



ACL Semiconductors Inc.

(A Delaware Corporation)

Business Summary

ACL Semiconductors Inc. ("ACL") (OTCBB: ACLO) is the leading distributor of memory products under the global brand name "Samsung" in Hong Kong and Southern China for over 15 years. The Company sells a variety of memory chip products, including DRAM and Flash.

ACL has an established reputation as Asia's leading distributor of memory products and an expert in memory chip design and customer support. ACL serves a broad base of global OEM (Original Equipment Manufacturers) and ODM (Original Design Manufacturers). ACL customers are the world's leading makers of GPS, mobile phone, UMPC, ePC, Wi-Fi products, laptop computer, server, router, workstation, desktop computer, PDA, digital camera, MP3 player, USB drive and other consumer electronics. ACL supplies the semiconductor components that create the next generation of PCs, household appliances, medical and industrial equipment. ACL currently serves more than 200 customers in Hong Kong and Southern China, and reported annual sales of US\$161 million in 2007.

Strategic Partnership

ACL benefits from a 17 year-long contractual partnership with Samsung Electronics of Hong Kong, a subsidiary of Samsung Electronics Co. Ltd., the world's largest memory product manufacturer. As the primary Authorized Agent for the Samsung brand in Asia, ACL offers an unparalleled customer distribution network in the Southern region, which is home to 90% of China's electronics exporters. Samsung has said it would take three years for any company to replace ACL's current distribution network.

This key relationship has enabled ACL to focus on strengthening and expanding its relationships with electronics manufacturers and designers worldwide. ACL operates a scalable, profitable distribution

STOCK INFORMATION



Business: Electronic Components Distributor

OTC BB Symbol: ACLO

Market Price: \$0.30 (9/29/08)

52 Week Range: \$0.06 - 0.40

Avg. Daily Volume: 33,700

Shares Outstanding: 28.3 Million

Market Cap: \$8.5 Million

Fiscal Year End: December 31

network, thus avoiding the manufacturing, and research and development costs, which can sap profits in the semiconductor industry.

Robust Market Trends

Memory products are integral parts of a wide variety of consumer products and industry applications, including personal computer systems, notebooks, workstations and servers, hand held computer devices, cellular phones, MP3 music players, digital cameras, game boxes, DVD players, STBs (set-top box), high-definition television (HDTV), portable multi-media players (PMPs), among others. Market trends, such as increased emphasis on rapid-speed throughput applications, continue to drive the demand for high performance memory products.

According to Semiconductor Industry Association (SIA), global semiconductor sales rose to \$64.7 Billion in the second quarter of 2008. In the first half of 2008, global semiconductor sales grew to \$127.5 billion, an increase of 5.4% over \$121 Billion in the first half of 2007. PCs account for 40% of

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semiconductor sales, and mobile phones about 20%, both of which showed double-digit unit growth in the first half of 2008.

Currently, NAND (Not and) flash, DDR2 (Double-Data-RateTwo) SDRAM (Synchronous Dynamic Random Access Memory) are used in electronic engineering for the high speed storage of the working data of a computer or other digital electronic devices. Currently, these are the major memory components in making PCs, home appliance and consumer electronic products. Samsung is among the world's largest developers and manufacturers of these memory products. Over the past four consecutive years, Samsung has maintained its position as the world's second largest memory chip vendor, behind only that of Intel.

Flash memory is expanding its usage from primarily mobile phones and PDAs to multimedia digital storage. Samsung is the world's leading supplier of Flash products. In the second quarter of 2008, Samsung reported \$1.4 Billion in NAND sales, capturing 42% of the overall NAND market. Samsung also stood out as the only profitable supplier of NAND in Q2'08, outpacing such competitors as Toshiba, Hynix, Micron, Intel, Numonyx and Renesas.

Samsung also retains the top spot in the DRAM market, capturing a market share of more than 30%,

reporting \$2.1 in DRAM sales for the second quarter of 2008. The addition of more than 300 million consumers in developing markets like China, India and Latin America has created new opportunities for the worldwide microchip industry, and a more diversified market has helped to drive increased sales of semiconductors. Micron estimates that the DRAM bit content of an average personal computer will grow by approximately 50 percent in 2008 to nearly 2.0 GB per box.

