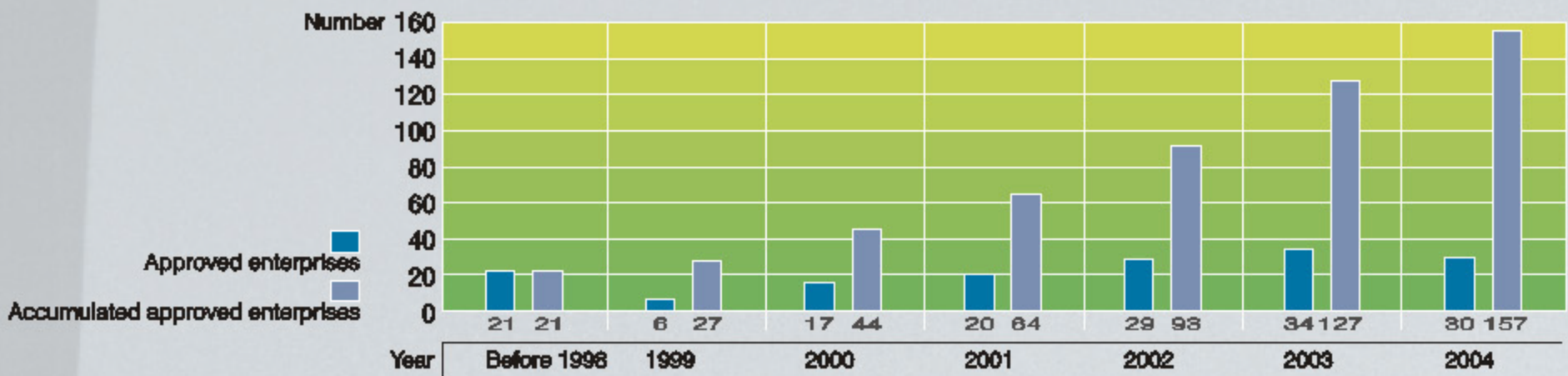
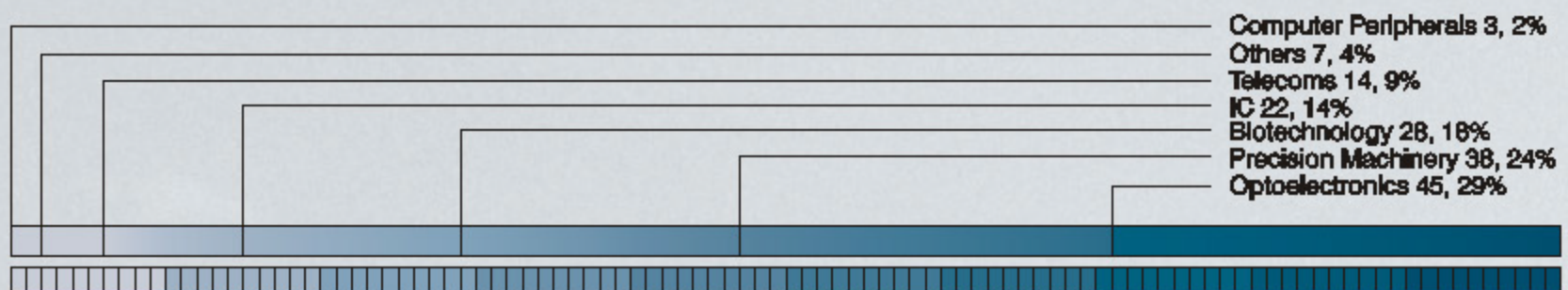


Complete Industry Clusters

30 enterprises were approved to enter the STSP with an investment amount of US\$1,045 million in 2004. In accumulated terms, 157 enterprises were approved with an accumulated investment amount of US\$42 billion by 2004. The admitted enterprises include 45 from the optoelectronics industry, 38 from the precision machinery industry, 28 from the biotechnology industry, 22 from the IC industry, 14 from the telecommunications industry, 3 from the computer peripherals industry, and 7 from other industries. The industry clusters have started to take shape and develop the industrial competitive advantages. By the end of 2004, 68 out of the admitted enterprises already started mass production while another 18 were in the preparation process.



