

TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD

Form F-3

October 21, 2003

Table of Contents

As filed with the Securities and Exchange Commission on October 21, 2003

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM F-3

REGISTRATION STATEMENT

Under

The Securities Act of 1933

(Exact Name of Registrant as Specified in Its Charter)

Taiwan Semiconductor Manufacturing Company Limited

(Translation of Registrant's Name into English)

Republic of China	3674	Not applicable
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(IRS Employer Identification Number)

No. 8, Li-Hsin Road 6

Science-Based Industrial Park

Hsinchu, Taiwan

(886-3) 563-6688

Edgar Filing: TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD - Form F-3

(Address and Telephone Number of Registrant's Principal Executive Offices)

TSMC North America
2585 Junction Avenue
San Jose, CA 95134, USA
(408) 382-8000

(Name, Address, and Telephone Number of Agent for Service)

With copies to:

John D. Young, Jr., Esq.
Sullivan & Cromwell LLP
Otemachi First Square, East Tower 16F
5-1, Otemachi 1-chome
Chiyoda-ku, Tokyo 100 0004, Japan
81-3-3213-6140

Sebastian R. Sperber, Esq.
Cleary, Gottlieb, Steen & Hamilton
39th Floor, Bank of China Tower
One Garden Road, Central
Hong Kong
852-2521-4122

Approximate date of commencement of proposed sale to the public: As soon as practicable after the Registration Statement becomes effective.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. "

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, please check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. " _____

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. " _____

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. "

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be	Amount to be Registered ⁽¹⁾	Proposed Maximum Offering Price Per	Proposed Maximum Aggregate Offering	Amount of
---	--	-------------------------------------	-------------------------------------	-----------

Edgar Filing: TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD - Form F-3

Registered	Share ⁽²⁾	Price ⁽²⁾	Registration Fee ⁽³⁾
Common Shares, par value NT\$10 per share ⁽⁴⁾	500,000,000		
	Common Shares	US\$2.239	US\$1,119,500,000
			US\$90,568

- (1) Includes all common shares represented by American depositary shares initially offered and sold outside the United States but that may be resold from time to time in the United States either as part of the distribution or within 40 days after the later of the effective date of this registration statement and the date the common shares are first bona fide offered to the public. The common shares are not being registered for the purpose of sales outside the United States.
- (2) Estimated solely for the purpose of determining the amount of the registration fee in accordance with Rule 457(c) under the Securities Act of 1933 on the basis of the average of the high and low prices of the common shares represented by American depositary shares on The New York Stock Exchange on October 20, 2003.
- (3) US\$257,672 was paid in respect of the then-applicable filing fee of US\$240,398 in connection with the initial filing of the registrant's registration statement on Form F-3 (File No. 333-14218) on December 21, 2001. Subsequent to the initial filing of such registration statement, due to the retroactive application of the Investor and Capital Markets Fee Relief Act, the applicable filing fee for the initial filing of such registration statement was reduced to US\$92,538. An additional US\$7,015 required to be paid in connection with amendment No. 2 to such registration statement on January 30, 2002 was deducted from the US\$165,134 overpayment in respect of the filing fee for the initial filing of such registration statement. The additional US\$1,773 required to be paid in connection with the registration statement filed pursuant to Rule 462(b) (File No. 333-82050) on February 1, 2002 was paid by deducting from the US\$158,119 remaining portion of the overpayment in respect of the filing fee for the initial filing of such registration statement. An additional US\$73,793 required to be paid in connection with the registration statement on Form F-3 (File No. 333-106489) filed on June 25, 2003 was paid by deducting from the US\$156,346 remaining overpayment by the registrant. An additional US\$50 required to be paid in connection with amendment No. 1 to such registration statement filed on July 7, 2003 was paid by deducting from the US\$82,553 remaining overpayment of the registrant, resulting in an amount of US\$82,503 remaining for the registrant's benefit. Pursuant to Rule 457 under the Securities Act, US\$82,503 of remaining overpayment is offset against the filing fee of US\$90,568 required in connection with this Registration Statement, calculated in accordance with Rule 457(c) under the Securities and Exchange Act of 1933 on the basis of the average of the high and low prices of the common shares represented by American depositary shares on The New York Stock Exchange on October 20, 2003. The remaining US\$8,065 of the filing fee is paid herewith out of the US\$8,753 that was paid on October 20, 2003 for the registrant's benefit. As a result, there has been an overpayment of US\$688 for the registrant's benefit.
- (4) American depositary receipts issuable upon deposit of the common shares registered hereby have been registered under a separate registration statement on Form F-6 (File No. 333-14230). Each American depositary share represents five common shares.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Table of Contents

