

TEASER MEMORANDUM

TriGem Computer, Inc.



August 7, 2006

This English version of the Teaser Memorandum has been prepared for the convenience of foreign potential investors. In case of any discrepancies or conflicts arising out of differences in interpretation, the original Teaser Memorandum prepared in the Korean language takes precedence.

Introduction

- ☐ TriGem Computer, Inc. (the "Company"), is a PC manufacturing company that has expanded to Printer and Notebook PC manufacturing since its inception in 1980.
- ☐ Experiencing losses from investment in subsidiaries (approximately KRW 534 bn) such as Korea Thrunet Co., Ltd., lowered profitability its ODM business and decrease in credit lines by financial institutions (a decrease of approximately KRW 850 bn over 4 years), the Company filed for the commencement of corporate reorganization with the Suwon District Court (the "Court") on May 18, 2005 and its corporate reorganization plan was approved by the Court on January 5, 2006.
- ☐ With approval from the Court, the Company authorized the consortium consisting of Samjong KPMG FAS Inc.(the "Lead Advisor"), Samwha Accounting Corporation and Barun Law (collectively the "M&A Advisors") to pursue the M&A of the Company (the "Transaction").

Deal Structure

- ☐ This Transaction is structured to have the winning bidder acquire the Company's newly issued shares and corporate bonds, thereby injecting the Company with cash.
- ☐ The acquirer will take control of Company management and the Company plans to use the injected cash for a single lump repayment of the reorganization debt and normalization of the Company operations.

Deal Schedule

- ☐ The Transaction is scheduled as follows

Date	Events	Note
Aug 7, 2006	Public Notice of M&A	Korea Economic Daily/The Electronic Times
Aug. 25, 2006	LOI Submission Deadline	Remit Information Package Fee
Sept. 27, 2006	Binding Bid Submission Deadline	Grant opportunity to conduct preliminary DD

* the above schedule may change at the discretion of the Company and its M&A Advisors

Key Investment Highlights

☐ HIGH BRAND RECOGNITION IN THE PC MARKET

- ✓ With the history of being the leading venture firm to first manufacture PCs in Korea, the Company has attained high brand recognition and has maintained a No. 2 market share in Korea over the last 3 years (2003~2005).
- ✓ The Company's Notebook PC brand 'Averatec' was awarded a 'Korea Master Brand Award 2006' in Korea while NBC and CNN gave Averatec top product awards in the United States (Aug 2005).
- ✓ In addition, the release of the LLUON series has strengthened the Company's reputation by differentiating itself from the competition.

☐ COMPETITIVE NOTEBOOK PC BRAND

- ✓ Averatec recorded a No. 3 market share in the US retail market, following HP and Toshiba, subsequent to its release in 2003. The Company's proprietary Notebook PC brand continues to maintain good market position with its performance and price competitiveness.
- ✓ While still under corporate reorganization proceedings, the Company managed

to receive the Korea Master Brand Award 2006 and maintain recognition in the Korean market as well.

☐ QUALITY DESIGN, TECHNOLOGY AND MANUFACTURING

- ✓ As the first to develop, manufacture and export PCs in Korea, the Company is recognized for its design, technology and innovation with such products as widescreen Notebooks, modular PC LLUON, the LLUON All-in-One and Little LLUON, the world's smallest PC model.

☐ GLOBAL BUSINESS EXPERIENCE & NETWORK

- ✓ The Company owns and operates foreign sales subsidiaries for its Notebook PCs (1 US, 1 Europe, 1 Taiwan) that it can leverage with its recognized brand to further launch new products.
- ✓ The Company also has global sourcing capabilities in utilizing various foreign and domestic networks to procure manufacturing parts and components under favorable terms.

☐ **EFFICIENT OUTSOURCED MANUFACTURING**

- ✓ By spinning-off manufacturing operations in 2003 (TG Korea, Inc.) the Company has reduced significant fixed costs as well as gaining the flexibility to respond to changing market conditions (TG Korea, Inc. manufacturing capacity: D/P Ass'y : 170K, M/B Ass'y : 230K).
- ✓ In addition, Notebook PCs are procured via ODM agreements (Taiwan), allowing cost competition and a flexible supply policy.

