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An Open Letter to the Board of Directors of Actions Semiconductor Co., Ltd.

December 3, 2014

Mr. Hsiang-Wei Lee
Chairman of the Board
Actions Semiconductor Co., Ltd.
No. 1 Ke Ji Si Road
Technology Innovation Coast of Hi-Tech Zone
Zhuhai, Guangdong, 519085
People's Republic of China

Dear David:

Thank you for your call last night. I appreciated speaking with you. Our conversation was constructive, and I would like to summarize it below:

Accretive Capital Partners has been a long-term, supportive shareholder of Actions Semiconductor for eight years now. We are the largest shareholder of Actions, with 9.2% of the outstanding shares—or more than *9 times* the amount owned by management and the entire Board of Directors, combined, and we have always advocated what we believe is best for all shareholders of the company.

For over six years, Accretive Capital has offered multiple suggestions for creating shareholder value and made numerous proposals with actionable plans, all of which have been ignored by Actions and its Board of Directors. Nearly five years ago, in April, 2010, you and I met in Shanghai to discuss a proposal by Accretive Capital Partners and a well-regarded private equity firm to take Actions Semiconductor private. After having assembled a team of private equity investors, bank lending sources, and industry experts to serve on the Board—and having made the trip to China to move the deal forward—the company's response to us was that it was in the best interests of shareholders to keep Actions public and have the management continue running the Company with its current approach.

In the five years since our proposal, management's approach has resulted in a stock price at Actions which has declined by 27%, while the Philadelphia Semiconductor Index (SOX) has increased by over 100%. Management's approach has included ongoing operating losses which have continued in each of the last five years, R&D expenses which have grown by more than 50%, tangible book value which has eroded by 25%, sales which have remained stagnant, and ultimately a change in management.

Consequently, Actions' stock price continues to trade at an astounding 49% discount to tangible book value—a price that represents only 60% of the actual net cash and equivalents. As such, for the better part of the past eight years, we have advocated that Actions initiate a Dutch Auction tender offer to accelerate its stock repurchases. Three years ago, we even introduced you and management to advisors who would execute the entire transaction for less than \$500,000; yet it was only three months ago that the Board of Directors decided to act upon this proposal and, even then, the Board opted only to invest 10% of the cash and equivalents in this extraordinary opportunity.

THE TIME FOR CHANGE HAS COME

I shared with you our interest in Accretive Capital Partners nominating two directors to the Actions Semiconductor Board at the upcoming shareholders' meeting in May 2015. I asked that you support our nominees and ensure that Actions listed our nominees on the proxy card for the forthcoming election. I offered to provide bios for the two Accretive nominees in the next week or so and proposed that we plan for additional conversations to finalize our agreement. My understanding from our conversation is the following:

- 1. You and the Board of Directors of Actions Semiconductor will include and endorse two director nominees recommended by Accretive Capital Partners on the proxy card and in the election at the upcoming shareholders' meeting in May 2015; and**
- 2. You and the Board of Directors of Actions Semiconductor will assist Accretive Capital Partners with the procedural steps to facilitate the election of our director nominees.**

As you know, Accretive Capital Partners filed a Schedule 13D with the U.S. Securities and Exchange Commission today to report our intention of nominating two directors to the Actions Semiconductor Board of Directors. In the interim, we continue to advocate that the Board of Directors of Actions Semiconductor take the following steps:

- 1. Authorize another Dutch Auction tender offer for no less than \$75 million at prices up to the company's tangible book value of approximately \$3.40/share;**
- 2. Retire all repurchased shares so that shareholders realize the value of the tender offer;**
- 3. Address the internal control issues resulting from *conflicts of interest among certain Board members*;**
- 4. Reduce the disproportionate research and development expenditure; and**
- 5. Sell the company immediately thereafter.**

I look forward to speaking again later this week or early next week.

Sincerely,

Richard E. Fearon, Jr.
Managing Partner

cc: Mr. Zhenyu Zhou, Actions Semiconductor Co., Ltd.
Mr. Nigel Liu, Actions Semiconductor Co., Ltd.