorporation	1F, No.13, Innovation Rd. 1, Science-Based Industrial Park, Hsin-Chu	IC production and sales	90,000	90,000	41,160	18.98%	1,364,153	3,326,543	661,396	
Integrated Telecom Express, Inc.	2710 Walsh Ave., Santa Clara, CA 95095	IC production and sales	US\$2,000,000	US\$2,000,000	7,000	16.39%	826,184	(US\$ 16,838,000)	(102,559)	
AMIC Technology (Taiwan), Inc.	15F,No.3, Li-Hsin Rd. II, Science-Based Industrial Park, Hsin-Chu	IC production and sales	135,000	-	13,500	14.06%	126,066	441,482	(8,934)	
<u>Hsun Chieh Investment Corporation</u>										
UniMicron Technology Corp.	No.66-5, Hou Pi Tso, 9 Lin, Keng Kou Village, Lu-Chu, Taoyuan	PCB production	1,287,393	1,094,446	84,559	43.93%	1,364,153	502,761	229,079	
Harvatek Corporation	No. 21,Alley 17, Lane 99, Chung Hwa Rd., Hsin-Chu, Taiwan	IC testing, production, packaging and sales	212,465	212,465	15,351	33.37%	204,541	10,108	(7,690)	
Cheng Hsun Electronics Inc	3F, No.76, Sec.2, Tunhwa S. Rd., Taipei, Taiwan	Electronic component production	31,500	-	3,150	31.50%	31,500	-	-	Note2
Hsun Huei Technology Inc.	2F, No.76, Sec.2, Tunhwa S. Rd., Taipei, Taiwan		31,000	-	3,100	31.00%	31,000	-	-	Note2
Plato Electronic (Cayman) Limited.	Fourth Floor, One Capital Place, P.O. Box 847, Grand Cayman, Cayman Islands, British West Indies	Holding Company	424,539	-	28	30.00%	424,539	-	-	Note2
Advance Materials Corporation	No.498-2, Nan Shan Road Sec.2, Lu-Chu, Taoyuan		208,162	-	14,994	15.78%	207,521	(18,260)	(1,932)	
Enovation Group, Inc.	6F-7, No.103, Sec.2, Fu Shin S. Rd., Taipei, Taiwan	Development and sales of internet applications	80,000	80,000	7,172	14.34%	73,807	(178,117)	(6,012)	
Faraday Technology Corp.	7F-3, No.9, Prosperity Rd.I, Science-Based industrial Park, Hsin-Chu	ASIC design and production	1,308,880	-	-	6.53%	1,286,511	649,202	(19,158)	
Integrated Telecom Express, Inc.	2710 Walsh Avenue, Santa Clara, CA 95051, U.S.A.	IC production and sales	96,248	-	1,163	4.85%	213,021	(US\$16,838,000)	(43,989)	
Nippon Foundry Inc.	NO.1580 Yamamoto, Tateyama-City, Chiba, JAPAN	Sales and manufacturing of integrated circuit fabrication	240,665	240,655	11	4.41%	777,044	¥13,175,863,000	298,814	

Note1: Investment income/loss was recognized in the next season.

Note2: Investment income/loss was recognized in the next year.