This information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion, dated October 21, 2003

Taiwan Semiconductor Manufacturing Company Limited

(Incorporated as a company limited by shares in the Republic of China)

100,000,000 American Depositary Shares

Representing

500,000,000 Common Shares

This is a global offering of 100,000,000 American depositary shares, or ADSs, representing common shares of Taiwan Semiconductor Manufacturing Company Limited, or Taiwan Semiconductor. Koninklijke Philips Electronics N.V., or Philips, our selling shareholder, is selling all of the ADSs being offered in this offering. We will not receive any proceeds from the sale of ADSs by the selling shareholder. The ADSs are not being offered in the Republic of China, or ROC. Each ADS represents five common shares, par value NT\$10 per share, of Taiwan Semiconductor. The ADSs are evidenced by American depositary receipts, or ADRs.

Our ADSs are listed on The New York Stock Exchange under the symbol TSM . The last reported sale price of the ADSs on The New York Stock Exchange on October 20, 2003 was US\$11.17 per ADS. Our outstanding common shares are listed on the Taiwan Stock Exchange under the symbol 2330 . The closing price of our common shares on the Taiwan Stock Exchange on October 20, 2003 was NT\$68.00 per share, which is equivalent to approximately US\$2.01, assuming an exchange rate of NT\$33.90=US\$1.00.

See Risk Factors beginning on page 8 to read about factors you should consider before buying the ADSs.

Neither the United States Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the

contrary is a criminal offense.

	<u>Per ADS</u>	<u>Total</u>
Initial price to public	US\$	US\$
Underwriting discount	US\$	US\$
Proceeds, before expenses ⁽¹⁾ , to the selling shareholder	US\$	US\$

(1) The underwriters have agreed to pay certain expenses of Taiwan Semiconductor and the selling shareholder in connection with this offering. For more information, see Underwriting .

The underwriters expect to deliver the ADSs through the book-entry transfer facilities of The Depository Trust Company against payment in U.S. dollars in New York, New York on or about _____, 2003.

Goldman Sachs International

Merrill Lynch & Co.

Prospectus dated _____, 2003

Table of Contents

THESE SECURITIES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, IN THE REPUBLIC OF CHINA, EXCEPT AS PERMITTED BY APPLICABLE LAW OF THE REPUBLIC OF CHINA.

This prospectus, including the information summarized below, contains translations of some NT dollar amounts into U.S. dollars at specified rates solely for the convenience of the reader. Unless otherwise noted, all translations from NT dollars to U.S. dollars and from U.S. dollars to NT dollars were made at the noon buying rate in The City of New York for cable transfers in NT dollars per U.S. dollar as certified for customs purposes by the Federal Reserve Bank of New York, or the noon buying rate, as of June 30, 2003, which was NT\$34.61 to US\$1.00. We make no representation that the NT dollar or US dollar amounts referred to herein could have been or could be converted into U.S. dollars or NT dollars, as the case may be, at any particular rate or at all. On October 20, 2003, the noon buying rate was NT\$33.90 to US\$1.00.

