

Chia Chang Co., Ltd. Investor Conference

30 August 2011





Safe Harbor Notice (Disclaimer)

Chia Chang's statements of its current expectations and estimates are forward-looking statements subject to significant known and unknown risks and uncertainties and actual results may differ materially from those contained or implied in the forward-looking statements. These forward-looking statements are not guarantees of future performance and therefore you should not place undue reliance on them. Except as required by law, we undertake no obligation to update any forward-looking statements, whether as a result of new information, future events, or otherwise.



Agenda

- **Company Overview**
- **1H'11 Financial Results**
- **3Q'11 Outlook**
- **Q&A**



Company Overview



Company Profile

Chia Chang – The leader of metal component for optronics and IT application

- Established in 1985, Chia Chang mainly engages in providing “Internal and External Metal Components” to our customers
- Main customers: Global well-known manufacturers of TFT-LCD , backlight module and OEM/ODMs from Taiwan, Korea and China.
- Worldwide Services (7 factories): Taiwan (Taoyuan) 、 the Yangtze River Delta Region (Suzhou, Ningbo and Nanjing) and the Zhujiang Delta Region (Dongguan)
- Outstanding Shares: 152,477,113 shares (NT\$ 10 par value)
- Global Employees: 5,500 people

Worldwide Services

The Yangtze River Delta (Eastern China)



Address: **Wuzhong Economic Development Zone, Jian Su Province**

Established date: 2001.11

Product line: LCD TV 、 Monitor 、 NB 、 Mobile phone



Address: **Yongchun Industrial Zone, Suzhou**

Established date: 2004.11

Product line: LCD TV 、 IT 、 Surface treatment for external component



Address: **Yongchun Industrial Zone, Suzhou**

Established date: 2011.4

Product line: IT Component 、 Keyboard



Address: **Nanjing Economic and Technological Development Zone**

Established date: 2011.4

Product line: Monitor 、 NB 、 Mobile phone



Address: **Beilun District, Ningbo, Zhejiang**

Established date: 2006.2

Product line: LCD TV 、 Monitor

The Zhujiang Delta (Southern China)



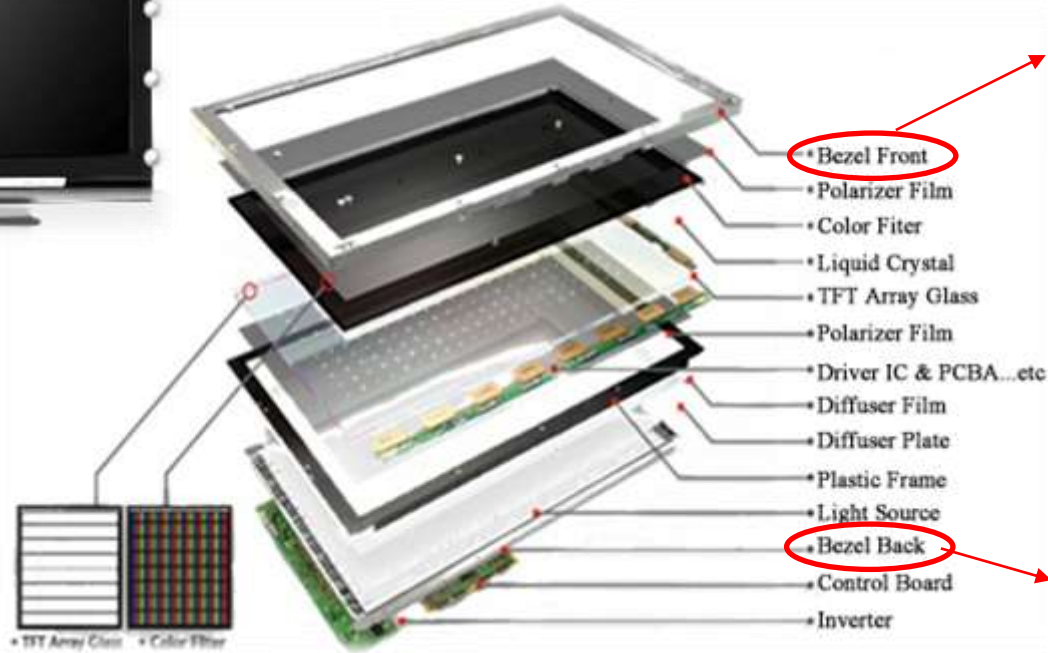
Address: **Dongguan, China**

Established date: 2007.12

Product line: LCD TV 、 Monitor



Main Products



Internal Component

 Front Bezel 前框	 Inverter Cover 電流轉換器
 Lamp Cover 燈罩	 Shielding 遮罩
 Back Cover 背板	 Heat Sink 散熱片