☐ **NATION-WIDE SERVICE ORGANIZATION**

- ✓ The Company has spun-off its service organization in 1999 (TG Ubase, Inc.) and gained efficiency over its competitors.
- ✓ The Company services its products across the country through TG Ubase, Inc. which has 70 service centers with 918 professional engineers.

☐ **GAINING STRONG CONTROL OF MANAGEMENT**

- ✓ As of July 2006, the low paid-in capital of approximately KRW 20 bn can allow the winning bidder to acquire a significant portion of the voting shares and gain strong control of management.

☐ **ADVANTAGE AS A LISTED COMPANY**

- ✓ While the Company has been a listed company on the Korea Stock Exchange since 1989, the Korea Exchange suspended trading and delisted the Company shares due to the Company filing for the commencement of corporate reorganization proceedings. The original litigation on the merits regarding the delisting of the Company shares is under legal proceedings.
- ✓ Currently, the Seoul Southern District Court ruled against the Company on the litigation on the merits (July 7, 2006), and the Company subsequently filed an appeal (July 31, 2006). With the execution of the current Transaction, however, the Company expects to conclude the corporate reorganization proceedings and maintain its listing.

☐ **COOPERATIVE LABOR-MANAGEMENT RELATIONS**

- ✓ The Company does not have a labor union and has handled labor-management discussions and grievances through a joint consultation system since 1984.
- ✓ The Company has not experienced a single labor dispute, and the Company expects full cooperation from labor in this Transaction.

☐ TAX SAVINGS FROM NET OPERATING LOSS

- ✓ According to KPMG Samjong Accounting Corporation review, the Company, as of March 2006, has a tax loss carryforward of KRW 18 bn, and future tax deductible temporary differences of KRW 518 bn. Consequently, the acquirer may have tax saving benefits. (Please refer to the Information Memorandum for details).

☐ HIGH ASSET QUALITY

- ✓ The Company has made large allowances for assets whose likelihood of realization was in question. (year end 2004 total asset KRW 876 bn → March 31, 2006 total asset KRW 292 bn).
- ✓ Consequently, the Company may have contingent assets from realization of assets for which allowances were made.

☐ LOW RISK OF CONTINGENT LIABILITIES

- ✓ In general, a company under court receivership has low risk of contingent liabilities as it is not liable for debts incurred prior to the commencement of reorganization proceedings not reported to the company and debts incurred

after the commencement of corporate reorganization proceedings come under close scrutiny of the court.

- ✓ Also, in the case of an M&A, if the reorganization debt exceeds the purchase price, the excess debt is generally discharged (or converted to equity), thereby relieving the company of all reorganization debt.
- ✓ Reorganization debt currently in legal dispute (estimated at KRW 226 bn) is expected to be discharged using the purchase price and the acquirer is not at risk from said legal dispute.

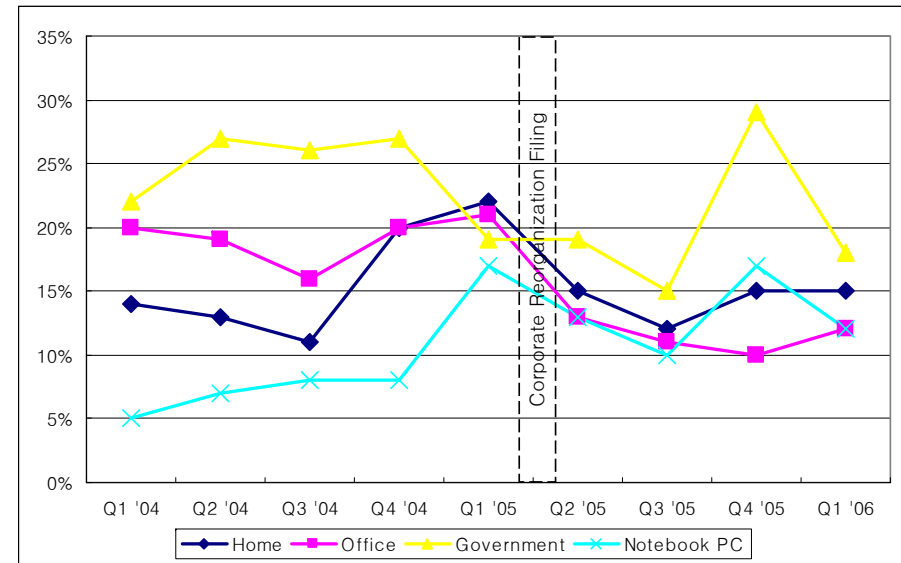
☐ DIGITAL CONVERGENCE AS A NEW GROWTH ENGINE

- ✓ The Company seeks the development of new products that integrate PCs and home appliances, to grow beyond the PC industry and add to profitability.
- ✓ With a foundation in innovative design, hardware development, global marketing experience and global distribution channels, the Company has amassed technologies and competencies that it can leverage in its Digital Convergence efforts.

