YAYI 亞憶

Annual Report 2014

亞憶前程發展，由亞憶人創造！

ACTION ASIA LIMITED

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Corporate Mission

- Promote greater harmony and work effectively as a team
- Establish systematic plans and implement continuous improvement
- Work efficiently to gain mutual profit

Corporate Vision Statement

- To be the leading manufacturer and supplier of mobile video technology
- To be a leading supplier of 4C (Consumer, Communication, Computer & Car) electronic products

Corporate Profile

Corporate Profile (Cont'd)

Founded in 1987,

Action Asia Limited was successfully listed on the Mainboard of the Singapore Stock Exchange on January 15, 2004. It designs, manufactures and assembles mobile audio and video electronics products for lifestyle entertainment and in-car usage, such as multi-functional Digital Video Player, Digital Photo Frame, Digital Mobile Television and Tablets.

Our competitive strength lies in our ability to integrate sophisticated components into complete solutions which perform a wide array of functions customized specifically to our target markets' diversified needs.

Our products are broadly classified into Lifestyle Entertainment Multimedia products and In-car Entertainment Multimedia products. Our Lifestyle Entertainment Multimedia products are used mainly in homes, hospitals and outdoors while our In-car Entertainment Multimedia products are installed mainly in automobiles and commercial vehicles.

In addition to providing consumer ODM services for global customers, Action Asia's products are marketed mainly to automobile manufacturers/dealers, accessories dealers and hypermarkets worldwide.

Awards & Accolades

Outstanding Overseas Taiwanese
Small & Medium Enterprises Award

PHILIPS Supplier Award 2010
- Best Overall

Excellent Business Partner Award
From PHILIPS

PROTON Vendor Award FY 2011/2012
- Best Quality, Cost & Delivery

PROTON Vendor Award FY 2013/2014
- Best Cost Performance

Quality Certifications

ISO
14001 : 2004

ISO 9001 : 2008
(SGS UK)

ISO 9001 : 2008
(SGS Taiwan)

ISO 9001 : 2008
(IQ Net)

ISO 9001 : 2008
(SIRIM QAS)

ISO/TS
16949 : 2009

BS OHSAS
18001 : 2007

ISO
14001 : 2004

Singapore 1000 Company
2011

2004 Asia Pacific
Technology Fast 500

2003 Asia Pacific Technology
Fast 500

Lifestyle Entertainment Multimedia

Action Asia works very closely with our clients and suppliers in order to deliver the highest quality product which meet market needs.

In-Car Entertainment Multimedia

In this new millennium of rapid changes in technology, Action Asia is continuously pushing the frontier with cutting edge research and development to maintain our keen competitive advantage.

CES Innovations Awards

The Innovations Design and Engineering Awards program, sponsored by PCWorld, recognizes the most innovative consumer electronics (CE) products in the industry's hottest product categories. Innovations has become a hallmark for the best designed products in consumer technology.

Corporate Information

Board of Directors

Li, Yuan-Chen @ Jack Li
(Non-Executive Chairman)

Peng, Wen-Chih
(Managing Director)

Dato' Peng, Chiun-Ping
(Executive Director)

Chao, Teng-Pang
(Non-Executive Director)

Dato' Lai Pin Yong
(Independent Director)

Tang Edmund Koon Kay
(Independent Director)

Audit Committee

Tang Edmund Koon Kay *(Chairman)*
Li, Yuan-Chen @ Jack Li
Dato' Lai Pin Yong

Remuneration Committee

Dato' Lai Pin Yong *(Chairman)*
Li, Yuan-Chen @ Jack Li
Tang Edmund Koon Kay

Nominating Committee

Dato' Lai Pin Yong *(Chairman)*
Li, Yuan-Chen @ Jack Li
Tang Edmund Koon Kay

Company Secretary

Juliana Loh Joo Hui

Registered Office

3 Anson Road #27-01
Springleaf Tower
Singapore 079909

Registrar

Intertrust Singapore Corporate Services Pte Ltd
3 Anson Road #27-01
Springleaf Tower
Singapore 079909

Auditor

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
8 Cross Street #17-00
PWC Building
Singapore 048424

Partner-in-charge: Lam Hock Choon
(Appointed on 21 April 2010)

Principal Bankers

Oversea-Chinese Banking Corporation Limited, Singapore
Citibank Berhad, Malaysia
RHB Bank Berhad, Malaysia
Standard Chartered Bank, Hong Kong
Chinatrust Commercial Bank, Hong Kong
Industrial and Commercial Bank of China
Bank of China

Group Structure

YAYI 亞億

Action Asia Limited
(Singapore)

亞億電子(深圳)有限公司
Action Asia (Shenzhen) Co., Ltd.
(100%)
(Shenzhen, China)

德的技術(深圳)有限公司
Dede Technology (Shenzhen) Co., Ltd.
(100%)
(Shenzhen, China)

上海馬新億科技有限公司
Shanghai Action Tech Co., Ltd.
(100%)
(Jiading, Shanghai, China)

ASD Electronics Limited
(51%)
(Hong Kong)

Action Industries (M) Sdn. Bhd.
(100%)
(Penang, Malaysia)

Action-Tek Sdn. Bhd.
(100%)
(Penang, Malaysia)

Chairman's Message

Dear Shareholders,

In 2014, we continued to sharpen our focus on our core strengths against a challenging background of slower economic growth in China, weakening consumer sentiment and an increasingly volatile financial environment.

Our focused strategy delivered positive results.

The Group returned to the black for the financial year 2014 ("FY2014") with a pre-tax profit of S$186,000 against a pre-tax loss S$4.18 million in FY2013. On a net profit level, the Group broke even, with net profit of S$60,000 reversing its loss of S$4.25 million previously.

The improved bottomline was achieved on the back of a 19.8% surge in full year revenue to S$136.60 million compared to S$113.99 million in FY2013. This was mainly due to an increase in customer demand for the Group's consumer lifestyle entertainment products as well as income from warehousing and logistic services at our new logistic center in Jiading, Shanghai. We also benefitted from a one-off gain of about S$0.63 million from the successful sale of our office building in Singapore in FY2014.

Our financial position remains healthy with group borrowings weighing in lower at S$26.20 million as of December 31, 2014 compared to S$44.61 million the previous year.

The Group's cash and cash equivalents remained stable at about S$29.83 million while trade and other receivables rose to S$58.41 million from S$46.48 million as of December 31, 2013 due to higher sales in FY2014.

There was an increase in expenses stemming from the rise in sales as well as more manpower to drive sales for the Group's consumer lifestyle entertainment products in China; while financial expenses went up by 76.5% to S$902,000 from S$511,000 in FY2013 due to interests on a loan taken to finance construction of buildings in Jiading.

In line with its improved performance, the Group's earnings per share rebounded to 0.05 cents as opposed a loss per share of 1.18 cents in FY2013. The Group's Net Asset Value (NAV) edged up by 0.46 cents to 23.01 cents per share as of December 2014.

Chairman's Message (Cont'd)

Going Forward

Our results in FY2014 have been achieved despite the headwinds facing China's economic growth and the consumer electronics industry. This reflects the positive outcomes stemming from our strategic steps taken to boost our revenue through innovation and enhanced marketing efforts.

We have strengthened our R&D as well as our sales and marketing teams. Going forward, the Group intends to capitalize and exploit the rising global demand for smart mobile devices with emphasis on creativity in execution and higher productivity and efficiency in delivering more innovative products to consumers.

We will also continue to explore collaborative opportunities to boost our market share and achieve long-term sustainability. But we will remain vigilant against market volatility and exercise prudence in managing business risks.

In Appreciation

On behalf of the Board of Directors, I would like to extend my utmost appreciation and gratitude to our business partners, customers, suppliers and shareholders for their unwavering support in the past years. I would also like to thank the management and employees for their commitment and dedication.

We look forward to your continued support and contribution in the coming years.

Li Yuan Chen @ Jack Li
Chairman

Operations Review

The Group achieved a positive upturn in its performance which was the result of concerted efforts mounted by the Board, management and employees as well as our business partners to overcome the challenges of a volatile global economy and a slowing China market.

Both our key core businesses – consumer lifestyle entertainment multimedia products ("Consumer LEM Products") and In-car entertainment multimedia products ("In-car EM Products") – chalked up higher sales. Our investment in warehousing and logistics services also paid off with maiden contributions to the Group's better overall performance.

CONSUMER LIFESTYLE ENTERTAINMENT MULTIMEDIA (LEM) PRODUCTS

The Consumer LEM Products division, which acccounted for 82% of the Group's total revenue, chalked up a 18.7% increase in revenue to S$112.05 million in FY2014 from S$94.38 million in FY2013 mainly due to the bigger customer base.

As a result of higher sales, the Group slashed its loss before income tax by 58.6% to S$1.58 million for this segment in FY2014, compared to the loss of S$3.82 million in FY2013.

The improved performance was the result of our response to changing market dynamics. We had repositioned our focus towards smart mobile devices by greater emphasis on research and development (R&D), moving towards new product development and stronger sales and marketing efforts to grow our market share.

Some of the new mobile products which we launched in China in 2014 include Portable 4G Wireless Router, Sport Digital Video, Wireless IP Camera, Bluethooth Speaker and tablet with menu ordering system. These products, priced affordably, with its a range of innovative functions and popular designs have been well-received by consumers.

IN-CAR ENTERTAINMENT MULTIMEDIA (EM) PRODUCTS

Our In-car EM Products division, which accounted for about 15% of the Group's revenue, remained profitable. We were also honoured to receive a special award in 2014. One of our key clients – Perusahaan Otomobil Nasional Sdn Bhd, Malaysia's national automotive giant, presented the award to our subsidiary - Action Industries (M) Sdn. Bhd.

This division's revenue grew to S$20.59 milion – up from S$19.60 million in FY2013. However, the pre-tax profit softtened to S$0.38 million compared to S$0.66 million in FY2013 due to higher total operating expenses.

With the launch of the ASEAN Economic Community (AEC) to foster regional economic integration this year (2015), we can look to brighter prospects ahead. The development of a single AEC market and production base will see the region fully integrated into the global economy ushering in various tax and market entry benefits.

WAREHOUSING AND LOGISTICS SERVICES

Our entry into the warehousing and logistics services has been favourable. We recorded maiden income from our warehousing and logistic center in Jiading, Shanghai after the completion of our second phase construction. Rental income from the lease of warehouse facilities to tenants had generated revenue of S$3.96 million to the Group and a pre-tax profit of S$2.13 million in FY2014.

This new business segment will continue to contribute positively to the Group.

Operations Review (Cont'd)

REGIONAL OPERATIONS

The Group's operations are carried out in Singapore, People's Republic of China, Hong Kong and Malaysia.

Singapore

As a listed company on the Singapore Stock Exchange, Singapore remains the corporate headquarter of the Group, providing administrative and corporate support for the Group's operations in the region.

People's Republic of China (PRC)

China continues to be the Group's key R&D and manufacturing hub.

Our Shenzhen subsidiary, Action Asia (Shenzhen) Co., Ltd., produces a range of Consumer LEM Products such as multi-functional portable DVD players, digital photo frames and digital mobile TV, tablet computers, and our most recently launched portable products including tablets with menu ordering systems.

Most of the Consumer LEM Products are manufactured in Shenzhen and exported to European and US markets through Hong Kong. The Shenzhen subsidiary also supplies for the PRC and emerging markets in Asia.

Hong Kong

The Group's Hong Kong subsidiary, ASD Electronics Limited, handles sales and marketing activities as well as export of our Consumer LEM Products to our multinational customers, which are based mainly in Europe and the US. ASD Electronics Limited has been managed a good relationship with our multinational customers.

Penang, Malaysia

Our Penang subsidiary, Action Industries (M) Sdn. Bhd., manufactures In-car EM Products, which are are installed mainly in automobiles and commercial vehicles such as overhead DVD Players, Headrest Rear Seat System with built-in DVD Players and the Double Din Multimedia System with GPS navigation.