In connection with this offering, Goldman Sachs International and Merrill Lynch, Pierce, Fenner & Smith Incorporated, or any person acting for them, may over allot or effect transactions with a view to supporting the market price of the ADSs and, subject to applicable ROC laws, the common shares at a level higher than that which might otherwise prevail for a limited period of time after the issue date. However, there may be no obligation on Goldman Sachs International, Merrill Lynch, Pierce, Fenner & Smith Incorporated, or their agents, to do this. Such stabilization, if commenced, may be discontinued at any time, and must be brought to an end after a limited period. See Underwriting .

All references in this prospectus to silicon wafer quantities are specified in eight-inch wafer equivalents, unless otherwise specified. When we refer to the capacity of wafer fabrication facilities, we are referring to the installed capacity based on specifications established with the manufacturer of the equipment used in those facilities. We can exceed 100% of these capacity levels through, for example, enhanced productivity beyond that assumed when these specifications were initially established.

Table of Contents

PROSPECTUS SUMMARY

Financial and other information about us is set forth in our annual report on Form 20-F and other documents incorporated herein by reference, copies of which may be obtained as indicated under [Where You Can Find More Information](#) .

Our Business

We were founded in 1987 as a joint venture among the ROC government, Koninklijke Philips Electronics N.V. and other private investors and were incorporated in the ROC on February 21, 1987. Our common shares have been listed on the Taiwan Stock Exchange since September 5, 1994 and our ADSs have been listed on The New York Stock Exchange since October 8, 1997.

We are the world's largest dedicated semiconductor foundry. As a foundry, we manufacture semiconductors using our advanced production processes for our customers based on their own or third parties' proprietary integrated circuit designs. We offer a comprehensive range of leading edge wafer fabrication processes, including processes to manufacture CMOS logic, mixed-signal, radio frequency and embedded memory and BiCMOS mixed-signal and other semiconductors. We also offer design, mask making, probing, testing and assembly services.

We believe that we are the technology leader among the dedicated foundries in terms of net sales of advanced semiconductors with a resolution of 0.18 micron and below, and that we are among the technology leaders in the semiconductor industry generally. For example, we announced the semiconductor industry's first fully functional SRAM chip using 90-nanometer CMOS process technology in March 2002, one year ahead of the International Technology Roadmap for Semiconductors, or ITRS. In April 2002, we unveiled NEXSYS™, the foundry segment's next-generation technology for system-on-chip semiconductor design and manufacturing. In addition, we commenced significant commercial production using 0.13 micron process technology in 2002. We expect to commence commercial production using 90-nanometer process technology in 2004. We also believe that we are a leader in manufacturing process management capabilities among dedicated foundries. We believe our leading position in advanced technology and manufacturing process management capabilities has contributed to our increasing revenue market share among dedicated foundries.

We currently operate one six-inch, six eight-inch and one twelve-inch wafer fabrication plants, or fabs. We have also recently completed the exterior construction of another twelve-inch fab. Our year-end monthly capacity was 381,044 wafers in 2001 and 350,735 in 2002. The decrease in our capacity in 2002 was primarily due to the upgrading of a portion of our 0.35 micron and 0.25 micron capacity into 0.18 micron and 0.15 micron advanced technologies. We expect our monthly capacity to be approximately 353,000 at the end of 2003 and, based on our preliminary estimates, we expect our monthly capacity to be approximately 360,000 at the end of the first half of 2004.

We count among our customers many of the world's leading semiconductor companies, ranging from fabless integrated circuit design houses such as Altera Corporation, Broadcom Corporation, NVIDIA Corporation and VIA Technology, Inc., to integrated device manufacturing companies such as Analog Devices, Inc., Motorola Inc. and Philips, and systems companies. Fabless integrated circuit design houses and integrated device manufacturers accounted for approximately 66% and 33%, respectively, of our net sales in 2001, approximately 71% and 28%, respectively, of our net sales in 2002, and approximately 71% and 29%, respectively, of our net sales in the six months ended June 30, 2003.