External Component

 Decorated Slip 外觀飾板	 External Bezel 前框	 Color Plate 彩鋼背板	 Base 底座
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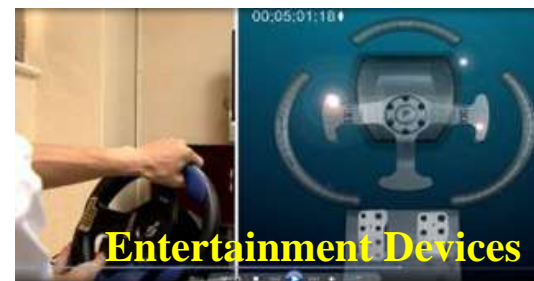
Main Products





Application

- AV Home Appliance
- IT Appliance
- Handset Devices
- Automotive Components
- Entertainment Devices





1H'11 Financial Results



1H'11 Financial Results

(In NT millions except otherwise noted)

	1H'11	1H'10	YoY%
Net Sales	4,077	4,116	-1%
Gross Margin %	18%	21%	-3 ppts
Operating Expenses	(334)	(292)	14%
Operating Margin %	10%	14%	-4 ppts
Non-Operating Items	(25)	24	-204%
Income Tax Expenses	(22)	(102)	-78%
Net Income	377	489	-23%
Net Margin %	9%	12%	-3 ppts
Basic EPS (NT Dollar)	2.84	3.72	-24%
Shipment (Million pcs)	143	148	-3%

Note:

(1) Consolidated financial statements are audited by Deloitte

(2) ppts=1H'11-1H'10

2Q'11 Financial Results

(In NT millions except otherwise noted)

	2Q'11	1Q'11	2Q'10	QoQ%	YoY%
Net Sales	2,134	1,943	2,167	10%	-2%
Gross Margin %	18%	20%	21%	-2 ppts	-3 ppts
Operating Expenses	(184)	(150)	(165)	23%	12%
Operating Margin %	10%	12%	14%	-2 ppts	-4 ppts
Non-Operating Items	(33)	8	38	-513%	-187%
Income Tax Expenses	45	(67)	(19)	-167%	-337%
Net Income	205	172	317	19%	-35%
Net Margin %	9%	9%	15%	0 ppts	-6 ppts
Basic EPS (NT Dollar)	1.54	1.30	2.41	18%	-36%