Global Customer Base

ACL's current customer base comprises 55% OEM; 35% ODM; 5% Wholesale; and 5% Other. The Company serves a diverse and broad customer base, including:

- ◆ Consumer Products Manufacturers of notebooks, graphic cards, memory modules, USB drive and Flash cards;
- ◆ Digital consumer electronics manufacturers of MP3 Players, DVDs, PMP, and MP3s;
- ◆ Industrial equipment manufacturers of medical equipment and set-top-boxes;
- ◆ PC assembly houses engaged in memory upgrades;
- ◆ Channel partners and retailers.

Corporate Highlights

- ◆ Primary distributor for the world's leading memory product manufacturer Samsung in Hong Kong and Southern China since 1991
- ◆ One of the largest and most successful distributors for memory products in Asia
- ◆ Sales of US\$105.7 million in 2006, and US\$161 million in 2007
- ◆ Serves Global Customer Base of OEM and ODM that produce a wide variety of consumer, medical and industrial electronics
- ◆ Explosive market demand in Hong Kong and Southern China, where 90% of the consumer electronics manufacturers are located
- ◆ Global semiconductor sales continue to rise as PCs and mobile phone become more energy efficient and lowered costs make them accessible to emerging, massive economies like China, India and Latin America
- ◆ Reported EBITDA of \$700,000 and Turnaround to Profitability in Q2'08
- ◆ Handheld portable consumer devices that converge multimedia (Internet, phone, games, music player) into one device, such as the iPhone, are spurring non-stop demand for high-performance memory and capacity upgrades

Growth Strategy

The Company's growth strategy is to continue to offer Samsung products, as well as develop other proprietary brands. ACL plans to expand its market coverage through a combination of strategic acquisitions and internal growth.

Samsung memory products are competitively priced and have an established reputation for product quality and brand name recognition in the retail and PC/Server OEM & Consumer Electronic segments. ACL operates from a strong competitive position against other US, European, Japanese and Taiwanese memory products manufacturers and distributors. ACL offers the many, small to mid-sized semiconductor companies an attractive opportunity for a potential merger or acquisition that would accelerate the expansion of ACL's territories and customer base. Companies being considered would be synergistic with existing operations and located in areas of interest for geographical expansion.

Profitable & Growing

For the second quarter ended June 30, 2008, ACL reported sales increased 43% to \$45.2 million compared with \$31.7 million in the second quarter of 2007. Gross profit improved to \$1.4 million in the second quarter of 2008, an increase of 173% over the prior year. EBITDA (Earnings Before Income Tax, Depreciation and Amortization) for the second quarter of 2008 was \$700,000 compared to \$100,000, an increase of 514% compared to the second quarter of 2007. The Company reported a 327% increase in net income for the second quarter to \$400,000 compared with a loss of \$200,000 for the second quarter of 2007.

The financial performance for the second quarter was ACL's most successful second quarter report since it became a publicly traded company in 2003. The triple digit gain in net profit over the prior year was a significant accomplishment and not only underscores the Company's improvement in gross and net margins, but sets a trend of growth and profit that ACL expects to continue throughout 2008 and 2009.



Experienced Leadership

Chung-Lun Yang, Chairman of the Board and CEO. Mr. Yang is the founder of Atlantic and has been a director of Atlantic since 1991. Mr. Yang graduated from The Hong Kong Polytechnic in 1982 with a degree in electronic engineering. From October 1982 until April 1985, he was the sales engineer of Karin Electronics Supplies Ltd. From June 1986 until September 1991, he was Director of Sales (Samsung Components Distribution) of Evertech Holdings Limited, a Hong Kong based company. Mr. Yang has over 15 years' extensive experience in the electronics distribution business. Mr. Yang is also a member of The Institution of Electrical Engineers, United Kingdom.

Ben Wong, Director. Mr. Wong became a Director on September 30, 2003. Since 1992, Mr. Wong has been the vice-president of Atlantic and is responsible for the purchasing, sales and marketing of Atlantic's products. Mr. Wong graduated from the Chinese Culture University of Taiwan in 1986 with a Bachelor's Degree of Science in Mechanical Engineering.

Kenneth Lap-Yin Chan, Chief Financial Officer. Mr. Chan was appointed our Chief Financial Officer effective September 30, 2003. Mr. Chan has been with Atlantic since 2001 serving as Financial Controller. From 1998 to 2001, Mr. Chan worked for Standard Chartered Bank. Prior to September 2001, Mr. Chan worked for a number of other banks in Hong Kong, including Dao Heng Bank and Asia Commercial Bank. He has more than 12 years of experience in corporate and commercial finance. Mr. Chan graduated from the University of Toronto in 1986 with a Bachelor's Degree in Commerce.

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