Our Penang subsidiary's products are sold mainly in the ASEAN region and the US.

Profile Of Directors

Li, Yuan-Chen @ Jack Li

Non-Executive Chairman

Li, Yuan-Chen @ Jack Li, 59, was appointed as the Independent Director of our Company on 31 January 2003. On 1 March 2013, he was considered not independent by the Board of Directors of the Company in view of Guideline 2.4 of the revised Code of Corporate Governance 2012 relating to director who has served on the Board beyond 9 years. He replaced Dato' Peng, Chiun-Ping as Chairman of the Board in August 2013. He is presently a businessman involved in the import and export industry. From April 1980 to April 1981, Mr Li served as a Buyer for Arvin (Taiwan) Ltd., an electronics manufacturer.

He later served as a Buyer with Scaling (Taiwan) Co., Ltd., which deals with electronic products from December 1981 to February 1983. In March 1985, he joined AOC (Taiwan) Co., Ltd. (TPV), an electronics manufacturing company, as a Senior Buyer until August 1988. From April 1993 to February 1994, Mr Li was employed by Action Electronics Co., Ltd. as a Manager. He was later transferred to a trading company Far Year (Holding) Ltd. as a Manager and in February 1996, he was transferred to Shanghai Far Year Technology Co., Ltd., an electronics manufacturer as Vice President until February 1998.

In March 1999, Mr Li was appointed Assistant President of Taiwan Calcom Co., Ltd., which manufactures printing materials, where he served until September 2000.

Mr Li holds a Bachelor's Degree in Accounting from Fung Chia University and a Graduate Diploma in Business from the National Australian Maritime College.

Peng, Wen-Chih

Managing Director

Peng, Wen-Chih, 66, was appointed as the Managing Director of our Company on 31 January 2003. He is responsible for the overall operations of our Group, including the implementation of policies and procedures and ensuring the efficient and effective administration of all departments and functions.

From 1976 to 1980, Mr Peng was Production Manager of Taiwan Showa Electronics Co., Ltd. and was responsible for its production control and planning. Later, he joined Action Electronics Co., Ltd. in 1981 as General Manager, a position he held until 1988.

In 1989, Mr Peng joined Action Industries (M) Sdn Bhd as its Managing Director. He was President of the Taipei Investor's Association in Malaysia, Penang Standing Committee from 1992 to 1997 and National Vice-President of Taipei Investors' Association in Malaysia from 1997 to 2001. Mr Peng holds a Bachelor's Degree in Business Administration from Tamkang University in Taiwan.

Profile Of Directors (Cont'd)

Dato' Peng, Chiun-Ping

Executive Director

Dato' Peng, Chiun-Ping, 73, was appointed as the Non-Executive Chairman of our Company on 26 November 2003. Subsequently on 1 August 2010, he was appointed as Executive Chairman, responsible for the management of the Group's corporate finance, investor relations and ensuring good practice of corporate governance among the Group. In August 2013, he was replaced by Mr Li, Yuan-Chen @ Jack Li as Chairman of the Board.

He began his career as a supervisor in the Taiwan Income Tax Department in 1966, and held that position until 1969. From 1969 to 1973, he was an Assistant Officer at the former Bank of Communications (presently the Chiao Tung Bank) in Taiwan, after which he joined Taiwan Showa Electronics Co., Ltd., a company making electronics parts, in 1974.

In 1975, he left Taiwan Showa Electronics Co., Ltd., and joined Action Electronics Co., Ltd. as its Chairman in 1976. In 1988, Dato' Peng became the Chairman of Action Industries (M) Sdn Bhd, and subsequently, the non-executive Chairman of Action Asia Limited.

In 2001, Dato' Peng was conferred the Darjah Setia Pangkuan Negeri (DSPN) award by Tuan Yang Terutama Yang di-Pertua Negeri Pulau Pinang on the occasion of his Excellency's 63rd birthday. He holds a Bachelor's Degree in Accounting from Tamkang University in Taiwan.

Chao, Teng-Pang

Non-Executive Director

Chao, Teng-Pang, 64, is a Board member of Action Electronics Co., Ltd, the parent company and main shareholder of Action Asia Limited. He joined Action Electronics in 1983, and has held several positions in the company including Treasurer, Deputy Manager, General Manager and Head of Overseas Operations. In 1999, he was promoted to President of Action Electronic, a position he held until 2013.

Previously, he was a Treasurer at Sanai Electronics Co., Ltd, a position which he served from 1975 until 1982.

Mr Chao holds a Bachelor's Degree in Accounting from Tamkang University in Taiwan.

Profile Of Directors (Cont'd)

Dato' Lai Pin Yong

Independent Director

Dato' Lai Pin Yong, 70, was appointed as Non-Executive Director of our Company on 26 November 2003 and subsequently on 10 November 2005, he was appointed as an Executive Director. In 2007, he relinquished his position as Executive Director and remains as Non-Executive Director. An engineer by training, Dato' Lai received his education from the National Taiwan University and was awarded the title Chartered Engineer of the Institute of Electrical Engineering in London.

In 2002, Dato' Lai retired from a 34-year career leading two of the world's information technology companies Motorola and Intel in Asia. He presided as CEO and strategist, managing the globalisation and localisation of Intel and Motorola in Asia. He has served in various capacities in his 21-year career in Intel Inc, his last position being the Vice President and General Manager of Asia Pacific. During his 8-year career with Motorola, he took up positions as Senior Vice President and Chairman of the company.

For his contribution to the industries in Penang and Malaysia, Dato' Lai was bestowed the honour of Dato' by the Governor of Penang. Upon his retirement, for his contribution in bridging Asia, the West, industry and academic, Dato' Lai was elected to the Board of the Centre for Creative Leadership of the United States and made a Fellow of the Malaysian Academy of Sciences.

For his contribution towards the development of China, he was given the People's Friendship Award by the Chinese Government, the Great Wall Award by the City of Beijing, and appointed President of the Foreign Enterprises Association of Beijing. He was also made an honorary permanent resident in China.

Dato' Lai Pin Yong is a visiting professor in Renmin University in Beijing and China University of Science and Technology.

Tang Edmund Koon Kay

Independent Director

Edmund Tang, 51, has more than 24 years of experience in audit, due diligence and senior management in United Kingdom, Hong Kong and Singapore. After close to 8 years in the Audit Department of Deloitte & Touche, he was appointed Managing Director of Compact Administrative Services Pte Ltd in April 2003. From 2008 to 2010, he also served as Managing Director of Intertrust (Singapore) Ltd, formerly known as Fortis Intertrust (Singapore) Ltd, a MAS regulated Licensed Trust Company.

Edmund holds a Bachelor of Science (Hons) Degree in Accounting & Data Processing from the University of Leeds, United Kingdom. He is a Fellow of the Institute of Chartered Accountants in England & Wales, a Fellow of the Hong Kong Institute of Certified Public Accountants and a Fellow Member of CPA Australia. Edmund is also a non-practicing member of Institute of Certified Public Accountants of Singapore and a member of the Singapore Institute of Directors.

Profile Of Key Management

King Yang

Director of Action Asia (Shenzhen) Co., Ltd.

King Yang is the General Manager of Action Asia (Shenzhen) Co., Ltd. since 2008. In 2011, he was appointed as a Director of Action Asia (Shenzhen) Co., Ltd. He is responsible for overseeing the factory's manufacturing activities and production system.

Prior to his appointment as General Manager, Mr Yang was the R&D supervisor for Action Electronics Co., Ltd. from 1992 to 1993, as well as R&D manager for Action Industries (M) Sdn. Bhd., from 1994 to 1996, and quality control manager for Action Electronics Co., Ltd. from 1996 to 1997.

Mr Yang's previous experience includes serving as R&D supervisor for Emperor Corporation from 1988 to 1992, operational manager in both LiteOn Technology Corporation from 1998 to 2003, and Hannspree Corporation from 2003 to 2004. He presided over G-Tech LiteOn Technology Corporation as operational manager from 2004 to 2008.

Mr Yang has a Bachelor's Degree in Electronics Engineering from Ocean University in Taiwan.

Peng Yen Tang

Director of Action Asia (Shenzhen) Co., Ltd.

Peng Yen Tang was appointed as Director of Action Asia (Shenzhen) Co., Ltd. and Action Industries (M) Sdn. Bhd. in 2011. He is primarily responsible for the management of the information system, human resource division and general administration of Action Asia (Shenzhen) Co., Ltd. He started his career as Assistant to the Chairman of Action Asia (Shenzhen) Co., Ltd. in 2007. In 2008, he was promoted to Vice President of Action Asia (Shenzhen) Co., Ltd., a position he still holds today.

Mr Peng has a Bachelor's Degree in International Trade from the California State University of Fullerton in USA and an EMBA from Tsinghua University (Shenzhen) in China.

Peng Guan Ming

Director of Action Asia (Shenzhen) Co., Ltd.

Peng Guan Ming is the Vice President of R&D of ASD Electronics Limited since 2004. In 2011, he was appointed as a Director of Action Asia (Shenzhen) Co., Ltd. He is responsible for R&D Department and oversees product development and design.

Before joining the Group, Mr Peng was the Vice President of R&D Department in HCN Inc, manufacturer of video and audio products from 1999 to 2004.

Mr Peng has a Master's Degree in Engineering from WuHan University of Hydraulic and Electricity.

Chew Ah Tee

Director of Action Industries (M) Sdn. Bhd.

Chew Ah Tee has been Marketing Manager for the Company since 2001 and he was promoted to Vice President of Sales & Marketing in January 2008. In 2010, he was appointed as a Director of Action Industries (M) Sdn. Bhd. He manages the marketing department and is responsible for sales growth, product development and customer service.

Mr Chew joined Action Industries (M) Sdn. Bhd. in 1996 as a Sales Executive, a position he held until his promotion to Assistant Manager in 1997. He was later promoted to the position of Marketing Manager in 2001. Mr Chew holds a Sijil Pelajaran Malaysia (SPM), the Malaysian Certificate of Education.

Before joining us, he was with Winward Trading Co. Sdn. Bhd., a company supplying home and car audio / video products, MATV systems and PA Systems from 1985 to 1996.

Airis Lee

Finance Manager

Airis Lee is our Finance Manager. She is responsible for overseeing the functions of our corporate finance and accounts department, including financial reporting, treasury, taxation and budgeting functions as well as investor relations.

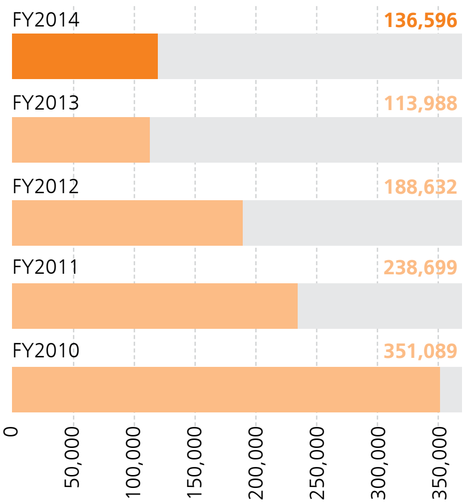
Airis Lee's previous work experience included some years with Thong Guan Industries Berhad in various corporate finance, accounting and taxation capacities from August 1998 to March 2006. Airis joined us as Assistant Manager, Corporate Finance & Accounts of Action Industries (M) Sdn. Bhd. in April 2006 and was promoted to the present position in November 2006.

Airis Lee attained her Bachelor of Commerce Degree in Accounting & Economics from Deakin University, Australia in February 1998. She is a Member of CPA Australia and Malaysian Institute of Accountants (MIA).