> Number of Enterprises Approved Each Year

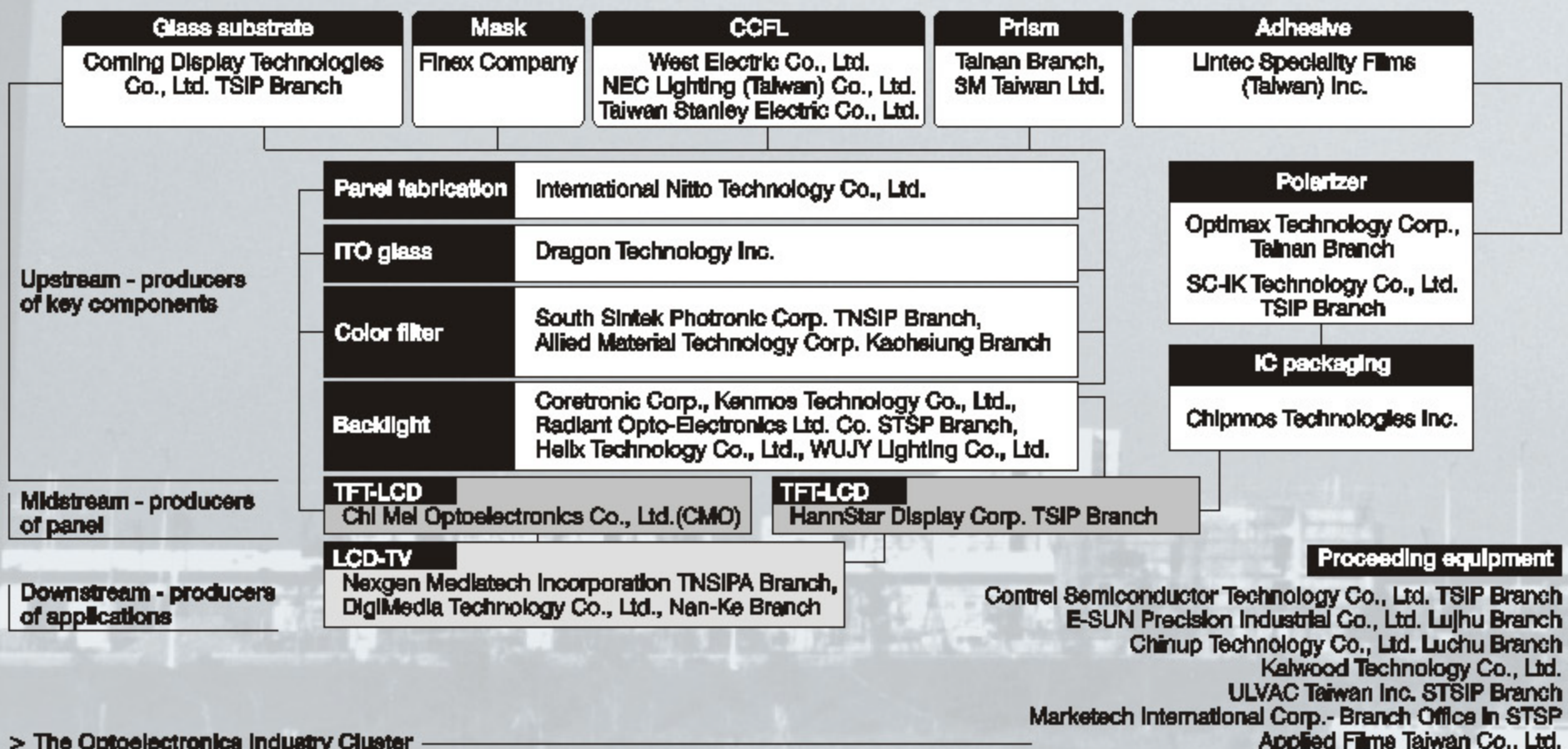


> Accumulated Number of Enterprises Approved by Industry by the End of 2004

Optoelectronics Cluster

The STSP has the most complete vertical integration of the TFT-LCD industry, containing the upstream enterprises producing glass substrates, cold cathode fluorescent lamps(CCFL), prisms, backlights, color filters, polarizer, drive ICs, the midstream panel manufacturers, and the downstream LCD-TV producers. By the end of 2004, 45 enterprises were approved to enter the STSP. The optoelectronics industry cluster within the STSP included panel manufacturers such as Chi Mei Optoelectronics (CMO), HannStar Display and some upstream companies invested by the Japanese to produce key components. In 2004, American companies, 3M and Applied Films Taiwan, also came into the STSP. With the entry of more leading international corporations, the STSP will continue to play a crucial role in shaping Taiwan as the leader in the flat panel display industry worldwide.