Table of Contents

Our principal executive office is currently located at No. 8, Li-Hsin Road 6, Science-Based Industrial Park, Hsinchu, Taiwan, Republic of China. Our telephone number at that office is (886-3) 563-6688. Our web site is www.tsmc.com. Information contained on our web site does not constitute part of this prospectus.

Table of Contents

The Offering

See Selling Shareholder on page 32 for a description of Philips.

Offering price	US\$	per ADS
ADSs offered by the selling shareholder	100,000,000 ADSs	
ADSs outstanding after this offering	585,898,166 ADSs	
Common shares outstanding after this offering	20,266,618,984 common shares	
ADS:common share ratio	1:5	
Trading market for the common shares	The only trading market for the common shares is the Taiwan Stock Exchange. The common shares have been listed on the Taiwan Stock Exchange since 1994 under the symbol 2330 .	
New York Stock Exchange symbol for ADSs TSM		
ADS Depositary	Citibank, N.A.	
Use of proceeds	We will not receive any proceeds from the sale of ADSs by the selling shareholder.	
Timing and settlement for the ADSs	The ADSs are expected to be delivered against payment on or about , 2003.	
	The ADSs will be deposited with a custodian for, and registered in the name of a nominee of, The Depository Trust Company in New York, New York. In general, beneficial interests in the ADSs will be shown on, and transfers of these beneficial interests will be effected only through, records maintained by The Depository Trust Company and its direct and indirect participants, including Euroclear Bank S.A./N.V., as operator of the Euroclear System, and Clearstream Banking, société anonyme.	

Table of Contents

Summary Consolidated Financial Information and Operating Data

The summary financial information below should be read in conjunction with

- (1) Item 5. Operating and Financial Reviews and Prospects and the consolidated financial statements, notes to the consolidated financial statements and other financial information included in our Form 20-F for the year ended December 31, 2002, incorporated by reference in this prospectus; and
- (2) Recent Developments, the unaudited consolidated financial statements, the notes to the unaudited consolidated financial statements and other financial information included elsewhere in this prospectus for the six months ended June 30, 2002 and 2003.

The summary income statement data and cash flow data for the years ended December 31, 2000, 2001 and 2002 and the summary balance sheet data as of December 31, 2001 and 2002 set forth below are derived from our audited consolidated financial statements included in our Form 20-F for the year ended December 31, 2002, incorporated by reference in this prospectus, and should be read in conjunction with, and are qualified in their entirety by reference to, these consolidated financial statements, including the notes to these consolidated financial statements. These financial statements have been audited by TN Soong & Co., an associate member firm of Deloitte Touche Tohmatsu as of April 22, 2002. TN Soong & Co. and Deloitte & Touche (Taiwan) combined to establish Deloitte & Touche effective June 1, 2003. The summary income statement data and cash flow data for the years ended December 31, 1998 and 1999 and the summary balance sheet data as of December 31, 1998, 1999 and 2000 set forth below are derived from our audited consolidated financial statements not included in our Form 20-F for the year ended December 31, 2002. The summary income statement data and cash flow data for the six months ended June 30, 2002 and 2003 and the summary balance sheet data as of June 30, 2002 and 2003 set forth below are derived from our unaudited consolidated financial statements included in this prospectus and should be read in conjunction with, and are qualified in their entirety by reference to, these unaudited consolidated financial statements and the related notes. The results for the six months ended June 30, 2003 are not necessarily indicative of the results to be expected for the full year ending December 31, 2003. The consolidated financial statements set forth below have been prepared and presented in accordance with generally accepted accounting principles in the Republic of China, also called ROC GAAP, which differ in some material respects from generally accepted accounting principles in the United States of America, also called US GAAP. Please see (1) note 27 to our audited consolidated financial statements, included in our Form 20-F for the year ended December 31, 2002, incorporated by reference in this prospectus, and (2) note 27 to our unaudited consolidated financial statements as of and for the six months ended June 30, 2002 and 2003, included in this prospectus, for a description of the principal differences between ROC GAAP and US GAAP for the periods covered by these financial statements.