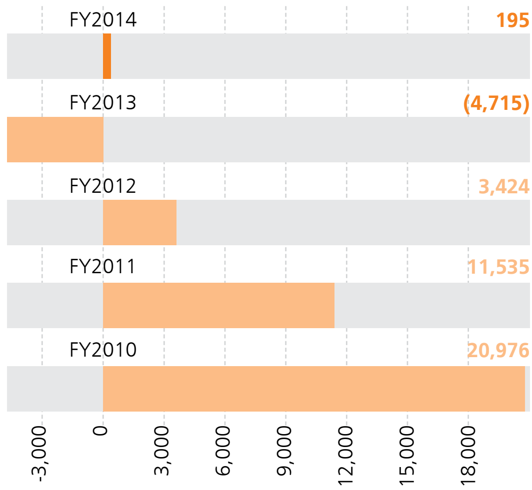
Financial Highlights

	FY2014	FY2013
Revenue (S$'000)	136,596	113,988
Profit/(Loss) attributable to equity holders of the Company (S$'000)	195	(4,715)
Net assets value per share (cents)	23.01	22.55
Earnings/(Loss) per share (cents)	0.05	(1.18)
Cash & cash equivalents (S$'000)	29,826	51,146
Dividend per share (cents)	-	-

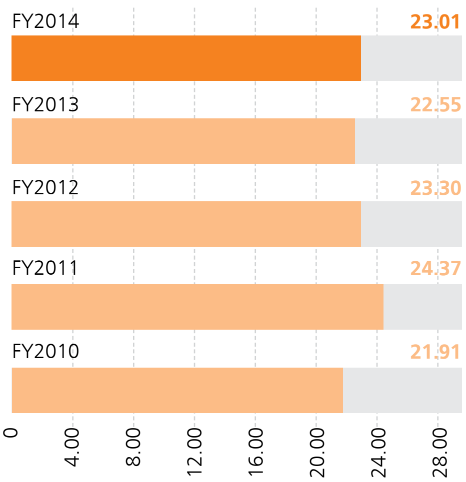
Revenue
(S$'000)



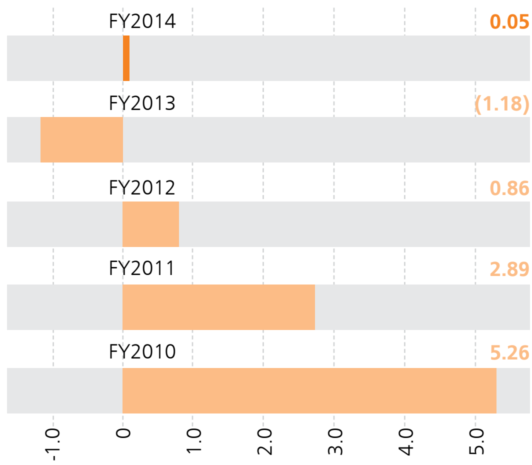
Profit/(Loss) attributable to equity holders of the Company
(S$'000)



Net assets value per share
(cents)



Earnings/(Loss) per share
(cents)



Financial Report

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29 Consolidated Statement Of Changes in Equity
30 Consolidated Statement Of Cash Flows
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Directors' Report

For The Financial Year Ended 31 December 2014

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2014 and the balance sheet of the Company as at 31 December 2014.

Directors

The directors of the Company in office at the date of this report are as follows:

Li Yuan Chen @ Jack Li
Peng Wen Chih
Dato' Peng Chiun Ping
Dato' Lai Pin Yong
Tang Edmund Koon Kay
Chao Teng Pang (appointed on 30 April 2014)

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director or nominee		Holdings in which a director is deemed to have an interest	
Company	At 31.12.2014	At 1.1.2014 or date of appointment If later	At 31.12.2014	At 1.1.2014 or date of appointment If later
(No. of ordinary shares)				
Peng Wen Chih	13,500,000	13,500,000	-	-
Dato' Peng Chiun Ping	9,000,730	9,000,730	-	-
Dato' Lai Pin Yong	23,938,910	23,938,910	-	-
Shung Wen-Chih (Resigned on 30 April 2014)	-	1,357,910	-	-
Li Yuan Chen @ Jack Li	-	-	157,000	-
Ultimate holding corporation - Action Electronics Co., Ltd.				
(No. of ordinary shares)				
Peng Wen Chih	1,796,707	1,796,707	-	-
Dato' Peng Chiun Ping	20,076,303	19,476,303	5,222,766	5,222,766
Chao Teng Pang	1,297,820	1,297,820	39	39

Directors' Report (Cont'd)

For The Financial Year Ended 31 December 2014

Directors' interests in shares or debentures (continued)

The directors' interests in ordinary shares of the Company as at 21 January 2015 were the same as those as at 31 December 2014.

Directors' contractual benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest except as disclosed in the accompanying financial statements and in this report, and except that certain directors have employment relationships with the related corporations, and have received remuneration in that capacity.

Share options

No options were granted during the financial year to subscribe for unissued shares of the Company and its subsidiaries.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company and its subsidiaries.

There were no unissued shares of the Company and its subsidiaries under option at the end of the financial year.

Audit Committee

The members of the Audit Committee at the end of the financial year were as follows:

Tang Edmund Koon Kay	Chairman and Independent Director
Dato' Lai Pin Yong	Independent Director
Li Yuan Chen @ Jack Li	Non-executive Director

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2014 before their submission to the Board of Directors, as well as the Independent Auditor's report on the balance sheet of the Company and the consolidated financial statements of the Group.

The Audit Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Directors' Report (Cont'd)

For The Financial Year Ended 31 December 2014

Independent Auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Dato' Peng, Chiun-Ping	Peng, Wen-Chih
Director	*Director*

26 March 2015

Statement By Directors
For The Financial Year Ended 31 December 2014

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 26 to 74 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended, and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors

Dato' Peng, Chiun-Ping
Director

Peng, Wen-Chih
Director

26 March 2015

Independent Auditor's Report

To The Members Of Action Asia Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACTION ASIA LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Action Asia Limited (the "Company") and its subsidiaries (the "Group") set out on pages 26 to 74, which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 31 December 2014, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014, and of the results, changes in equity and cash flows of the Group for the year ended on that date.

Report on other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 26 March 2015

Consolidated Statement Of Comprehensive Income

For The Financial Year Ended 31 December 2014

	Note	2014 $'000	2013 $'000
Revenue	4	**136,596**	113,988
Other income	5	**1,618**	2,754
Other gains – net	6	**874**	243
Changes in inventories of finished goods and work-in-progress		**1,765**	3,095
Raw materials and consumables used		**(108,902)**	(93,802)
Employee compensation	7	**(16,095)**	(15,156)
Depreciation expense			
- Investment properties	17	**(576)**	(219)
- Property, plant and equipment	18	**(2,992)**	(3,701)
Other operating expenses	8	**(11,200)**	(10,874)
Finance expenses	9	**(902)**	(511)
Profit/(loss) before income tax		**186**	(4,183)
Income tax expense	10	**(126)**	(71)
Total profit/(loss)		**60**	(4,254)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
- Gains/(losses)		**1,939**	4,930
Other comprehensive income, net of tax		**1,939**	4,930
Total comprehensive income		**1,999**	676

The accompanying notes form an integral part of these financial statements.

Consolidated Statement Of Comprehensive Income (Cont'd)

For The Financial Year Ended 31 December 2014

	Note	2014 $'000	2013 $'000
Profit attributable to:			
Equity holders of the Company		**195**	(4,715)
Non-controlling interests		**(135)**	461
		60	(4,254)
Total comprehensive income attributable to:			
Equity holders of the Company		**1,722**	(202)
Non-controlling interests		**277**	878
		1,999	676
Earnings/(loss) per share for profit/(loss) attributable to equity holders of the Company ($ per share)			
- Basic and diluted	11	**0.0005**	(0.0118)

The accompanying notes form an integral part of these financial statements.

Balance Sheets

As At 31 December 2014

	Note	Group		Company	
		2014	2013	**2014**	2013
		$'000	$'000	**$'000**	$'000
ASSETS					
Current assets					
Cash and cash equivalents	12	**29,826**	51,146	**484**	533
Trade and other receivables	13	**58,411**	46,475	**-**	7,762
Tax recoverable		**991**	2,096	**-**	-
Inventories	14	**19,607**	17,294	**-**	-
		108,835	117,011	**484**	8,295
Non-current assets held for sale		**-**	549	**-**	549
		108,835	117,560	**484**	8,844
Non-current assets					
Other non-current assets	15	**2,728**	2,301	**-**	-
Investments in subsidiaries	16	**-**	-	**62,252**	62,252
Investment properties	17	**32,394**	26,289	**-**	-
Property, plant and equipment	18	**32,446**	32,700	**-**	-
Deferred income tax assets	22	**398**	966	**-**	-
		67,966	62,256	**62,252**	62,252
Total assets		**176,801**	179,816	**62,736**	71,096
LIABILITIES					
Current liabilities					
Trade and other payables	19	**41,745**	23,859	**6,696**	13,952
Current income tax liabilities	10	**156**	621	**-**	606
Borrowings	20	**26,196**	44,605	**-**	-
Provisions	21	**5,210**	7,240	**-**	-
		73,307	76,325	**6,696**	14,558
Non-current liabilities					
Provisions	21	**1,576**	3,144	**-**	-
Deferred income tax liabilities	22	**494**	789	**-**	-
		2,070	3,933	**-**	-
Total liabilities		**75,377**	80,258	**6,696**	14,558
NET ASSETS		**101,424**	99,558	**56,040**	56,538
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	23	**54,169**	54,169	**54,169**	54,169
Treasury shares	23	**(253)**	(120)	**(253)**	(120)
Other reserves	24	**4,995**	3,277	**-**	-
Retained profits	25	**32,658**	32,654	**2,124**	2,489
		91,569	89,980	**56,040**	56,538
Non-controlling interests		**9,855**	9,578	**-**	-
Total equity		**101,424**	99,558	**56,040**	56,538

The accompanying notes form an integral part of these financial statements.

Consolidated Statement Of Changes in Equity

For The Financial Year Ended 31 December 2014

	Note	← Attributable to equity holders of the Company					→		
	Note	Share capital	Treasury Shares	Statutory reserve	Currency translation reserve	Retained profits	Total	Non-controlling interests	Total equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2014									
Beginning of financial year		**54,169**	**(120)**	**5,577**	**(2,300)**	**32,654**	**89,980**	**9,578**	**99,558**
Profit for the year		-	-	-	-	195	195	(135)	60
Other comprehensive income for the year					1,527	-	1,527	412	1,939
Total comprehensive income for the year		**-**	**-**	**-**	**1,527**	**195**	**1,722**	**277**	**1,999**
Purchase of treasury shares	23	-	(133)	-	-	-	(133)	-	(133)
Transfer to statutory reserve	24	-	-	191	-	(191)	-	-	-
Total transactions with owners, recognised directly in equity		**-**	**(133)**	**191**	**-**	**(191)**	**(133)**	**-**	**(133)**
End of financial year		**54,169**	**(253)**	**5,768**	**(773)**	**32,658**	**91,569**	**9,855**	**101,424**
2013									
Beginning of financial year		**54,169**	**(120)**	**5,558**	**(6,813)**	**40,181**	**92,975**	**11,819**	**104,794**
Profit for the year		-	-	-	-	(4,715)	(4,715)	461	(4,254)
Other comprehensive income for the year		-	-	-	4,513	-	4,513	417	4,930
Total comprehensive income for the year		**-**	**-**	**-**	**4,513**	**(4,715)**	**(202)**	**878**	**676**
Transfer to statutory reserve	24	-	-	19	-	(19)	-	-	-
Dividend relating to 2012 paid	26	-	-	-	-	(2,793)	(2,793)	-	(2,793)
Dividend declared to non-controlling interest		-	-	-	-	-	-	(3,119)	(3,119)
Total transactions with owners, recognised directly in equity		**-**	**-**	**19**	**-**	**(2,812)**	**(2,793)**	**(3,119)**	**(5,912)**
End of financial year		**54,169**	**(120)**	**5,577**	**(2,300)**	**32,654**	**89,980**	**9,578**	**99,558**

The accompanying notes form an integral part of these financial statements.