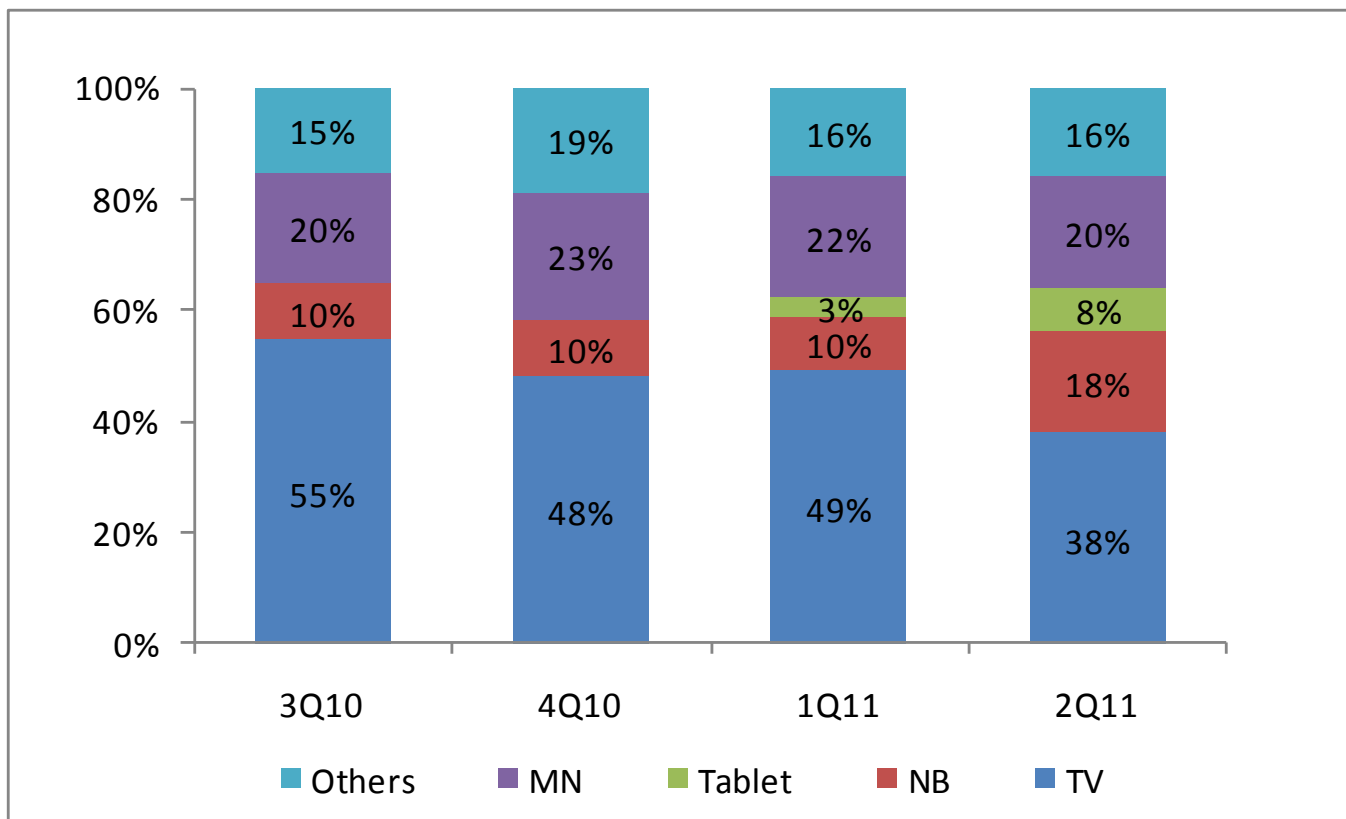
Note:

(1) Total outstanding shares were 145,750,108 units at Jun. 30, 2011 and 107,581,956 units at Jun. 30, 2010

(2) Consolidated financial statements are audited by Deloitte

(3) ppts=1H'11-1H'10

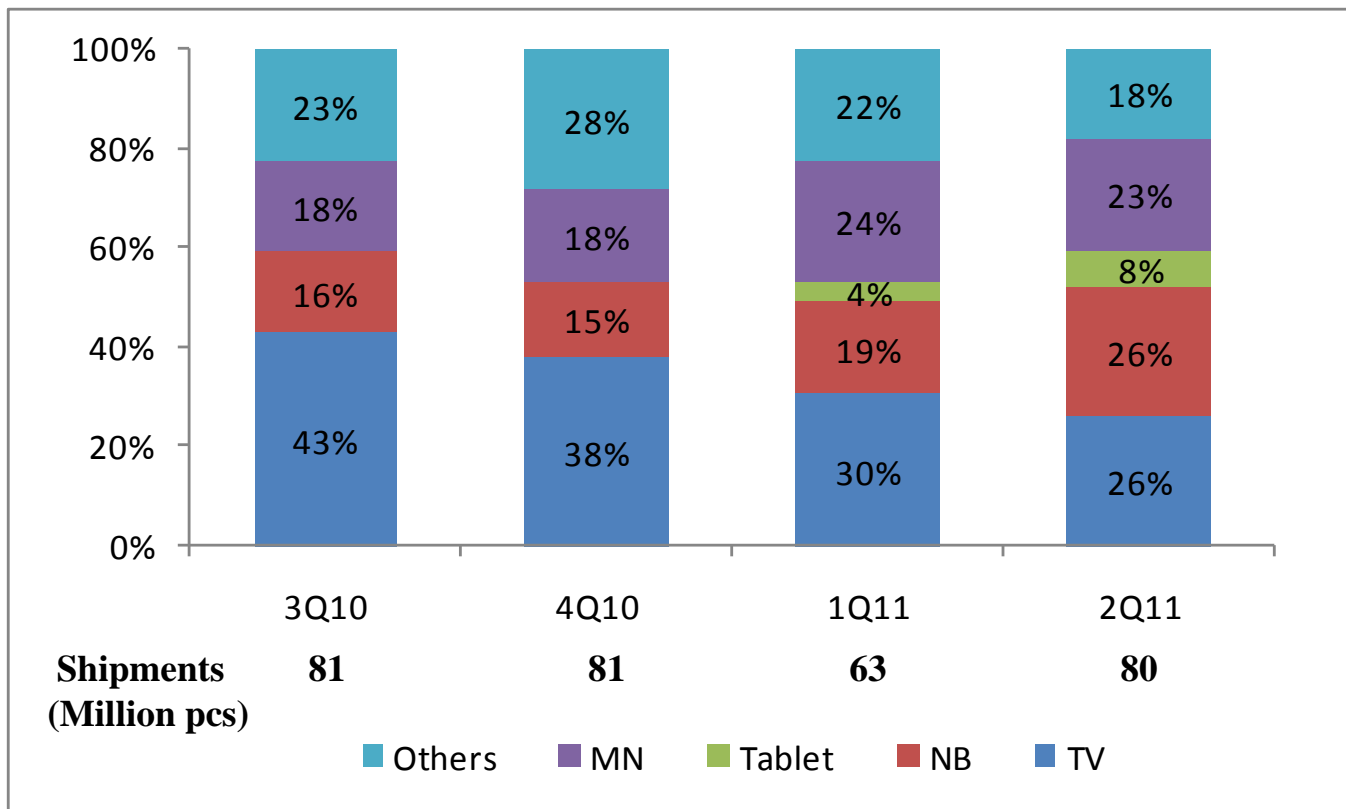
Sales Breakdown by Applications (by Revenue)