Table of Contents

	Year ended and as of December 31,					Six months ended and as of June 30,			
	1998	1999	2000	2001	2002	2002 ⁽¹⁾	2002	2003	2003 ⁽¹⁾
	NT\$	NT\$	NT\$	NT\$	NT\$	US\$	NT\$	NT\$	US\$
	(in millions, except percentages, earnings per share and per ADS, and operating data)								
Income Statement Data:									
ROC GAAP									
Net sales	50,524	76,305	166,198	125,885	162,301	4,689	80,267	89,695	2,592
Cost of sales ⁽²⁾	(33,009)	(45,212)	(87,610)	(92,228)	(109,988)	(3,178)	(50,823)	(60,734)	(1,755)
Gross profit ⁽²⁾	17,515	31,093	78,588	33,657	52,313	1,511	29,444	28,961	837
Operating expenses ⁽²⁾	(5,210)	(8,823)	(17,293)	(20,879)	(20,724)	(598)	(9,771)	(10,854)	(314)
Income from operations	12,305	22,270	61,295	12,778	31,589	913	19,673	18,107	523
Non-operating income	1,977	1,619	6,120	6,476	2,419	70	1,462	2,884	83
Non-operating expenses	(3,227)	(3,261)	(3,513)	(8,467)	(6,786)	(196)	(3,098)	(4,192)	(121)
Income before income taxes	11,055	20,628	63,902	10,787	27,222	787	18,037	16,799	485
Income tax (expense) benefit	2,318	2,383	1,167	3,740	(5,637)	(163)	(2,151)	(712)	(20)
Net income before minority interest	13,373	23,011	65,069	14,527	21,585	624	15,886	16,087	465
Minority interest in loss (income) of subsidiary	1,016	516	37	(44)	25	1	11	1	0
Net income	14,389	23,527	65,106	14,483	21,610	624	15,897	16,088	465
Basic and diluted earnings per share ⁽³⁾	0.84	1.38	3.29	0.69	1.05	0.03	0.77	0.79	0.02
Basic and diluted earnings per ADS equivalent	4.22	6.88	16.46	3.46	5.23	0.15	3.87	3.93	0.11
Average shares outstanding ⁽³⁾	17,045	17,100	19,767	20,267	20,221	20,221	20,221	20,221	20,221
US GAAP									
Net sales	50,524	76,305	166,860	127,242	162,990	4,709	80,674	89,890	2,597
Cost of sales	(41,200)	(52,163)	(105,359)	(107,194)	(115,374)	(3,334)	(56,293)	(66,087)	(1,909)
Operating expenses	(9,525)	(12,310)	(44,472)	(41,712)	(20,764)	(600)	(10,751)	(11,622)	(336)
Income (loss) from operations	(201)	11,833	17,029	(21,664)	26,852	776	13,630	12,181	352
Income (loss) before income taxes	(2,082)	10,986	20,537	(25,672)	20,210	584	10,728	10,194	295
Income tax (expense) benefit	2,316	2,383	1,166	3,741	(5,638)	(163)	2,152	717	21
Net income (loss)	1,249	13,884	21,740	(21,975)	14,534	420	8,524	9,559	276
Cumulative preferred dividends				(455)	(455)	(13)	(228)	(185)	(5)
Income (loss) attributable to common shareholders	1,249	13,884	21,740	(22,430)	14,079	407	8,296	9,374	271
Average shares outstanding ⁽⁴⁾	16,847	16,928	18,841	19,743	20,030	20,030	19,969	20,091	20,091
Basic and diluted earnings per share ⁽⁴⁾	0.07	0.82	1.15	(1.14)	0.70	0.02	0.42	0.47	0.01
Basic and diluted earnings per ADS equivalent	0.37	4.10	5.77	(5.68)					