Consolidated Statement Of Cash Flows

For The Financial Year Ended 31 December 2014

	Note	**2014**	2013
		$'000	$'000
Cash flows from operating activities			
Total profit/(loss)		**60**	(4,254)
Adjustments for:			
- Income tax expense		**126**	71
- Amortisation, depreciation and impairment		**3,631**	3,981
- Property, plant and equipment written off		**25**	2
- Gain on disposal of property, plant and equipment	6	**(19)**	(81)
- Gain on disposal of non-current assets held for sale	6	**(634)**	-
- Interest income	5	**(558)**	(658)
- Interest expense	9	**902**	511
- Unrealised currency translation (gains)/losses		**(87)**	1,303
		3,446	875
Change in working capital:			
- Inventories		**(2,313)**	(4,530)
- Trade and other receivables		**(11,936)**	36,769
- Trade and other payables		**17,071**	(11,567)
- Provisions		**(3,484)**	(1,478)
Cash generated from operations		**2,784**	20,069
Interest received		**558**	658
Interest paid		**(902)**	(511)
Income tax paid		**(202)**	(586)
Withholding tax paid		**(230)**	(63)
Income tax refunded		**1,181**	-
Net cash provided by operating activities		**3,189**	19,567
Cash flows from investing activities			
Additions to property, plant and equipment		**(2,366)**	(1,907)
Additions to investment properties		**(2,065)**	(13,132)
Prepaid land premium		**(432)**	-
Disposal of property, plant and equipment		**38**	-
Disposal of non-current assets held for sale		**1,183**	279
Net cash used in investing activities		**(3,642)**	(14,760)
Cash flows from financing activities			
Proceeds from borrowings		**121,103**	145,513
Repayment of borrowings		**(146,245)**	(137,235)
Borrowing from related companies		**6,733**	-
Dividends paid to equity holders of the Company		**-**	(2,793)
Dividend paid to non-controlling interest		**(3,105)**	-
Purchase of treasury shares		**(133)**	-
Decrease/(Increase) in pledged bank deposit		**20,732**	(17,378)
Net cash used in financing activities		**(915)**	(11,893)
Net decrease in cash and cash equivalents		**(1,368)**	(7,086)
Cash and cash equivalents			
Beginning of financial year		**29,396**	35,715
Effects of currency translation on cash and cash equivalents		**780**	767
End of financial year	12	**28,808**	29,396

The accompanying notes form an integral part of these financial statements.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2014

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

Action Asia Limited (the "Company") is listed on the Singapore Exchange and incorporated in Singapore with its principal place of business at Dede Industrial Park, Jian'an Road, High-Tech Industrial Park, Fuyong Street, Bao'an District, Shenzhen, 518103, People's Republic of China. The address of its registered office is 3 Anson Road, #27–01, Springleaf Tower, Singapore 079909.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries are set out in Note 35.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2014

On 1 January 2014, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years except for the following:

FRS 112 *Disclosures of Interests in Other Entities*

The Group has adopted the above new FRS on 1 January 2014. The amendment is applicable for annual periods beginning on or after 1 January 2014. It sets out the required disclosures for entities reporting under the new FRS 110 *Consolidated Financial Statements* and FRS 111 *Joint Arrangements*, and replaces the disclosure requirements currently found in FRS 27 (revised 2011) *Separate Financial Statements* and FRS 28 (revised 2011) *Investments in Associates and Joint Ventures.*

The Group has applied FRS 112 retrospectively in accordance with the transitional provisions (as amended subsequent to the issuance of FRS 112 in September 2011) in FRS 112 from 1 January 2014. The Group has incorporated the additional required disclosures into the financial statements.

2.2 Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Sales are presented, net of value-added tax, rebates and discounts, and after eliminating sales within the Group.

The Group assesses its role as an agent or principal for each transaction and in an agency arrangement the amounts collected on behalf of the principal are excluded from revenue. The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) Sale of goods

Revenue from these sales is recognised when the Group has delivered the goods to locations specified by its customers and the customers have accepted the goods in accordance with the sales contract.

2. Significant accounting policies (continued)

2.2 Revenue recognition (continued)

(b) Rental income

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

(c) Interest income

Interest income is recognised using the effective interest method.

(d) Rendering of service

Revenue from processing and assembly services income is recognised when the services are rendered.

2.3 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2014

2. Significant accounting policies (continued)

2.3 Group accounting (continued)

(a) Subsidiaries (continued)

(ii) Acquisitions (continued)

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree "over the (b) fair value" of the identifiable net assets acquired is recorded as goodwill. Please refer to the paragraph "Intangible assets – Goodwill" for the subsequent accounting policy on goodwill.

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

2.4 Property, plant and equipment

(a) Measurement

(i) Land and buildings

Land and buildings are initially recognised at cost. Freehold land is subsequently carried at cost less accumulated impairment losses. Buildings and leasehold land are subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) Other property, plant and equipment

All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(iii) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2014

2. Significant accounting policies (continued)

2.4 Property, plant and equipment (continued)

(b) *Depreciation*

Freehold land is not depreciated. No depreciation is provided on property under construction. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Leasehold land	46 - 58 years
Buildings and leasehold improvements	3 - 50 years
Plant and machinery	7 - 11 years
Production tools and factory equipment	5 - 6 years
Furniture, fittings and office equipment	3 - 10 years
Motor vehicles	5 years
Computers and software	2 - 3 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

(c) *Subsequent expenditure*

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) *Disposal*

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "other gains – net".

2.5 Intangible assets

Goodwill on acquisitions

Goodwill on acquisitions of subsidiaries and businesses on or after 1 January 2010 represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired.

Goodwill on acquisition of subsidiaries and businesses prior to 1 January 2010 represents the excess of the cost of the acquisition over the fair value of the Group's share of the identifiable net assets acquired.

Goodwill on subsidiaries and businesses is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Gains and losses on the disposal of subsidiaries and businesses include the carrying amount of goodwill relating to the entity sold, except for goodwill arising from acquisitions prior to 1 January 2001. Such goodwill was adjusted against retained profits in the year of acquisition and is not recognised in profit or loss on disposal.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2014

2. Significant accounting policies (continued)

2.6 Other assets

(a) *Prepaid land premium*

Prepaid land premium are up-front payments to acquire long-term leasehold land interest. The premium is stated at cost and is amortised to profit or loss over the period of the lease on straight-line basis upon obtaining the legal certificate of the land.

(b) *Club membership*

Club membership is stated at cost less accumulated amortisation and accumulated impairment losses (Note 2.10). Amortisation is calculated on a straight-line basis to write off the cost of the club membership over their expected useful life of 5 years.

2.7 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method.

2.8 Investment properties

Investment properties include warehouse facilities that are held for long-term rentals yields and/or for capital appreciation. Investment properties include properties that are being constructed or developed for future use as investment properties.

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight line method to allocate the depreciable amounts over the estimated useful lives of 50 years. The residual values, useful lives and depreciation method of investment properties are reviewed and adjusted as appropriate, at each balance sheet date. The effects of any revision are included in profit or loss when the changes arise.

The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

2.9 Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2014

2. Significant accounting policies (continued)

2.10 Impairment of non-financial assets

(a) *Goodwill*

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) *Property, plant and equipment*
Prepaid land premium
Investments in subsidiaries
Club membership
Investment properties

Property, plant and equipment, investments in subsidiaries, club membership and investment properties are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2014

2. Significant accounting policies (continued)

2.11 Financial assets – Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets.

Loans and receivables are presented as "cash and cash equivalents" (Note 12) and "trade and other receivables" (Note 13) in the balance sheet.

These financial assets are initially recognised at fair value plus transaction costs and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

The Group assesses at each balance sheet date whether there is objective evidence that these financial assets are impaired and recognises an allowance for impairment when such evidence exists. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

2.12 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.13 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.14 Fair value estimation of financial assets and liabilities

The fair value of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2014

2. **Significant accounting policies** (continued)

2.15 Leases

(a) *Where the Group is the lessee:*

(i) Lessee – Finance leases

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(ii) Lessee – Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as income in profit or loss when earned.

(b) *Where the Group is the lessor:*

Lessor – Operating leases

The Group leases investment properties under operating leases to non-related parties. Leases of investment properties where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

2.16 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

2.17 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2014

2. **Significant accounting policies** (continued)

2.17 Income taxes (continued)

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2.18 Provisions

Provisions for warranty and royalties are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

The Group recognises the estimated liability to repair or replace products still under warranty at the balance sheet date. This provision is calculated based on historical experience of the level of repairs and replacements.

Changes in the estimated timing or amount of the expenditure are recognised in profit or loss when the changes arise.

2.19 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

2.20 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollars, which is the functional currency of the Company.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2014

2. **Significant accounting policies** (continued)

2.20 Currency translation (continued)

(b) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "finance expense". All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "other gains - net".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) *Translation of Group entities' financial statements*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

2.22 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions, which are subject to an insignificant risk of change in value.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2014

2. Significant accounting policies (continued)

2.23 Share capital and treasury shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve.

2.24 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

2.25 Research and development

Research and development costs are recognised when incurred.

2.26 Non-current assets held-for-sale

Non-current assets are classified as assets held-for-sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Provision for warranty

The Group makes provision for warranty on certain products and undertakes to replace defective products sold to its major customers. The provision for warranty of the Group represent management's best estimates of the Group's liability based on the conditions in the warranty agreements. The warranty agreements cover the replacement of defective products for a period ranging from twelve to thirty-six months. Factors that could impact the estimated information include the success of the Group's productivity and quality initiatives, as well as parts and labour costs. As at 31 December 2014, the provision for warranty is $2,529,000 (2013: $6,808,000).

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2014

3. Critical accounting estimates, assumptions and judgements (continued)

(b) Impairment of receivables

Management reviews its receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management has made judgement as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management has made judgements as to whether an impairment loss should be recorded as an expense. In determining this, management has used estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

The Group makes allowances for bad and doubtful debts based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgements and estimates. Where expectation is different from original estimate, such difference will impact the carrying value of trade and other receivables and doubtful debts expenses in the period in which such estimate have been changed. As at 31 December 2014, the allowance for doubtful debts is $381,000 (2013: $339,000).

(c) Prepaid land premium

The prepaid land premium relates to the up-front payments on the acquisition of land by Shanghai Action Tech Co., Ltd. ("Action Shanghai") (Note 15(a)) for two plots of land. Construction has been completed on the 137 mu plot of land, while the construction on the remaining 43 mu plot of land has yet to commence at the date of these financial statements.

At the date of these financial statements, there has been no penalty imposed by the Shanghai Housing and Land Resources Administration Bureau (the "Bureau") for the previous delay in completion of construction of the logistic warehouses. Action Shanghai has received the Inspection Report from the Bureau of Fire Department, as well as the completion report from the Bureau of Quality supervision which certifies that the property is ready for commercial use.

The directors are firmly of the opinion that there will be no revocation of the land and business licence nor additional penalties or compensation imposed by the Bureau given the positive developments to date and their good relationship with the Bureau.