Note:

- (1) Includes Chia Chang and China subsidiaries: Chia Chang (Suzhou), Chia Chain (Suzhou), Chia Chang (Ningbo), Quan Rui (Dongguan), Jiadian (Suzhou) and Chia Chan (Nanjing)
- (2) All figures are unaudited, prepared by Chia Chang on a consolidated basis

Sales Breakdown by Applications (by Quantity)

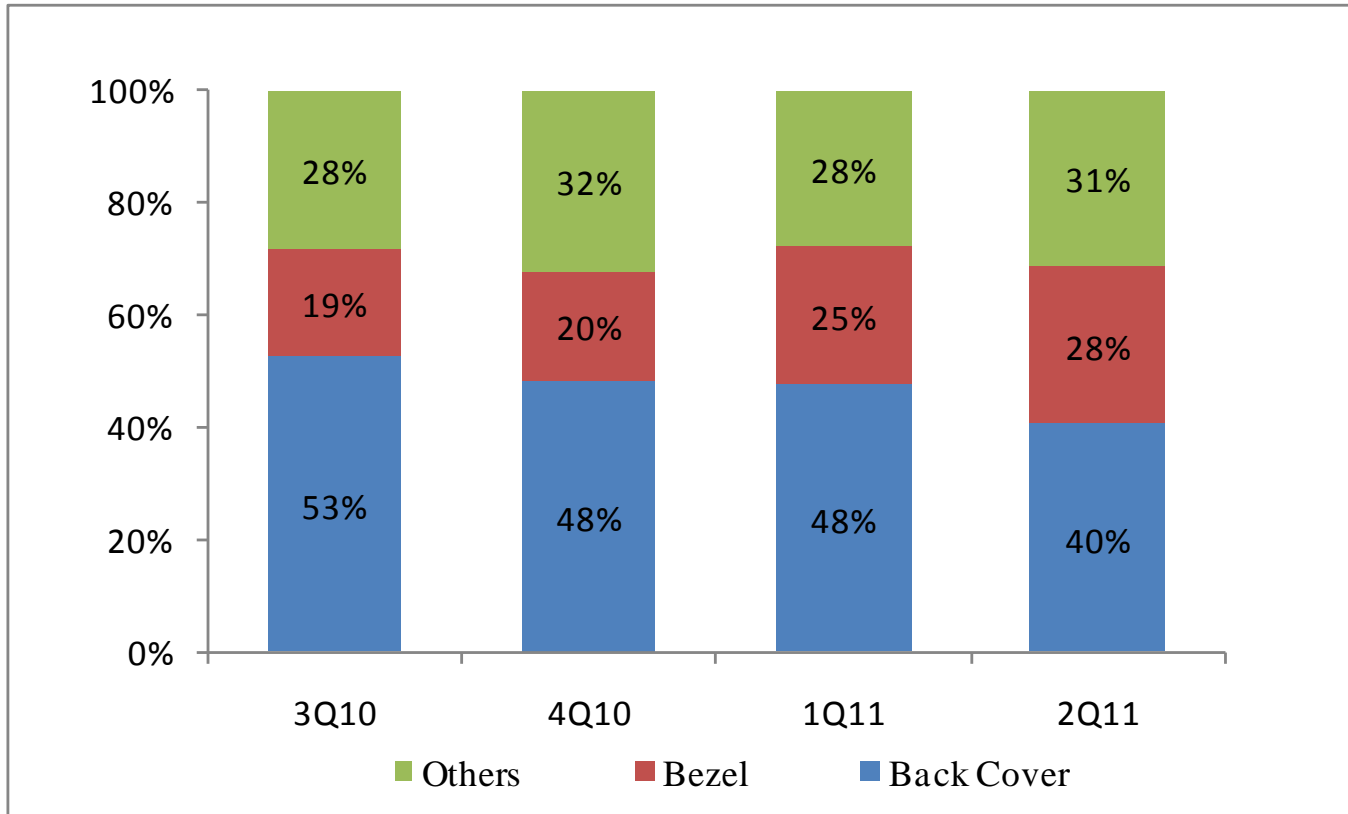


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Sales Breakdown by Product Type (by Revenue)

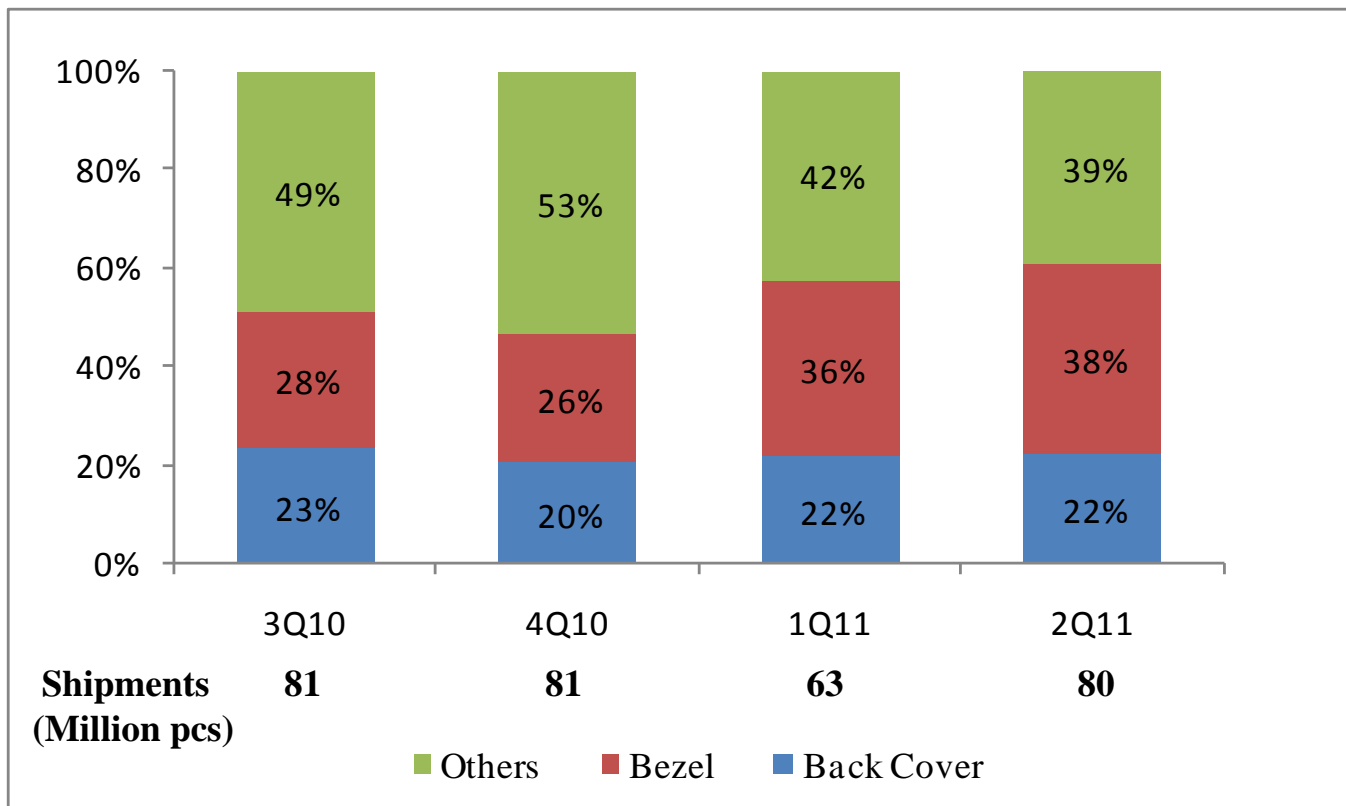


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Sales Breakdown by Product Type (by Quantity)