□ EXPECTED IMPROVEMENTS IN PROFITABILITY

- ✓ The Company filed for the commencement of corporate reorganization proceedings due to losses from investment in subsidiaries, low profits from its ODM business and subsequent decrease in credit lines as mentioned above.
- ✓ As a result of the commencement of corporate reorganization proceedings, the Company suffers from (i) lowered sales due to loss of confidence in the Company, (ii) difficulty in improving purchasing terms due to loss of bargaining power with parts and components vendors and, (iii) increased working capital (longer AR turnover days and shorter AP turnover days), resulting in operating losses in the first quarter of 2006.
- ✓ However, with the execution of this Transaction and conclusion of the corporate reorganization, the Company expects to be relieved of the above limitations and attain KRW 20~30 bn in operating profit.
- ✓ As shown in the following graph, the Company's market share shows recovery since the commencement of corporate reorganization proceedings in May 2005. Working capital turnovers at the Company have also been improving (for example, while the Company paid cash upfront immediately following the commencement of corporate reorganization proceedings, it currently has 15 day trade credit and is expected to extend to 30 days by year end).

[Company Market Share Trend]



(Source: Company Management)

- ✓ The following is a pro forma analysis of the Company calculating revenue and profits assuming the current business operations (excludes ODM business) and current employee levels (completed corporate restructuring). With these assumptions, the Company shows yearly operating profits of approximately KRW 20 bn prior to the commencement of corporate reorganization proceedings.

[Pro Forma Revenue and Profits]

(in millions of KRW)	2003	2004	Q1 2005
Sales	537,962	548,371	200,712
Gross Profit	91,022	83,858	39,313
Operating Profit	20,871	12,515	18,825

(Source: Company Management)

Company Overview

☐ GLOBAL PC MARKET

- ✓ According to a Gartner report, the global PC market is expected to grow approximately 10.1% on a compounded annual basis to 2009 and reach USD 211 bn.

☐ KOREAN PC MARKET

- ✓ With a PC replacement cycle starting late 2004 and a rising demand for Notebook PCs, the demand for PCs in the Korean market is expected to reach 4.24 million units in 2006 and 4.20 million units in 2007.
- ✓ The Company reported KRW 757 bn revenue in 2005 (KRW 513 bn domestic, KRW 244 bn export) with 48% from desktop PCs, 31% from Notebook PCs and the remainder from monitors, motherboards and printers (see following table for details).

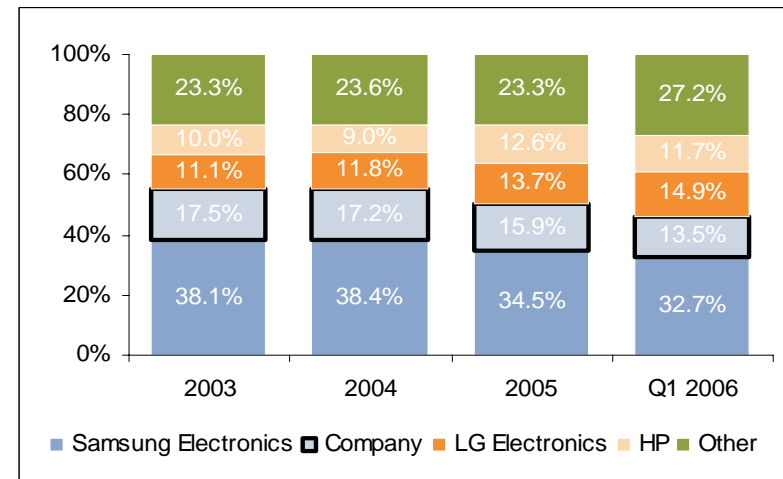
[REVENUE BY PRODUCTS AND MARKETS]

(in millions of KRW)

