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

December 31, 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:

I received the December 19, 2014 email from your investor relations representative and have read your reply to my recent letter, which you filed on Form 6-K with the SEC. We are disappointed by your response and the Board's persistent dismissal of value-creating initiatives at Actions Semiconductor. For this reason, as the largest shareholder of the company, I write once again to express our position:

Since our last public correspondence, we have provided you with the biographies of our two nominees (attached hereto), both well-qualified candidates who meet the criteria you publicly outlined as "seasoned executives with operational experience and expertise with respect to Actions' fast-moving industry, the Asian markets, and Actions' current and potential customer base." Having emailed you directly with our nominees, we find it telling that your response was communicated via an IR representative and that you do not intend to review the nominees until a Board meeting in February 2015. Given the Shareholders' Meeting is less than five months from now and nothing prevents the Nominating Committee and the Board of Directors from reviewing our nominees immediately, we do not consider this to be "in the spirit of cooperation," as described by your IR representative, but more as continued denial. We are available to meet with you and the Board immediately, and we urge you to complete this process latest by January 16, 2015.

The current Board of Directors at Actions Semiconductor—which is comprised of asset managers, professors, manufacturers, and management of competing or otherwise conflicted businesses—has failed to create any shareholder value in the eight years Accretive Capital Partners has patiently and loyally stood by. Since we became shareholders, the current Board has

directed the company toward a 43% decline in revenues (from \$95 million in fiscal 2008 to \$54 million in the trailing 12 months ended September 30, 2014), a 54% increase in R&D spending (from \$19.5 million to \$30.1 million), a stagnant tangible book value (which has slipped from \$3.51/share to \$3.41/share), and a flat stock price despite an increase of more than 100% in the Philadelphia Semiconductor Index (SOX). This is no surprise when the interests involved are considered: in its entirety, the Board of Directors owns less than 1% of the Company. The Board's disinterest in purchasing any meaningful stake in the business is revealing, and your lack of ownership impairs your judgment about building shareholder value. This improper decision making has led to transactions with affiliated parties utilizing corporate cash (which, in your December 9th 6-K filing, you describe as "scarce" and an activity that limits your "operating flexibility and ability to act quickly [and] risks putting the Company at a competitive disadvantage").

In August 2009, the Company's Hong Kong subsidiary, Actions Enterprises (via its Shanghai subsidiary, Actions Technology), obtained land use rights to the Shanghai Zhangjiang High-Tech Park office building. Less than a year later, in July 2010, the Company transferred all ownership interest of Actions Enterprises to Nann Capital for \$1 and the Company further invested \$4.4 million for a 40% ownership stake in Nann Capital. The following year, in June 2011, Actions invested an additional \$7.1 million in Nann Capital. We ask you again who owns Nann Capital and how this was in the best interests of Actions Semiconductor shareholders?

In January 2011, Actions invested \$13.7 million in OCTT Holding Co., Ltd, a private equity fund incorporated in Mauritius for the purpose of investing in fabless semiconductor design companies in Taiwan. Of the \$70 million managed by OCTT, \$30.6 million was invested in Realtek Semiconductor Corporation, whose Chairman and substantial owner is Actions Semiconductor Board member Nan-Horng Yeh. We ask who manages OCTT Holding Co., Ltd. and how this was in the best interests of Actions Semiconductor shareholders?

Just last quarter, the Company announced that it had invested \$10 million for a 40% stake in Shanghai real estate, which was described as "not the core business of Actions Semiconductor." We are baffled by this decision in light of your 6-K filing describing cash as scarce and its use for stock repurchases as limiting to the Company's operating flexibility, and we ask who owns the other 60% of the real estate project and how this was in the best interests of Actions Semiconductor shareholders?

We believe these decisions conflict directly with the Company's Corporate Governance Guidelines transcribed below:

"Transactions with Directors and their Affiliates:

Except for employment arrangements with the CEO and other management directors, **the Company does not engage in transactions with directors or their affiliates if a transaction would cast into doubt the independence of a director, would present the appearance of a conflict of interest, or is otherwise prohibited by law, rule or regulation.** This includes, directly or indirectly, any extension, maintenance or renewal of an extension of credit to any

director or member of management of the Company. This prohibition also includes significant business dealings with directors or their affiliates, substantial charitable contributions to organizations in which a director is affiliated, and consulting contracts with, or other indirect forms of compensation to, a director. The Board will conduct an appropriate review of all related party transactions on an ongoing basis.” - Page 3, Paragraph 3, Actions Semiconductor “Corporate Governance Guidelines”

We are profoundly concerned about the conflicts of interest at Actions Semiconductor and by the accelerating pace of destruction of shareholder value, and we remain resolute in correcting this situation. Accretive Capital is adamant that only Actions Semiconductor shareholders and not the incumbent Board be allowed to make any changes to the Board and these changes should only be made via the shareholder vote at the Annual Meeting. We again call on you to immediately:

- 1. Follow through with your commitment to support the nomination of new directors by Accretive Capital Partners;**
- 2. Address the internal control issues resulting from conflicts of interest among certain Board members;**
- 3. Reduce the disproportionate research and development expenditure; and**
- 4. Sell the company immediately thereafter.**

We have been patient long-term investors in Actions Semiconductor, and we are determined to preserve the value of our company. I look forward to the implementation of these necessary steps to create and to unlock value for shareholders, the rightful owners of Actions Semiconductor.

