

Dear Shareholders,

On behalf of the board of directors of our Group, I hereby make a statement to you on the comprehensive operational performance in 2006.

In 2006, the revenue of our Group reached USD304,487,000, which was at an increase of 78.82% compared with that in 2005. The profit before tax was USD33,952,000, which increased by 40.63% compared with that in 2005. The net profit after tax was USD30,801,000, which was at an increase of 31.45% compared with that in 2005. The earnings per share was USD0.03. The main reason that the 2006 net profit after tax was unable to go up with the 2006 revenue was the roaring prices of copper and petroleum which caused dramatically increasing cost in raw materials (copper foil/copper clad laminate/plastic sheet). In 2007, the prices of copper and petroleum have dropped from the highest points and such condition shall be influentially beneficial to our operations.

Our group established a plant in Jiangyin, China in 2002. The monthly production capacity reached 500,000 square feet when Jiangyin plant first started its formal operation. The monthly production capacity had reached 3 million square feet by the end of 2006, which was six times the production capacity in 2003. With the efforts made by our staff, the revenue had increased from USD22,228,000 to USD304,487,000 within four years. The revenue in 2006 grew by 12.70 times that shown four years ago. The net profit jumped from USD1,628,000 to USD30,801,000, which grew 17.92 times. The results showed one of the glorious historical stories in our group.

Precisely strategic positioning and great execution capability in operations and management enabled our group to play an important role in the worldwide supply chain of notebook computers. The sales volume of main boards used for notebook computers by our group accounted for 2 million, 7 million, 15 million and 25 million respectively from 2003 to 2006. The global market share grew from 5% to 30%, which established our leading position in related fields. Studies showed the annual compound growth rate for the notebook industry would enjoy a high of 17%~19%. Such figure has no doubt boosted the confidence of our group for the future. We will continue to provide products and services to the satisfaction of customers and grow with them. We shall endeavor to maintain our leading position in supplying boards for notebook computers in the world.

On the other hand, our group has set about high density interconnect ("HDI") production and service business division so as to create energy for future growth and fulfill the needs by customers, for example, versatile products and one stop shop. This action may not only ensure the vitality of growing but also effectively lift the overall profitability of our group by introducing HDI to facilitate the changes of combinations of products.

With double effects brought by the new operational platform Microsoft Vista launched in the market and the ongoing replacement of desktop computers with notebook computers, the annual global growth rate of notebook computers in 2007 and 2008 will be higher than 20%. In addition, the costs of raw materials have decreased so our group believes that it would be a great and splendid year in 2007.

Finally, on behalf of the board of directors, the management and staff, I would like to thank shareholders for giving us support and trust. We will unite together and devote ourselves to create more values and rewards for you.

Sincerely yours,

Chiao Yu-heng

Chairman

HannStar Board International Holdings Limited