The carrying value of the property, plant and equipment and prepaid land premium are as follows:

	2014	2013
	$'000	$'000
Balance sheet		
Prepaid land premium	**2,727**	2,294
Investment properties	**32,394**	26,289
Building and leasehold improvements	**3,533**	3,542

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2014

4. Revenue

	Group	
	2014	2013
	$'000	$'000
Sale of goods	**132,638**	112,839
Rental income (Note 17)	**3,958**	1,149
	136,596	113,988

5. Other income

	Group	
	2014	2013
	$'000	$'000
Processing and assembly services income	**967**	1,792
Interest income	**558**	658
Others	**93**	304
	1,618	2,754

6. Other gains - net

	Group	
	2014	2013
	$'000	$'000
Currency exchange gain - net	**221**	162
Gain on disposal of property, plant and equipment	**19**	-
Gain on disposal of non-current assets held for sale	**634**	81
	874	243

7. Employee compensation

	Group	
	2014	2013
	$'000	$'000
Wages and salaries	**15,861**	14,938
Employer's contribution to defined contribution plans	**234**	218
	16,095	15,156

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2014

8. Other operating expenses

	Group	
	2014	2013
	$'000	$'000
Inventory write-down / (Reversal of Inventory write-down)	**561**	(170)
Research and development	**2,684**	2,435
Write-back of warranty provision (Note 21(a))	**(2,140)**	(1,377)
Marketing expenses	**1,702**	1,596
Royalty (Note 21(b))	**1,695**	1,472
Professional fees	**808**	385
Fees for audit services paid/payable to:		
- Auditors of the Company	**120**	120
- Other auditors*	**153**	172
	273	292
Fees for non-audit services paid/payable to:		
- Auditors of the Company	**6**	6
- Other auditors*	**48**	16
	54	22
Tools and consumables	**1,186**	1,002
Transportation	**668**	763
Business taxes and surcharges	**156**	444
Property, plant and equipment written off	**25**	2
Amortisation of prepaid land premium	**56**	50
Amortisation of club membership	**7**	11
Impairment loss on trade receivables	**34**	179
Write-back of allowance for impairment of other receivables	**(64)**	(55)
Management fee	**170**	229
Utilities	**811**	907
Sub-contract cost	**130**	231
Freight charges	**256**	337
Printing & stationery	**185**	226
Repair and maintenance	**380**	354
Entertainment	**140**	148
Duties and license	**511**	558
Inspection fees	**102**	187
Others	**810**	646
	11,200	10,874

* *Includes the network of member firms of PricewaterhouseCoopers International Limited (PWCIL).*

9. Finance expenses

	Group	
	2014	2013
	$'000	$'000
Interest expense		
- bank borrowings	**506**	511
- borrowings from related companies	**396**	-
	902	511

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2014

10. Income taxes

(a) Income tax expense

	Group	
	2014	2013
	$'000	$'000
Tax expense attributable to profit is made up of:		
- Profit for the financial year:		
Current income tax		
- Foreign	**305**	54
Deferred income tax (Note 22)	**223**	177
	528	231
- Over provision in prior financial years:		
Current income tax		
- Singapore	**(375)**	-
- Foreign	**(27)**	(160)
	126	71

A subsidiary in Malaysia was granted pioneer status by the Ministry of International Trade and Industry in Malaysia for the production of digital audio video recorder with player. Under this incentive, 70% of this subsidiary's statutory income from the production of the digital audio video recorder with player is exempted from income tax for a period of five years from 1 July 2009 to 30 June 2014. Subsequent to 30 June 2014, the pioneer status of the subsidiary has expired and the subsidiary is no longer entitled to this tax incentive.

In accordance with the tax legislation, a subsidiary in PRC is entitled to preferential tax rate of 15% granted to high-technology enterprises for a duration of 3 years commencing from 1 January 2012. As at 31 December 2014, this grant has expired and the subsidiary is no longer entitled to this preferential tax rate.

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group	
	2014	2013
	$'000	$'000
Profit/(loss) before tax	**186**	(4,183)
Tax calculated at tax rate of 17% (2013: 17%)	**32**	(711)
Effects of		
- different tax rates in other countries	**526**	1,024
- expenses not deductible for tax purposes	**680**	256
- income not subject to tax	**(426)**	(158)
- utilisation of deferred tax assets previously unrecognised	**(156)**	(180)
- over provision of tax	**(402)**	(160)
- deferred tax for undistributed profit of overseas subsidiary company	**(128)**	-
Tax charge	**126**	71

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2014

10. Income taxes (continued)

(b) Movement in current income tax liabilities/(tax recoverable)

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Beginning of financial year				
Current income tax liabilities	**621**	1,064	**606**	629
Tax recoverable	**(2,096)**	(1,756)	**-**	-
	(1,475)	(692)	**606**	629
Currency translation differences	**(12)**	(28)	**-**	40
Income tax paid	**(432)**	(649)	**(230)**	(63)
Income tax refunded	**1,181**	-	**-**	-
Tax expense	**305**	54	**-**	-
Overprovision in prior financial years	**(402)**	(160)	**(376)**	-
End of financial year	**(835)**	(1,475)	**-**	606
Comprising of:				
Current income tax liabilities	**156**	621	**-**	606
Tax recoverable	**(991)**	(2,096)	**-**	-
End of financial year	**(835)**	(1,475)	**-**	606

11. Earnings per share

Basic and diluted earnings per share

Basic and diluted earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

There is no difference between basic loss per share and diluted loss per share as the Company has no dilutive potential ordinary shares.

	2014	2013
	$'000	$'000
Net profit/(loss) attributable to equity holders of the Company ($'000)	**195**	(4,715)
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share ('000)	**398,475**	399,000
Basic and diluted earnings/(loss) per share ($ per share)	**0.0005**	(0.0118)

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2014

12. Cash and cash equivalents

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Cash at bank and on hand	**27,549**	26,657	**484**	533
Short-term bank deposits	**2,277**	24,489	**-**	-
	29,826	51,146	**484**	533

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	2014	2013
	$'000	$'000
Cash and bank balances (as above)	**29,826**	51,146
Less: Bank deposits pledged	**(1,018)**	(21,750)
Cash and cash equivalents per consolidated statement of cash flows	**28,808**	29,396

Bank deposits are pledged as security for certain borrowings (Note 20).

13. Trade and other receivables

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Trade receivables				
- Non-related parties	**51,606**	40,510	**-**	-
Less: Allowance for impairment of receivables				
– non-related parties	**(381)**	(339)	**-**	-
Trade receivables – net	**51,225**	40,171	**-**	-
Dividend receivable from subsidiaries	**-**	-	**-**	7,758
Receivable from ultimate holding corporation	**1,322**	1,260	**-**	-
Staff advances	**35**	36	**-**	-
Refundable deposits	**78**	33	**-**	-
Advance to suppliers	**1,138**	621	**-**	-
Prepayments	**640**	227	**-**	4
VAT tax recoverable	**3,782**	3,557	**-**	-
Rental receivable	**-**	358	**-**	-
Other receivables	**1,026**	1,096	**-**	-
Less: Allowance for impairment of other receivables	**(835)**	(884)	**-**	-
	191	212	**-**	-
	58,411	46,475	**-**	7,762

Staff advances are unsecured, interest-free and repayable on demand.

Receivable from ultimate holding corporation is unsecured, interest free and repayable on demand.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2014

14. Inventories

	Group	
	2014	2013
	$'000	$'000
Raw materials	**6,808**	6,456
Work-in-progress	**471**	158
Finished goods	**12,328**	10,680
	19,607	17,294

The cost of inventories recognised as an expense and included in "cost of sales" amounts to $107,137,000 (2013: $90,707,000).

As at 31 December 2014, the Group recorded a write-down in value of inventories of $561,000 based on the age, historical and expected future usage of the inventories.

In 2013, the Group recorded a reversal of $170,000 being part of an inventory write-down made in 2012, as the inventories were sold above the carrying amounts in 2013.

15. Other non-current assets

	Group	
	2014	2013
	$'000	$'000
Prepaid land premium (Note (a))	**2,727**	2,294
Club membership (Note (b))	**1**	7
	2,728	2,301

(a) Prepaid land premium

Movement in prepaid land premium is as follows:

	Group	
	2014	2013
	$'000	$'000
Cost		
Beginning of financial year	**2,576**	2,417
Addition	**432**	-
Currency translation differences	**65**	159
End of financial year	**3,073**	2,576
Amortisation		
Beginning of financial year	**(282)**	(217)
Amortisation recognised for the year	**(56)**	(50)
Currency translation differences	**(8)**	(15)
End of financial year	**(346)**	(282)
Carrying amount	**2,727**	2,294

15. Other non-current assets (continued)

(a) Prepaid land premium (continued)

Details of the land held by the Group as at 31 December 2014 are set out below:

Location	**Land area**	**Tenure**	**Use**
Shanghai Jiading Industrial Zone Lot 36/1, 315 Street North Zone, Shanghai Jiading People's Republic of China	44,345 sq. metre	50-year lease expiring on June 28, 2057	Warehouse facilities
Shanghai Jiading Industrial Zone Lot 37/2, 315 Street North Zone, Shanghai Jiading People's Republic of China	46,777 sq. metre	50-year lease expiring on January 14, 2059	Warehouse facilities

During the financial year, the Group made a payment of $432,000 to the Shanghai Housing and Land Resources Administrative Bureau in relation to the cost of a compulsory urban afforesting developed on the land held by the Group. Accordingly, it is recognised as prepaid land premium in 2014 and amortised to profit or loss over the remaining period of the lease on a straight-line basis.

Critical judgements relates to the Prepaid land premium are included in Note 3(c).

(b) Club membership

Movement in club membership is as follows:

	Group	
	2014	2013
	$'000	$'000
Cost		
Beginning of financial year	**114**	107
Currency translation differences	**2**	7
End of financial year	**116**	114
Amortisation		
Beginning of financial year	**(107)**	(89)
Amortisation recognised for the year	**(7)**	(11)
Currency translation differences	**(1)**	(7)
End of financial year	**(115)**	(107)
Carrying amount	**1**	7

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2014

16. Investments in subsidiaries

	Group	
	2014	2013
	$'000	$'000
Equity investments at cost		
Beginning of financial year	**62,252**	55,934
Additions	**-**	6,318
End of financial year	**62,252**	62,252

Details of all the subsidiaries are included in Note 35.

Summarised financial information of a subsidiary with material non-controlling interests

Set out below are the summarised financial information for a subsidiary that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

There were no transactions with non-controlling interests for the financial years ended 31 December 2014 and 2013.

Summarised balance sheet

	ASD Electronics Limited As at 31 December	
	2014	2013
	$'000	$'000
Current		
Assets	**48,992**	94,197
Liabilities	**(28,958)**	(75,149)
Total current net asset	**20,034**	19,048
Non-current		
Assets	**78**	499
Liabilities	**-**	-
Total non-current net assets	**78**	499
Net assets	**20,112**	19,547

Summarised income statement

	ASD Electronics Limited As at 31 December	
	2014	2013
	$'000	$'000
Revenue	**104,405**	121,623
Profit before income tax	**151**	1,069
Income tax expense	**(426)**	(129)
Post-tax profit and total comprehensive income	**(275)**	940
Dividend paid to non-controlling interest	**-**	3,119

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2014

16. Investments in subsidiaries (continued)

Summarised cash flows

	ASD Electronics Limited	
	As at 31 December	
	2014	2013
	$'000	$'000
Cash flows from operating activities		
Cash generated from operations	(339)	12,483
Interest paid – net	(149)	(126)
Income tax refund	1,181	-
Net cash generated from operating activities	**693**	12,357
Net cash generated from investing activities	**-**	-
Net cash used in financing activities	**(3,756)**	(15,935)
Net decrease in cash and cash equivalents	**(3,063)**	(3,578)
Cash and cash equivalents at beginning of year	12,971	15,989
Exchange gains on cash and cash equivalents	611	560
Cash and cash equivalents at end of year	**10,519**	12,971

17. Investment properties

	Group	
	2014	2013
	$'000	$'000
Cost		
Beginning of financial year	**26,539**	12,259
Additions	**5,985**	13,132
Currency translation differences	**729**	1,148
End of financial year	**33,253**	26,539
Accumulated depreciation		
Beginning of financial year	**250**	-
Currency translation differences	**33**	31
Depreciation charge	**576**	219
End of financial year	**859**	250
Net book value		
End of financial year	**32,394**	26,289

Investment properties are leased to non-related parties under operating leases (Note 27(b)).

The following amounts are recognised in profit and loss:

	Group	
	2014	2013
	$'000	$'000
Rental income (Note 4)	**3,958**	1,149
Direct operating expenses arising from:		
- Investment properties that generate rental income	**1,288**	401

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2014

17. Investment properties (continued)

At the balance sheet date, the details of the Group's investment properties are as follows:

Location	**Description**	**Approximate lettable area (sq metre)**	**Tenure**
Shanghai Jiading Industrial Zone Lot 36/1, 315 Street North Zone, Shanghai Jiading, People's Republic of China	Warehouse facility	17,426	50-year lease expiring on June 28, 2057
Shanghai Jiading Industrial Zone Lot 37/2, 315 Street North Zone, Shanghai Jiading, People's Republic of China	Warehouse facility	46,777	50-year lease expiring on January 14, 2059

Fair value hierarchy

The table below analyses investment properties not carried at fair value, but for which fair values are disclosed. The inputs for the asset or liability that are not based on observable market data (unobservable inputs) are included in Level 3.