Type	Product/Market		2003	2004	2005	Q1 2006
PC	Desk Top	Export	1,482,929	1,233,932	90,387	-
		Domestic	329,582	308,058	273,702	57,178
		Subtotal	1,812,511	1,541,990	364,089	57,178
	Note book	Export	97,632	259,430	120,308	13,196
		Domestic	74,173	57,121	111,490	30,233
		Subtotal	171,805	316,551	231,798	43,429
Monitor	CRT, LCD	Export	2	-	11	-
		Domestic	97,357	100,012	71,607	16,828
		Subtotal	97,359	100,012	71,618	16,828
Other	M/B, Printer, etc.	Export	38,837	93,832	33,213	2,141
		Domestic	105,719	128,851	56,502	8,188
		Subtotal	144,556	222,683	89,715	10,329
Total		Export	1,619,400	1,587,194	243,919	15,337
		Domestic	606,831	594,042	513,301	112,427
		Total	2,226,231	2,181,236	757,220	127,764

(Source: Company Annual Reports and Quarterly Report)

[KOREAN PC MARKET SHARE TREND]



(Source: Company Annual and Quarterly Reports)

□ COMPANY ORGANIZATION

- ✓ The Company reallocated and restructured to reduce the number of employees to 244 as of March 31, 2006 from 712 employees at year end 2004.

□ FINANCIAL STATUS

- ✓ The Company's condensed financial statements for the previous 4 years (2003 to Q1 2006) is as follows:

(in millions of KRW)	2003	2004	2005	Q1 2006
Current Assets	539,272	560,362	485,824	195,769
Fixed Assets	282,215	315,962	109,177	96,630
Total Assets	821,487	876,325	595,001	292,400
Current Liab.	535,641	751,548	273,680	46,835
LT Liab.	177,105	89,772	615,206	228,819
Total Liab.	712,746	841,319	888,886	275,654
Paid-in Capital	151,152	151,152	177,444	20,086
Total Equity	108,741	35,006	-293,884	16,745
Revenue	2,226,231	2,181,237	757,220	127,764
Gross Profit	197,904	131,869	63,009	18,399
Operating Profit	34,517	-23,410	-264,018	-950
Ordinary Income	7,918	17,829	-409,825	5,756
Net Income	-4,526	16,213	-409,825	281,186

(Source: Company Annual Reports and Quarterly Report)

- ✓ Discontinuation of ODM business is the primary contributor to the revenue decline in 2005 from the previous year. The increase of Operating Losses in 2005 is due to allowances made for Loans to Affiliated Companies while the large Ordinary Loss was due to allowances for Securities Issued by Affiliated Companies.

- ✓ Following the debt restructuring pursuant to the corporate reorganization plan approved by the Court on January 5, 2006, the Company reported large reduction of liabilities, reduced paid-in capital and reversed capital deficiency through a series of capital reduction and debt to equity swaps.

□ SHAREHOLDER AND REORGANIZATION DEBT STATUS

- ✓ Korea Development Bank became the majority shareholder (55.97%) of the Company following the capital reduction and debt to equity swaps as per the corporate reorganization plan approved by the Court on January 5, 2006.
- ✓ As of March 31, 2006, the Company has (i)confirmed reorganization debt of KRW 342bn (secured 75bn and unsecured 267bn), and (ii)unconfirmed (and unsecured) reorganization debt of KRW 32bn (amount payable in cash if confirmed, is KRW 16bn) and (iii)claims in legal dispute of KRW 226bn (amount payable in cash if all disputes are ruled against the Company, is KRW 92bn).

Contact Points

For any questions with regard to this M&A transaction, please contact the following persons:

Name	Title	Tel	Fax	Mobile	E-mail
Won Yong Jung	Managing Director	82 2 2112 0720	82 2 2112 0702	82 11 713 5774	wonyongjung@kr.kpmg.com
Jae Hyeon Lee	Director	82 2 2112 0714	82 2 2112 0702	82 11 9728 6479	jaehyeonlee@kr.kpmg.com
Chang Gyu Yoon	Manager	82 2 2112 0995	82 2 2112 0702	82 17 244 0615	changgyuyoon@kr.kpmg.com
Kyung Cheol Chang	Senior Analyst	82 2 2112 0713	82 2 2112 0702	82 10 4510 7585	kyungcheolchang@kr.kpmg.com

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