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3Q'11 Outlook



TV Outlook

□ Industry Outlook

1. European and American credit crisis affect the confidence of the consumer market in Europe and America.
2. Weak demand driven by inflation undermines China's domestic consumption.
3. Weak replacement demand due to Japan earthquake.

□ Countermeasures

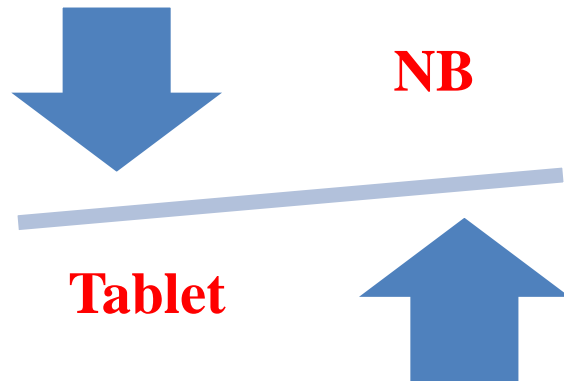
1. Adjustment of product mix
2. Strengthen key customer relationship :
 - ① Enhancement of leading Korea supply chain since 2Q'11
 - ② Strengthen supply chain of key panel maker in China
 - ③ Obtainment of new orders from Japan

These new orders from brand and panel players have make a real contribution to the company each month.