The turnover of the optoelectronics industry reached US\$5,385.9 million in 2004, an increase of 87.9% from 2003.



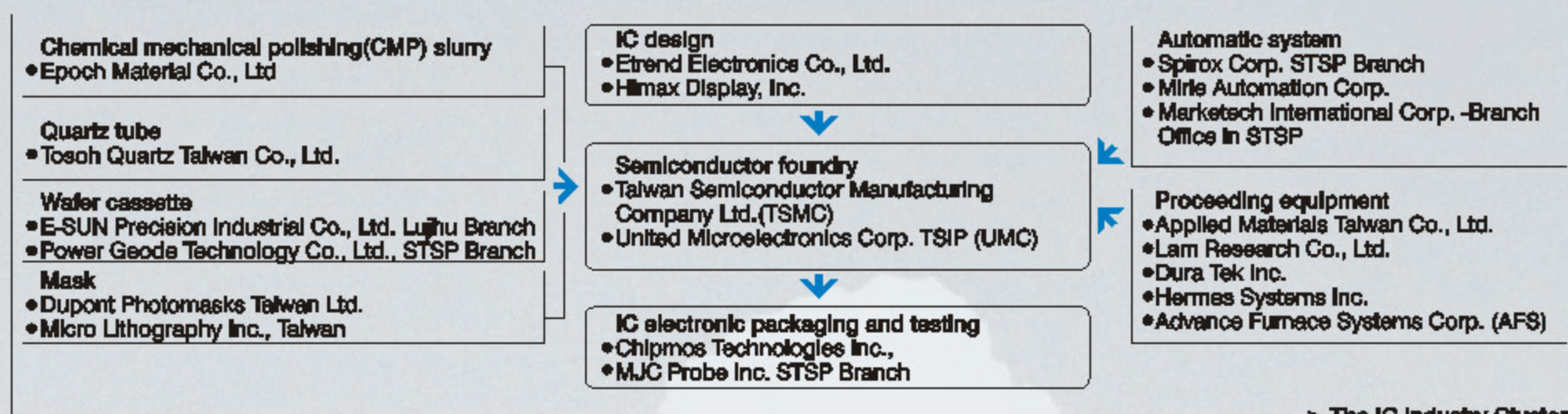
> The Optoelectronics Industry Cluster



IC Cluster

By 2004, there were 22 IC enterprises approved to enter the STSP, including the companies of IC design, semiconductor foundry, electronic packaging and testing, and IC proceeding equipment, to establish a complete supply chain for the IC industry. TSMC has also completed the factory structures of two 12-inch foundries. The first foundry has started mass production while the second one is gradually furnished. The foundry of UMC has started mass production and UMC has established a central R&D center within the STSP.

The annual turnover of the IC industry in 2004 reached US\$2,656.5 million, an increase of 36.5% from 2003.