	Fair value measurements using		
Description	Quoted prices in active markets for identical assets (Level 1) $'000	Significant other observable inputs (Level 2) $'000	Significant unobservable inputs (Level 3) $'000
31 December 2014			
- Warehouse facilities	-	-	40,928
31 December 2013			
- Warehouse facilities	-	-	31,700

Valuation processes of the Group

In 2013, the valuation was performed by the Group's management and no professional valuer was employed. Due to lack of comparable market data, the fair value was based on the discounted cash flow projections based on reliable estimates of future cash flow.

In 2014, the Group engaged an external, independent and qualified valuer to determine the fair value of the investment properties at the end of the financial year based on the properties' highest and best use. The valuation is based on the Direct Comparison Approach and the Discounted Cash Flow Approach.

The Direct Comparison Approach involves analysis of recent transactions of comparable properties within the vicinity. Necessary adjustments have been made for the differences in location, tenure, size, shape, design and layout, age and condition of buildings, date of transactions and the prevailing market and prevailing condition amongst other factors affecting their values.

The Discounted Cash Flow Approach involves the estimation and projection of an income stream over a period and discounting the future income stream to arrive at a present value.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2014

18. Property, plant and equipment

	Leasehold land $'000	Buildings and leasehold improvements $'000	Plant and machinery $'000	Production tools and factory equipment $'000	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Computer and software $'000	Total $'000
Group								
2014								
Cost								
Beginning of financial year	9,713	31,182	5,542	9,884	2,716	1,004	938	60,979
Currency translation differences	113	483	99	127	26	3	71	922
Additions	-	296	142	190	91	154	1,493	2,366
Disposals/Written-off	-	-	(10)	-	(37)	(267)	(12)	(326)
End of financial year	9,826	31,961	5,773	10,201	2,796	894	2,490	63,941
Accumulated depreciation and impairment losses								
Beginning of financial year	1,092	12,249	2,243	9,256	2,001	789	649	28,279
Currency translation differences	16	251	64	127	27	6	15	506
Depreciation charge	221	1,129	928	266	237	107	104	2,992
Disposals/Written-off	-	-	(9)	-	(23)	(246)	(4)	(282)
End of financial year	1,329	13,629	3,226	9,649	2,242	656	764	31,495
Net book value								
End of financial year	**8,497**	**18,332**	**2,547**	**552**	**554**	**238**	**1,726**	**32,446**

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2014

18. **Property, plant and equipment** (continued)

	Freehold land $'000	Leasehold land $'000	Buildings and leasehold improvements $'000	Plant and machinery $'000	Production tools and factory equipment $'000	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Computer and software $'000	Total $'000
Group									
2013									
Cost									
Beginning of financial year	144	9,295	30,344	4,137	12,276	2,511	932	852	60,491
Currency translation differences	(2)	418	1,600	267	(31)	97	12	55	2,416
Additions	-	-	122	1,165	382	136	60	42	1,907
Reclassification to non-current assets held for sale	-	-	(789)	-	-	-	-	-	(789)
Disposals/Written-off	(142)	-	(95)	(27)	(2,743)	(28)	-	(11)	(3,046)
End of financial year	-	9,713	31,182	5,542	9,884	2,716	1,004	938	60,979
Accumulated depreciation and impairment losses									
Beginning of financial year	-	840	10,001	1,360	11,781	1,630	688	519	26,819
Currency translation differences	-	31	630	78	(16)	82	5	35	845
Depreciation charge	-	221	1,898	831	234	316	96	105	3,701
Reclassification to non-current assets held for sale	-	-	(240)	-	-	-	-	-	(240)
Disposals/Written-off	-	-	(40)	(26)	(2,743)	(27)	-	(10)	(2,846)
End of financial year	-	1,092	12,249	2,243	9,256	2,001	789	649	28,279
Net book value									
End of financial year	**-**	**8,621**	**18,933**	**3,299**	**628**	**715**	**215**	**289**	**32,700**

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2014

18. Property, plant and equipment (continued)

As at 31 December 2014, the strata title for the building of the Group located in Malaysia with a carrying value of $126,932 (2013: $133,043) has yet to be issued by the relevant authorities. However, the Group has obtained legal ownership over the building since the acquisition was purchased at arm's length and commercial basis on 26 June 2001.

Details of the leasehold properties held by the Group as at 31 December 2014 are set out below:

Location	Land area	Tenure	Use
HS (D) No. 41587 (formerly HS (D) No. 3970) P.T. No. 2685, Mukim 1, Seberang Perai Tengah 2480 Tingkat Perusahaan 6 Prai Free Industrial Zone Prai Industrial Estate 13600 Perai Penang, Malaysia	10,542 square metre	60-year lease expiring on October 20, 2048	Factory complex
HS (D) No. 43112 (formerly HS (D) No. 5836) P.T. No. 4096, Mukim 1, Seberang Perai Tengah 2480 Tingkat Perusahaan 6 Prai Free Industrial Zone Prai Industrial Estate 13600 Perai Penang, Malaysia	1.347 hectare	60-year lease expiring on February 2, 2060	Factory complex
No. 26, 26-A, 26-B Jalan Perai Jaya 4, Bandar Perai Jaya, 13600 Seberang Perai Tengah Penang, Malaysia	3,185 square feet	99-years lease expiring on July 4, 2094	Trading
Dede Industrial Park Jian'an Road, High-Tech Industrial Park Fuyong Street, Bao'an District Shenzhen, 518103 People's Republic of China	34,947 square metre	50-year lease expiring on January 25, 2056	Factory complex

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2014

19. Trade and other payables

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Trade payables to				
- Non-related parties	**32,269**	12,071	**-**	-
Other payables				
- Due to subsidiaries – non-trade	**-**	-	**6,169**	13,424
- Due to ultimate holding corporation				
- non-trade	**26**	22	**14**	2
- Due to related companies	**-**	2,958	**-**	-
- Dividend payable to non-controlling interest	**-**	3,119	**-**	-
- Accruals for operating expenses	**3,451**	4,540	**133**	134
- Amount owing to directors	**419**	399	**379**	353
- Advance from customer – trade	**690**	47	**-**	-
- Deposits received	**146**	12	**-**	12
- Accruals for capital expenditure	**3,920**	-	**-**	-
- Others	**824**	691	**1**	27
	9,476	11,788	**6,696**	13,952
Total trade and other payables	**41,745**	23,859	**6,696**	13,952

The non-trade payables due to subsidiaries, related companies and ultimate holding corporation are unsecured, interest-free and repayable on demand. Amount owing to directors was for directors' fees, salaries and allowances.

20. Borrowings - current

	Group	
	2014	2013
	$'000	$'000
Trade financing from banks	**19,463**	44,605
Borrowings from related companies	**6,733**	-
	26,196	44,605

The exposure of the borrowings of the Group to interest rate changes and the contractual repricing dates at the balance sheet dates are as follows:

	Group	
	2014	2013
	$'000	$'000
6 months or less	**19,463**	44,605
6 to 12 months	**6,733**	-
	26,196	44,605

Security granted

Total borrowings include secured borrowing of S$1,018,000 (2013: $21,750,000) over certain bank deposits (Note 12) for the Group.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2014

21. Provisions

	Group	
	2014	2013
	$'000	$'000
Current		
Warranty (Note (a))	**953**	3,664
Royalty (Note (b))	**4,257**	3,576
	5,210	7,240
Non-current		
Warranty	**1,576**	3,144
Total	**6,786**	10,384

(a) Warranty

The Group provides warranty on certain products and undertakes to replace defective products. The provision for warranty represents the management's best estimates of the Group's liability on a range of twelve to thirty-six months warranty granted on products, based on past experience and industry average for defective products.

Movement in provision for warranty is as follows:

	Group	
	2014	2013
	$'000	$'000
Beginning of financial year	**6,808**	9,201
Currency translation differences	**(27)**	179
Write-back of provision made	**(2,140)**	(1,377)
Provision utilised	**(2,112)**	(1,195)
End of financial year	**2,529**	6,808

(b) Royalty

The Group makes provision for royalty against sales value of all licensed products used or sold using the patent of the licensors. The provision for royalty represents the management's best estimate of the Group's liability based on the conditions in the patent license agreements.

Movement in provision for royalty is as follows:

	Group	
	2014	2013
	$'000	$'000
Beginning of financial year	**3,576**	2,600
Currency translation differences	**(87)**	(118)
Provision made	**1,695**	1,472
Provision utilised	**(927)**	(378)
End of financial year	**4,257**	3,576

22. Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

	Group	
	2014	2013
	$'000	$'000
Deferred income tax assets		
- to be recovered after one year	**(398)**	(966)
Deferred income tax liabilities		
- to be settled after one year	**494**	789

Movement in deferred income tax account is as follows:

	Group	
	2014	2013
	$'000	$'000
Beginning of financial year	**(177)**	(293)
Currency translation differences	**50**	(61)
Tax charged to		
- profit or loss (Note 10(a))	**223**	177
End of financial year	**96**	(177)

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of $4,600,000 (2013: $5,950,000) and capital allowances of $246,000 (2013: $nil) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. The tax losses and capital allowances have no expiry date.

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

Group

Deferred income tax liabilities

	Undistributed profits	Accelerated tax depreciation	Total
	$'000	$'000	$'000
2014			
Beginning of financial year	741	396	1,137
Currency translation differences	58	1	59
Credited to profit or loss	(128)	(226)	(354)
End of financial year	671	171	842
2013			
Beginning of financial year	741	479	1,220
Currency translation differences	-	(9)	(9)
Credited to profit or loss	-	(74)	(74)
End of financial year	741	396	1,137

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2014

22. Deferred income taxes (continued)

Deferred income tax assets

	Provisions
	$'000
2014	
Beginning of financial year	(1,314)
Currency translation differences	(9)
Charged to profit or loss	577
End of financial year	(746)
2013	
Beginning of financial year	(1,513)
Currency translation differences	(52)
Charged to profit or loss	251
End of financial year	(1,314)

23. Share capital and treasury shares

	No. of ordinary shares		Amount	
	Issued share capital	Treasury shares	Share capital	Treasury shares
			$'000	$'000
Group and Company				
2014				
Beginning of financial year	400,000,000	1,000,000	54,169	120
Treasury shares purchased	-	965,000	-	133
End of financial year	400,000,000	1,965,000	54,169	253
2013				
Beginning and end of financial year	400,000,000	1,000,000	54,169	120

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

The Company acquired 965,000 (2013:nil) treasury shares in the Company in the open market during the financial year. The total amount paid to acquire the treasury shares was $133,000 (2013: nil) and this was presented as a component within shareholders' equity.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2014

24. Other reserves

		Group	
		2014	2013
		$'000	$'000
(a)	Composition:		
	Statutory reserve	**5,768**	5,577
	Currency translation reserve	**(773)**	(2,300)
		4,995	3,277
(b)	Movements:		
(i)	***Statutory reserve***		
	Beginning of financial year	**5,577**	5,558
	Transfer from retained profits	**191**	19
	End of financial year	**5,768**	5,577
(ii)	***Currency translation reserve***		
	Beginning of financial year	**(2,300)**	(6,813)
	Net currency translation differences of financial statements of foreign subsidiaries	**1,939**	4,930
	Less: Non-controlling interests	**(412)**	(417)
		1,527	4,513
	End of financial year	**(773)**	(2,300)

Statutory reserve represents the amount transferred from profit after taxation of the subsidiaries incorporated in the People's Republic of China in accordance with the PRC requirement. The statutory reserve cannot be reduced except when approval is obtained from the Board of Directors to apply the amount in settling off any accumulated losses or increasing share capital.

Other reserves are non-distributable.