NB Outlook

Internal component

- Grasp market trends

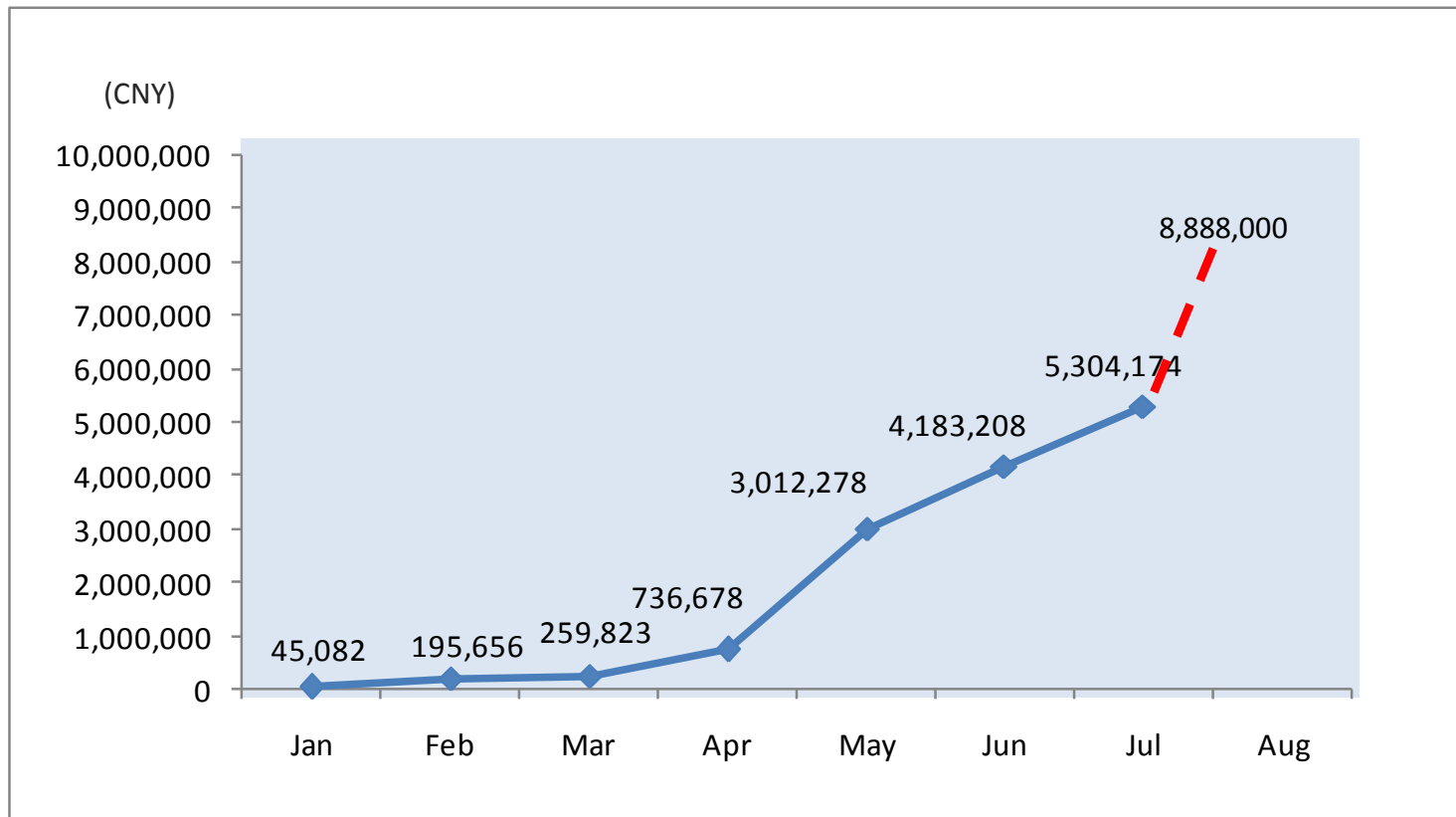


- Revenue of NB and Tablet increased from 13% in 1Q'11 to 26% in 2Q'11. Further, tablet represented 8% of total sales for 2Q'11.
- The largest supplier of tablet internal metal component.
- Metal toolings certification obtainment for mainstream tablet and ready for mass production

Metal external component

- Business strategy :
 - Provide one-stop differentiated service from internal to external metal component
- Product focus :
 - Display cover (A part)and top cover (C part) of high-end notebook for business
 - Metal cover of tablet
 - other metal external component application(eg. Ultrabook. etc.)
- Existing capacity and shipment
- Target customer-Global system brand and OEM/ODMs.

Revenue from Surface Treatment for 2011

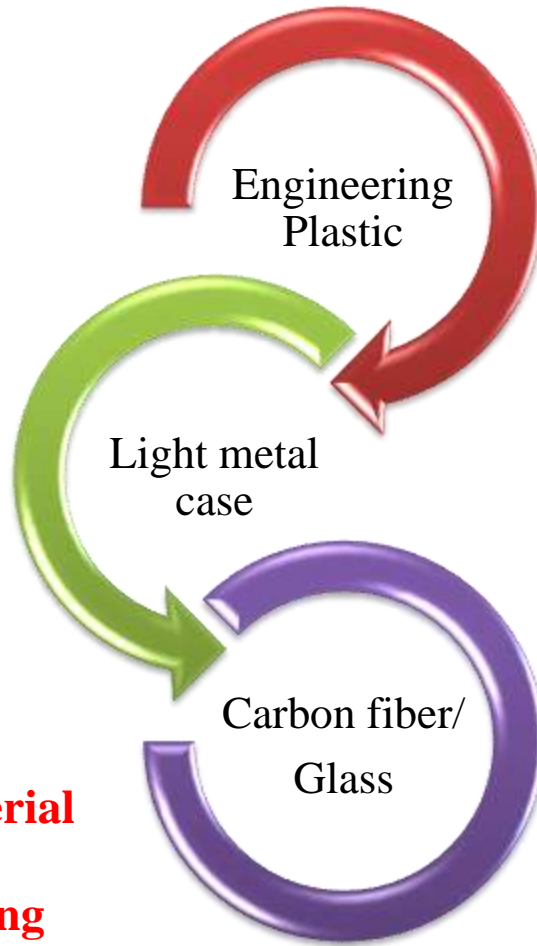


Source: Management report

Market Trend of Metal Casing



Under the diversified development of new material and environmental legislation, the metal casing will have a niche market.



- EU announced that waste electrical and electronic equipment directive (WEEE) to restrict the output of waste electrical and electronic equipment and promote the legal collection and recycling rate of such equipment around 55~75%. Hence, light metals with light feature and higher recycling rate will become a major applied material in the future.