Sincerely,

Richard E. Fearon, Jr.
Managing Partner

cc: Mr. Zhenyu Zhou, CEO, Actions Semiconductor Co., Ltd.
Mr. Nigel Liu, CFO, Actions Semiconductor Co., Ltd.
Mr. Dilip Singh, General Partner, Value Generation Capital Fund LP

Accretive Capital Partners' Nominees to the Board of Directors of Actions Semiconductor Co., Ltd. - to be Endorsed by Actions Semiconductor and the Board of Directors at the Upcoming 2015 Annual General Meeting:

Richard Fearon, age 48, is the founder and managing partner of Accretive Capital Partners, LLC, a fourteen-year-old private investment fund established in 2000 to target undervalued small and micro-cap stocks of fundamentally strong public companies which represent attractive take-private candidates. The fund is long-only and employs the tools of private equity investing to its public market portfolio. Accretive Capital Partners has been nationally ranked by Morningstar, Barron's, Bloomberg, Lipper, and Barclay Managed Funds, was recipient of HFM Week Magazine's 2011 award for *Best Single Manager Long-Term Performance* among all U.S. hedge funds under \$250 million, and was a finalist for PAM Magazine's 2014 award for *Best Wealth Manager Long-Term Performance*. The fund has been named finalist for PAM Magazine's 2015 award for *Best Wealth Manager Long-Term Performance* and for Acquisition International Magazine's 2015 International Hedge Fund Award for *Best for Long-Term Performance - Active Value Fund*.

Prior to founding Accretive Capital Partners, Mr. Fearon founded and managed the Chicago office of Allied Capital Corporation (NYSE:ALD), a \$3 billion private equity investment fund and the largest and oldest publicly-traded small business investment company in the United States, until acquired by Ares Capital Corporation in 2010. He was Managing Partner of Allied Capital Midwest and a Principal of Allied Capital Corporation from July 1993 until June 2000. Prior to Allied Capital, Mr. Fearon was an investment banker at Morgan Stanley & Co. and PaineWebber Incorporated. Mr. Fearon earned an MBA in Finance from the Wharton School of Business, where he also attended the Stockholm School of Economics, and graduated with a BA in Chemistry and Anthropology from Williams College. He was a graduate of the Hopkins School, where he was a 1984 Connecticut State and All-New England Wrestling Champion and a National Football Foundation and College Hall of Fame Scholar-Athlete. Since November 2011, Mr. Fearon has served as a director of Nutrastar International Inc. (OTCQB:NUIN), a Chinese producer of premium branded nutraceutical products, functional health beverages, and organic and specialty foods made from commercially cultivated cordyceps militaris. Since July 1993, Mr. Fearon has served on the Board of 15 private companies, including as Chairman of Magna Card, Inc., a designer and marketer of flexible magnetic products sourced in part from China, and he was awarded United States Patent 7225568 while serving as Chairman. He currently serves on the Hopkins School Alumni/ae Association Board of Directors and has served as an Advisory Board Member to the Catalyst Network Foundation, a non-profit organization offering career development and networking tools to under-served and high-potential inner-city youths and veterans, since August 2011.

Accretive Capital Partners believes that Mr. Fearon's twenty-five years of Wall Street experience and valuable public company and financial expertise gained from both his employment history and directorships will enable him to provide effective oversight of the Company as a member of the Board.

Dilip Singh, age 66, has served as the general partner of Value Generation Capital Fund LP since December 2013. Additionally, Mr. Singh has served as a director of: ALCO Stores, Inc. (Nasdaq:ALCS), a regional broad line retailer in the central United States, since August 2014; On Track Innovations Ltd. (Nasdaq:OTIV), a designer, developer and marketer of secure contactless microprocessor-based smart card technology, since December 2012; and Concurrent Computer Corporation (Nasdaq:CCUR), a provider of software, hardware, and professional services for the multi-screen video and real-time simulation markets , since July 2012.

From April 2012 to April 2013, Mr. Singh served as interim CEO, President and director of InfuSystem Holdings, Inc. (NYSEMKT:INFU), a provider of ambulatory infusion pumps and associated clinical services. Under Mr. Singh's leadership, InfuSystem was turned around to sustained profitability within two quarters, and the financial footing was strengthened by increasing cash, reducing debt, and securing a new \$36.5 million credit facility. Previously, Mr. Singh served as CEO of MRV Communications, Inc. (NASDAQ:MRVC), a provider of optical communications network infrastructure equipment, management products, integration, and managed services, from July 2010 to December 2011 and as director from October 2010 to December 2011. Under Mr. Singh's leadership, MRV Communications was turned around and the first ever return of capital was paid to the shareholders as special dividend. From December 2008 to May 2009, Mr. Singh served as CEO of Teli-Sonera NCell, the number one mobile operator in Nepal. From October 2004 to November 2008, Mr. Singh served as CEO of Telenity, Inc., a provider of service delivery platforms. In addition he has held significant professional positions at Sprint Communication and Alcatel/ITT from May 1976 until April 1994. Mr. Singh earned a Master's of Science in Physics from the University of Jodhpur and a Masters of Technology in Electronics & Communications Electrical Engineering from the Indian Institute of Technology.

Accretive Capital Partners believes that Mr. Singh is uniquely qualified to serve on the Company's Board given his vast experience on corporate boards of directors and global operational executive leadership positions, as well as his experience in turning around under-performing companies in the telecommunications, semiconductor and software industries.