

High Tech Computer Corp.

1st Q BUSINESS REVIEW

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OUTLINES

- 1st Q BUSINESS SUMMARY
- 1st Q MANAGEMENT INITIATIVES
- 1st Q FINANCIALS
- 2nd Q BUSINESS OUTLOOKS AND GUIDANCE

1st Q BUSINESS SUMMARY

- Non ODM business grows as expected except in the US
- Slower business in the US due primarily to no new CDMA products
- ODM business declined as expected
- Competition landscape clears up
- Brand awareness gains recognition



1st Q & 2nd Q MANAGEMENT INITIATIVES

- Built country presence in EU to build brand awareness and enhance customer satisfaction
- Reorganizing to improve operational efficiency
- Drive innovative product development and effective product marketing plan. Exercise tighter financial discipline and lower cost structure.
- Plan to invite independent directors into board to exercise best practice in corporate governance
- Acquire Dopod business except China thru asset purchase
- Dividend payout roughly half of Y06 NPAT.
- Lower employee bonus payout ratio to NPAT based on market price



1st Q FINANCIALS

(NT\$ Mil.)	<u>1Q 06</u>	<u>%</u>	<u>4Q 06 ^s</u>	<u>%</u>	<u>4Q 06</u>	<u>%</u>	<u>1Q 07</u>	<u>%</u>
REVENUES	24,012	100.00	29,780	100.00	28,455	100.00	23,601	100.00
GROSS PROFITS	7,013	29.21	10,609	35.60	9,582	33.67	8,242	34.92
RSG&A	1,580	6.58	2,730	9.20	1,872	6.58	2,123	8.99
NPBT	5,614	23.38	8,124	27.28	8,011	28.15	6,019	25.50
NPAT	5,393	22.46	7,451	25.02	7,409	26.04	5,539	23.46

- 4Q 06 ^s are self assessed numbers. The rest are the audited numbers.
- The variance between 4Q 06 self assessment numbers vs. audit numbers are adjustment of the MIR/MDF, both offset with Revenue and RSG&A totaling NT\$919M for FY06, and the sales return adjustment.



1st Q FINANCIALS

(NT\$ Mil.)	<u>1Q 06</u>	<u>4Q 06</u>	<u>1Q 07</u>
CASH	20,969	34,397	38,906
AR	14,836	19,689	16,687
INVENTORY	4,310	4,984	4,314
NETWORTH	28,377	42,572	46,375



2nd Q BUSINESS OUTLOOKS AND GUIDANCE

- HTC plans to introduce a few main stream product models in Q2 07.
- New Products expect to deliver stronger revenue momentum from June into the rest of year.
- Revenues likely to be slightly better than that of Q2 06 level.
- NPBT margin likely to be the same level as that of 1st Q 07 level.
- Higher tax payment due to 10% tax on undistributed earnings from FY06.