25. Retained profits

(a) Retained profits of the Group and Company are distributable.

(b) Movement in retained profits for the Company is as follows:

	Company	
	2014	2013
	$'000	$'000
Beginning of financial year	**2,489**	3,059
Net (loss)/profit	**(365)**	2,223
Dividends paid (Note 26)	**-**	(2,793)
End of financial year	**2,124**	2,489

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2014

26. Dividends

	Group and Company	
	2014	2013
	$'000	$'000
Ordinary dividends paid		
Final dividend paid in respect of the previous financial year of Nil cents (2013: 0.7 cents) per share	**-**	2,793

27. Commitments

(a) Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	Group	
	2014	2013
	$'000	$'000
Construction of factory building	**8,003**	5,532

(b) Operating lease commitments – where the Group is a lessor

The Group leases out warehouse facilities to non-related parties under non-cancellable operating leases. The lessees are required to pay absolute fixed annual increase to the lease payments during the lease period.

The future minimum lease receivables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables, are as follows:

	Group	
	2014	2013
	$'000	$'000
Not later than one year	**3,667**	3,577
Between one and five years	**5,512**	13,336
	9,179	16,913

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2014

28. Financial risk management

Financial risk factors

The Group's activities expose it to market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors (the "BOD") is responsible for setting the objectives and underlying principles of financial risk management for the Group. The BOD establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies.

Financial risk management is carried out by the treasury department of respective subsidiaries ("Treasury") in accordance with the policies set by the Board of Directors. The trading team of each Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The reporting team of each Treasury measures actual exposures against the limits set and prepares daily reports for review by each operating unit. Regular reports are also submitted to the Head of Group Finance and Board of Directors.

(a) Market risk

(i) *Currency risk*

The Group's currency exposure based on the information provided to key management is as follows:

	SGD	USD	RMB	HKD	MYR	Total
	$'000	$'000	$'000	$'000	$'000	$'000
At 31 December 2014						
Financial assets						
Cash and cash equivalents	428	19,957	4,859	1,195	3,387	29,826
Trade and other receivables	-	47,584	8,521	18	510	56,633
Receivables from subsidiaries	25	31,841	-	-	-	31,866
	453	99,382	13,380	1,213	3,897	118,325
Financial liabilities						
Trade and other payables	(517)	(18,697)	(21,472)	(205)	(854)	(41,745)
Borrowings	-	(25,983)	(213)	-	-	(26,196)
Payables to subsidiaries	(25)	(31,841)	-	-	-	(31,866)
	(542)	(76,521)	(21,685)	(205)	(854)	(99,807)
Net financial assets/(liabilities)	(89)	22,861	(8,305)	1,008	3,043	18,518
Currency exposure of financial assets/(liabilities) net of those denominated in the respective entities' functional currencies	**20**	**22,861**	**485**	**(1)**	**-**	**23,365**

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2014

28. Financial risk management (continued)

(a) Market risk (continued)

(i) *Currency risk* (continued)

	SGD	USD	RMB	HKD	MYR	Total
	$'000	$'000	$'000	$'000	$'000	$'000
At 31 December 2013						
Financial assets						
Cash and cash equivalents	267	17,613	27,193	200	5,873	51,146
Trade and other receivables	-	36,129	8,311	12	1,175	45,627
Receivables from subsidiaries	108	57,687	4,512	3,246	-	65,553
	375	111,429	40,016	3,458	7,048	162,326
Financial liabilities						
Trade and other payables	(532)	(6,212)	(11,638)	(4,207)	(1,270)	(23,859)
Borrowings	-	(44,605)	-	-	-	(44,605)
Payables to subsidiaries	(108)	(57,687)	(4,512)	(3,246)	-	(65,553)
	(640)	(108,504)	(16,150)	(7,453)	(1,270)	(134,017)
Net financial assets/(liabilities)	(265)	2,925	23,866	(3,995)	5,778	28,309
Currency exposure of financial assets/(liabilities) net of those denominated in the respective entities' functional currencies	**101**	**2,925**	**29,208**	**3,245**	**-**	**35,479**

The Company's currency exposure based on the information provided to key management is as follows:

	SGD	USD	RMB	HKD	Total
	$'000	$'000	$'000	$'000	$'000
At 31 December 2014					
Financial assets					
Cash and cash equivalents	427	57	-	-	484
Financial liabilities					
Trade and other payables	(538)	(6,158)	-	-	(6,696)
Net financial assets/(liabilities)	(111)	(6,101)	-	-	(6,212)
Currency exposure of financial assets/(liabilities) net of those denominated in the respective entities' functional currencies	**-**	**(6,101)**	**-**	**-**	**(6,101)**

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2014

28. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	SGD $'000	USD $'000	RMB $'000	HKD $'000	Total $'000
At 31 December 2013					
Financial assets					
Cash and cash equivalents	267	266	-	-	533
Trade and other receivables	-	-	4,514	3,248	7,762
	267	266	4,514	3,248	8,295
Financial liabilities					
Trade and other payables	(634)	(13,318)	-	-	(13,952)
	(634)	(13,318)	-	-	(13,952)
Net financial assets/(liabilities)	(367)	(13,052)	4,514	3,248	(5,657)
Currency exposure of financial assets/(liabilities) net of those denominated in the respective entities' functional currencies	**-**	**(13,052)**	**4,514**	**3,248**	**(5,290)**

The Group operates in Asia with dominant operations in China, Hong Kong and Malaysia. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies").

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as the United States Dollar ("USD"), Chinese Renminbi ("RMB") and Hong Kong Dollar ("HKD").

If the USD, RMB and HKD change against the SGD by 4% (2013: 4%), 2% (2013: 7%) and 4% (2013: 3%) respectively with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follows:

	2014	2013
	Increase/(Decrease)	
	Profit after tax $'000	Profit after tax $'000
Group		
USD against SGD		
- Strengthened	796	10
- Weakened	(796)	(10)
RMB against SGD		
- Strengthened	8	1,618
- Weakened	(8)	(1,618)
HKD against SGD		
- Strengthened	-	81
- Weakened	-	(81)

28. Financial risk management (continued)

(a) Market risk (continued)

(i) *Currency risk* (continued)

	2014	2013
	Increase/(Decrease)	
	Profit after tax	Profit after tax
	$'000	$'000
Company		
USD against SGD		
- Strengthened	(224)	(383)
- Weakened	224	383
RMB against SGD		
- Strengthened	-	246
- Weakened	-	(246)
HKD against SGD		
- Strengthened	-	94
- Weakened	-	(94)

(ii) *Price risk*

The Group and Company has no exposure to equity price risk as it does not hold equity financial assets that are exposed to price risk.

(iii) *Cash flow and fair value interest rate risks*

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Group has no significant interest-bearing assets, the Group's income is substantially independent of changes in market interest rates.

The Group's exposure to cash flow interest rate risk relates primarily to the short-term bank deposits and its financing through trade financing at variable rates as well as the short term borrowings from related companies.

The Group's trade financing at variable rates on which effective hedges have not been entered into are denominated mainly in USD. If the USD interest rates increase/decrease by 1.5% (2013: 1.7%) with all other variables including tax rate being held constant, the profit after tax would have been lower/higher by $249,000 (2013: $620,100) as a result of higher/lower interest expense on these trade financing.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits and trade and other receivables. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

The maximum exposure to credit risk is the carrying amount of the financial assets as presented on the balance sheets.

The trade receivables of the Group comprise one debtor that represented 43% (2013: 87%) of gross trade receivables.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2014

28. Financial risk management (continued)

(b) Credit risk (continued)

The credit risk for trade receivables based on the information provided to key management is as follows:

	Group	
	2014	2013
	$'000	$'000
By geographical areas		
China	**49,207**	37,657
Malaysia	**2,018**	2,514
	51,225	40,171
By types of customers		
Non-related parties		
- Multi-national companies	**47,517**	36,168
- Other companies	**3,708**	4,003
	51,225	40,171

(i) *Financial assets that are neither past due nor impaired*

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

(ii) *Financial assets that are past due and/or impaired*

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	Group	
	2014	2013
	$'000	$'000
Past due < 3 months	**1,076**	607
Past due 3 to 6 months	**16**	357
	1,092	964

The carrying amount of trade receivables individually determined to be impaired and movement in allowance for doubtful debts are as follows:

	Group	
	2014	2013
	$'000	$'000
Beginning of financial year	**339**	148
Currency translation difference	**8**	12
Allowance made	**34**	179
End of financial year	**381**	339

The impaired trade receivables arise mainly from sales to customers which has suffered financial difficulties in its operations.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2014

28. Financial risk management (continued)

(c) Liquidity risk

The Company manages liquidity risk by minimising the mismatch of financial assets and liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

The Group and the Company's liabilities are all due within one year.

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a debt to equity ratio. The ratio is calculated as total debt divided by equity. Total debt is shown as borrowings and equity is equity attributable to equity holders of the Group.

	Group	
	2014	2013
	$'000	$'000
Total debt	**26,196**	44,605
Equity	**91,569**	89,980
Debt to equity ratio	**29%**	50%

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2013 and 2014.

(e) Fair value measurements

The carrying amount less impairment allowance of trade receivables and payables are assumed to approximate their fair values. The fair value of current borrowings approximates their carrying amount.

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet except for the following:

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Loans and receivables	**86,459**	96,773	**484**	8,295
Financial liabilities at amortised cost	**67,941**	68,464	**6,696**	13,952

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2014

29. Immediate and ultimate holding corporation

The Company's immediate and ultimate holding corporation is Action Electronics Co., Ltd., incorporated in Taiwan and listed on Taiwan Stock Exchange.

30. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) Sales and purchases of goods and services

	Group	
	2014	2013
	$'000	$'000
Management fees paid to ultimate holding corporation	**169**	228

The non-controlling interests disclosed in the financial statements refer to beneficial interest in the subsidiary held via an intermediate holding corporation controlled by the ultimate holding corporation.

Outstanding balances at 31 December 2014, arising from sale/purchase of goods and services, are unsecured and receivable/payable within 12 months from balance sheet date and are disclosed in Notes 13 and 19 respectively.

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	2014	2013
	$'000	$'000
Wages and salaries	**784**	1,124
Directors' fees	**366**	371
	1,150	1,495

Details on directors' remuneration are disclosed in the Corporate Governance Report.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2014

31. Segment information

Management has determined the operating segments based on the reports reviewed by the senior management that are used to make strategic decisions. The senior management comprises the Board of Directors and the department heads of each business within each geographic segment.

The senior management considers the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in the two primary geographic areas: People's Republic of China and Malaysia. All geographic locations are engaged in the manufacture and sale of electronic parts. In addition, the People's Republic of China also derives revenues from warehousing and logistic services.

During the financial year, the segment of warehousing and logistic services meets the quantitative thresholds required by FRS 108 for reportable segment. The Group's reportable segments are therefore as follows:

- Consumer lifestyle entertainment multimedia products ("Consumer LEM Products")
- In-car entertainment multimedia products ("In-Car EM Products")
- Warehousing and logistic services

Other segment includes the investment holding and provision of management services in Singapore.