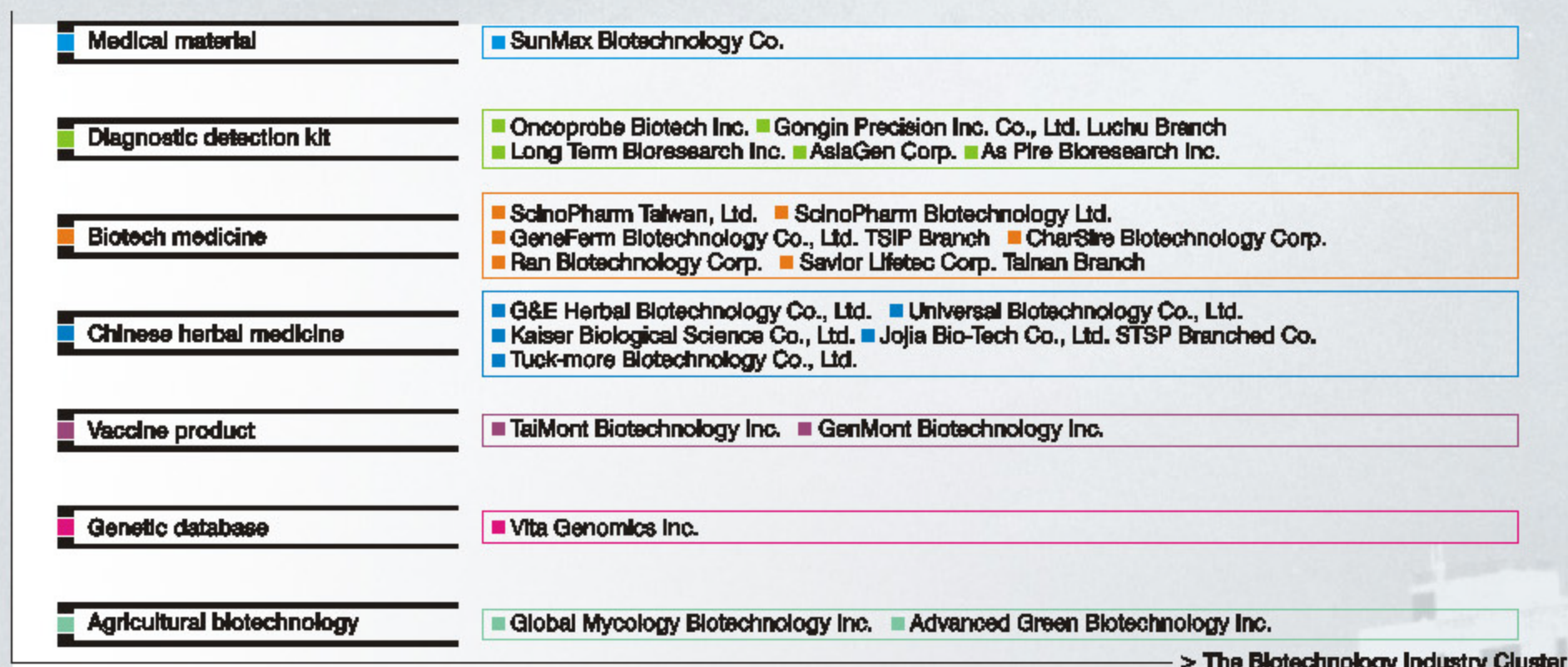


> The IC Industry Cluster

Biotechnology Cluster

To welcome the era of biotechnology, the STSP combines the R&D capabilities from the industry, Livestock Research Institute of the Council of Agriculture, universities in southern Taiwan, the Biotechnology Experimental Center in Southern Taiwan of Academia Sinica, and the Asian Vegetable Research and Development Center. In addition, the Administration also plans to establish a 111-acre Biotech Corridor and 20-acre Biotech Core Area along the High Speed Rail. In May 2004, the Administration has further completed the cGMP-approved (current good manufacturing practices) standard factory which complies with the current standard for biotechnology and pharmaceuticals. The Kaohsiung Biotechnology Park (in Kaohsiung City) has been approved by the Executive Yuan to start its preparation while the Administration is planning to establish the Medical Device Special Zone in the Kaohsiung Science Park in order to develop the STSP as the biotechnology industry cluster in southern Taiwan. By the end of 2004, 28 enterprises were approved to enter the STSP.

The annual turnover of the biotech industry of 2004 reached US\$37.1 million, an increase of 118.3% from 2003.



> The Biotechnology Industry Cluster

Other Industries

Other admitted enterprises include 14 manufacturers of the software and hardware used in the telecommunications industry. Their products include the optical communication devices, wireless device firmware development, MPEG tuner software development, and microwave devices.

Some other enterprises also took advantage of the excellent R&D environment in the STSP. They recruited professionals to develop the upstream raw materials of the electronics devices, which is rarely done by the domestic companies, such as ceramic powder and precision mounting materials required by the optoelectronics industry. Taiwan is still in its early stage in terms of the development in this aspect. If Taiwan can successfully develop electronics components, a huge number of domestic electronic product manufacturers will enjoy the benefits of lower cost and more international competitive edges.