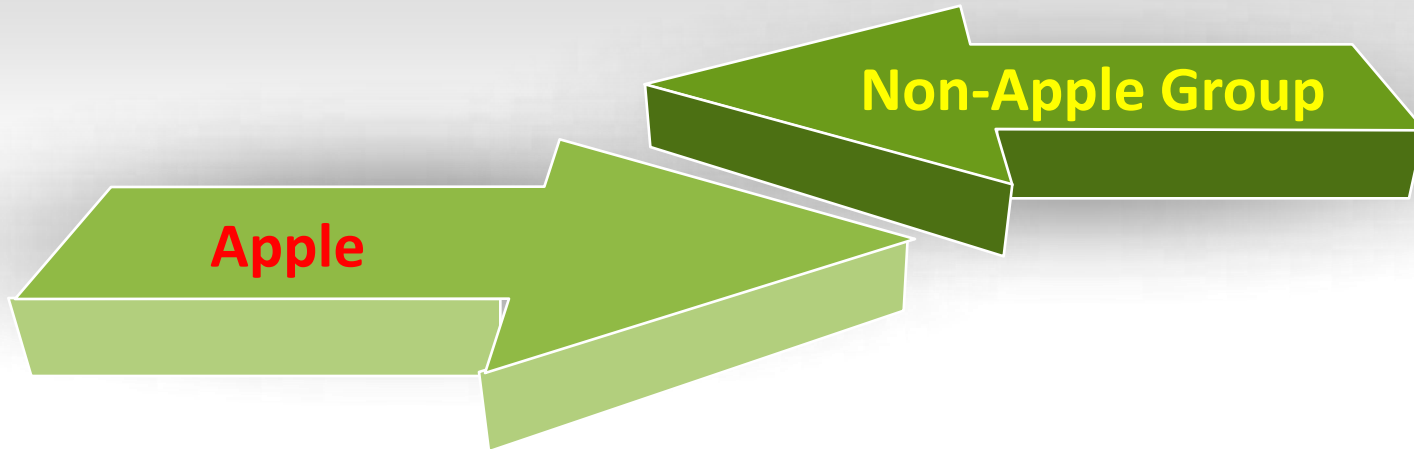
Market Trend of Metal External Component

Apple Group

- * iPad > Aluminum and magnesium alloy die-casting back cover
- * MacBook > Unibody- aluminum and magnesium alloy die-casting
- * iPod touch > Stainless steel back cover
- * iMac > Aluminum and magnesium alloy die-casting back cover
- * iPhone > Glass

Non-Apple Group

- * ASUS Transformer > Aluminum alloy stamping + Embossing + Anodizing
- * HTC Flyer > Aluminum and magnesium alloy die-casting back cover + Plastic
- * Acer Inconia > Aluminum alloy stamping + Hair Lining + Anodizing
- * Samsung Galaxy Tab > Glass
- * Moto Xoom > Aluminum alloy stamping + Hair Lining + Anodizing



Opportunity — Ultrabook + Tablet



- ❑ Intel Corp. said its investment arm is allocating US\$300 million to help encourage innovation around a breed of ultra-thin portable PCs that the chipmaker calls Ultrabooks in August.
- ❑ Since Apple released the first ultra-thin Macbook Air in 2011. Non-Apple ultrabook players are expected to launch their first ultrabook in October.
- ❑ Penetration rate obviously depends upon the price of Ultrabook. Expected to generate huge demand, Ultrabook is to swallow up to 40 per cent of the world laptop market in 2012.

	Aluminum and magnesium alloy die-casting + CNC	Aluminum alloy stamping + Anodizing
Existing application	Apple : iPad +MacBook Air unibody HTC : high-end smartphone	NB : Aluminum surface + plastic bracket Tablet : Asus/Acer/ Dell/
Structure designing	Unibody	Aluminum surface + internal plastic bracket + aluminum and magnesium alloy bracket
Advantage	Better support strength 、 Streamline appearance	Cost adv. (at least less than 50%) 、 Lower facility expenses 、 Higher output
Disadvantage	Lower output 、 higher cost 、 less appearance variation 、 production bottleneck of CNC	Worse support strength (However, it can pass shock-proof and drop tests) 、 Foursquare appearance

The solution of “aluminum alloy stamping + anodizing+ plastic bracket” has cost advantage to substitute for partial high-end aluminum and magnesium alloy application.



Q&A