The segment information provided to the senior management for the reportable segments is as follows:

	Consumer LEM product	In-Car EM Products	Warehousing and logistic services	Other segment	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
2014					
Total segment sales	221,843	20,681	3,958	-	246,482
Inter-segment sales	(109,793)	(93)	-	-	(108,886)
Sales to external parties	112,050	20,588	3,958	-	136,596
Profit/(loss) before tax	(1,579)	380	2,127	(742)	186
Income tax expenses	(575)	226	(280)	503	(126)
Profit /(loss)for the year	(2,154)	606	1,847	(239)	60
Other segment information					
Depreciation of property, plant and equipment	2,478	438	76	-	2,992
Depreciation of investment properties	-	-	576	-	576
Segment assets	111,486	19,717	45,114	484	176,801
Segment assets includes:					
Additions to property, plant and equipment	2,143	223	-	-	2,366
Additions to investment properties	-	-	5,985	-	5,985
Segment liabilities	56,307	6,678	11,193	1,199	75,377

31. Segment information (continued)

	Consumer LEM product	In-car EM Products	Other segment	Total
	S$'000	S$'000	S$'000	S$'000
2013				
Total segment sales	216,995	19,667	-	236,662
Inter-segment sales	(122,611)	(63)	-	(122,674)
Sales to external parties	94,384	19,604	-	113,988
Profit/(loss) before tax	(3,824)	663	(1,022)	(4,183)
Income tax expenses	(137)	66	-	(71)
Profit/(loss) for the year	(3,961)	729	(1,022)	(4,254)
Other segment information				
Depreciation of property, plant and equipment	3,263	438	-	3,701
Depreciation of investment properties	219	-	-	219
Segment assets	156,141	22,589	1,086	179,816
Segment assets includes:				
Additions to property, plant and equipment	1,673	234	-	1,907
Additions to investment properties	13,132	-	-	13,132
Segment liabilities	71,104	7,279	1,875	80,258

Sales between segments are carried out at arm's length. The revenue from external parties reported to the senior management is measured in a manner consistent with that in the statement of comprehensive income.

The senior management assesses the performance of the operating segments based on the segment profits which exclude expenses of the investment holding company.

Segment assets

The amounts provided to the senior management with respect to total assets are measured in a manner consistent with that of the financial statements. For the purposes of monitoring segment performance and allocating resources between segments, the senior management monitors the property, plant and equipment, inventories, trade and other receivables, other non-current assets, deferred income tax assets and operating cash attributable to each segment. All assets are allocated to reportable segments.

Segment liabilities

The amounts provided to the senior management with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. All liabilities are allocated to the reportable segments.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2014

31. Segment information (continued)

Geographical information

The Group's three business segments operate in two main geographical areas:

- People's Republic of China ("PRC") including Hong Kong - the operations in this area are principally the designing, manufacturing and trading of Consumer LEM Products, as well as the provision of the warehouse and logistics services; and
- Malaysia - the operations in this area are principally the manufacturing and assembling of In-car EM Products.

Accordingly, the Group's sales to external parties by geographical locations are same as the revenue from major products and services.

The information about the Group's segment assets (non-current assets excluding deferred income tax assets) by geographical location are detailed below:

	Non-current assets	
	2014	2013
	$'000	$'000
People's Republic of China	**62,238**	55,608
Malaysia	**5,330**	5,682
	67,568	61,290

Revenues of approximately $74 million (2013: $93 million) are derived from a single external customer. These revenues are attributable to the sales of Consumer LEM Products.

32. Events occurring after balance sheet date

Proposed voluntary delisting of Action Asia Limited

On 27 February 2015, Almond Garden Corp. ("Offeror"), a wholly-owned subsidiary of Action Electronics Co., Ltd. ("Action Electronics") (which is listed on the Taiwan Stock Exchange), and Action Asia Limited ("Company") jointly announced that the Offeror has presented to the Board of Directors of the Company ("Board") a proposal ("Delisting Proposal") to seek the voluntary delisting of the Company ("Delisting") from the Official List of the Singapore Exchange Securities Trading Limited.

The Offeror is making an exit offer of S$0.19 in cash, for each share, to acquire all the issued and paid-up ordinary shares in the capital of the Company, excluding treasury Shares.

The Delisting Proposal is conditional on the Company obtaining approval from Singapore Exchange and its shareholders at an extraordinary general meeting to be convened in relation to the Delisting Proposal. The proposed voluntary delisting has yet to be completed at the date of these financial statements.

33. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2015 and which the Group has not early adopted:

- FRS 102 *Share-based payment* (effective for annual periods beginning on or after 1 July 2014)

  The amendment clarifies the definition of vesting condition and separately defines 'performance condition' and 'service condition'. The Group will apply this amendment from 1 January 2015, but this is not expected to have any significant impact on the financial statements of the Group.

- FRS 103 *Business Combinations* (effective for annual periods beginning on or after 1 July 2014)

  The standard is amended to clarify that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in FRS 32 Financial instruments: Presentation. The standard is further amended to clarify that all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss.

  The standard is also amended to clarify that FRS 103 does not apply to the accounting for the formation of any joint arrangement under FRS 111. The amendment also clarifies that the scope exemption only applies in the financial statements of the joint arrangement itself.

  The Group will apply this amendment for business combinations taking place on/after 1 January 2015.

- FRS 40 *Investment Property* (effective for annual periods beginning on or after 1 July 2014)

  The standard is amended to clarify that FRS 40 and FRS 103 are not mutually exclusive. The guidance in FRS 40 assists preparers to distinguish between investment property and owner-occupied property.

  Preparers also need to refer to the guidance in FRS 103 to determine whether the acquisition of an investment property is a business combination.

  The Group will apply this amendment for acquisition of investment property taking place on/after 1 January 2015.

- FRS 108 *Operating Segments* (effective for annual periods beginning on or after 1 July 2014)

  The standard is amended to require disclosure of the judgements made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics.

  The standard is further amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported.

  This amendment will not result in any changes to the Group's accounting policies but will require more disclosures in the financial statements.

- FRS 16 *Property, Plant and Equipment* (effective for annual periods beginning on or after 1 July 2014)

  The standard is amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. The carrying amount of the asset is restated to the revalued amount. The split between gross carrying amount and accumulated depreciation is treated in one of the following ways:

33. New or revised accounting standards and interpretations (continued)

- either the gross carrying amount is restated in a manner consistent with the revaluation of the carrying amount, and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses; or

- the accumulated depreciation is eliminated against the gross carrying amount of the asset.

This amendment is not expected to have any significant impact on the financial statements of the Group.

- FRS 24 *Related Party Disclosures* (effective for annual periods beginning on or after 1 July 2014)

The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity').

The reporting entity is not required to disclose the compensation paid by the management entity to the management entity's employees or directors, but it is required to disclose the amounts charged to the reporting entity by the management entity for services provided.

This amendment will not result in any changes to the Group's accounting policies but will require more disclosures in the financial statements.

- FRS 113 *Fair Value Measurement* (effective for annual periods beginning on or after 1 July 2014)

The amendment clarifies that the portfolio exception in FRS 113, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of FRS 39.

This amendment is not expected to have any significant impact on the financial statements of the Group.

The management does not expect the adoption of the above FRSs and amendments to FRS in the future periods to have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

34. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Action Asia Limited on 26 March 2015.

Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 December 2014

35. Listing of companies in the Group

Name of subsidiaries	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2014	2013	**2014**	2013
			%	%	%	%
Subsidiaries held by the Company						
Action Industries (M) Sdn. Bhd.[a]	Manufacture and assembly of colour television LCD receivers with or without players, DVD players and digital audio video recorder with players	Malaysia	**100**	100	-	-
Shanghai Action Tech Co., Ltd. [b]	Leasing of warehousing facilities	People's Republic of China	**100**	100	-	-
Action Asia (Shenzhen) Co., Ltd. [c]	Manufacturing and trading of mobile video multimedia entertainment products	People's Republic of China	**100**	100	-	-
ASD Electronics Limited. [d]	Design and trading of digital mobile video multimedia entertainment products	Hong Kong	**51**	51	49	49
Subsidiaries held by subsidiaries of the Company						
Action-Tek Sdn. Bhd.[a]	Trading of electronics and electrical products	Malaysia	**100**	100	-	-
Dede Technology (Shenzhen) Co., Ltd. [c]	Trading of mobile video multimedia entertainment products	People's Republic of China	**100**	100	-	-

(a) *Audited by PricewaterhouseCoopers LLP, Malaysia for statutory reporting purpose.*

(b) *Audited by PricewaterhouseCoopers Zhong Tian LLP, China for group reporting purpose and Shanghai Mingyu-Wenhui Certified Public Accountants for statutory reporting purpose.*

(c) *Audited by PricewaterhouseCoopers Zhong Tian LLP, China for group reporting purpose and Shenzhen Jun Zhi Yuan Certified Public Accountants for statutory reporting purpose.*

(d) *Audited by PricewaterhouseCoopers Zhong Tian LLP, China for group reporting purpose and Simon Yau & Co. for statutory reporting purpose.*

Report On Corporate Governance

The Board of Directors (the "Board") is committed to ensuring that the highest standards of corporate governance are practiced throughout Action Asia Limited (the "Company") and its subsidiaries (the "Group") as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and the financial performance of the Group.

This report describes the corporate governance practices of the Group with reference to the principles and guidelines set out in the Code of Corporate Governance 2012 (the "Code"), and where applicable, the Listing Manual of Singapore Exchange Securities Trading Limited ("SGT-ST") and the Singapore Company Act.

BOARD MATTERS

Principle 1: The Board's conduct of its affair

Apart from its fiduciary duties and statutory responsibilities, the principal functions of the Board are to:

- Guide the corporate strategy and direction of the Group, which the Board shall review the plan in light of Management's assessment of emerging trends, the competitive environment, the opportunities and risks of the business and business practices in the industry;
- Review and approve the Company's annual business and capital plans as well as policies and processes generated by Management relating to the authorization of major funding, investments and divestments;
- Oversee the business and affairs of the Group, establish with Management, the strategies and financial objectives to be implemented by Management, and monitor the performance of Management;
- Ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives. The Board should, at least annually, review the adequacy and effectiveness of the company's risk management and internal control systems, including financial, operational, compliance and information technology controls;
- Implement a process to be carried out by the Nominating Committee ("NC") for assessing the effectiveness of the Board as a whole and its board committees and for assessing the contribution by the Chairman and each individual director to the effectiveness of the Board;
- Approve the nomination and remuneration of board members;
- Assume responsibility for good corporate governance; and
- Consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

The Board meets at least four times annually to deliberate on specific issues including significant transactions, investments and divestments, the annual budget, review the performance of the Group and also approve the release of the quarterly and year-end results.

The Board objectively takes decision in the interest of the Group. The Board is supported by four Board committees, namely, the Audit Committee, Remuneration Committee, Nominating Committee and Business Development Committee. Each of these committees has their own written terms of reference setting out the scope of its duties and responsibilities.

The Board held a total of four meetings during the financial year.

Board members are provided with an agenda and set of Board papers prior to Board meeting. Board papers provide the background, explanatory information and justification for each decision and mandate sought by management, including, where applicable, pertinent financials. These are circulated in sufficient time to enable the Directors to obtain further explanations, where necessary. Key decisions are reserved for decision at Board meetings rather than by circulation to facilitate discussions. The Company fully recognises that the continual flow of relevant information on an accurate and timely basis is critical for the Board to be effective in discharging its duties.

Report On Corporate Governance (Cont'd)

Directors' attendance at Board and Board Committee meetings during the financial period reported on are as follows:-

	Board Meeting	Audit Committee ("AC")	Nominating Committee ("NC")	Remuneration Committee ("RC")
No. of Meeting Held	**4**	**4**	**1**	**1**
Attendance by Director				
Li Yuan Chen @ Jack Li	4	4	1	1
Peng, Wen-Chih	4	-	-	-
Dato' Peng, Chiun-Ping	4	-	-	-
Dato' Lai Pin Yong	4	4	1	1
Tang Edmund Koon Kay	4	4	1	1
Chao, Teng-Pang*	3	-	-	-
Shung, Wen-Chih*	-	-	-	-

* Mr Chao, Teng Pang was appointed as a director on 30 April 2014 in place of Mr Shung, Wen-Chih who did not wish to seek for re-election at the previous AGM held on 30 April 2014.

A brief profile of each director is provided in the "Profile of Directors" section in the Annual Report.

In line with the guideline of the Code, the Company encourages all directors to attend appropriate courses and seminars to stay abreast of relevant business developments and outlook. Directors are also encouraged to attend training programmes in connection with their duties and responsibilities as directors.

Other than Mr Chao, Teng-Pang, there was no new appointment of directors during the course of the financial year. Generally, upon appointment of director, the Company would provide a formal letter to the director, setting out the director's duties and obligations

Principle 2: Board Composition and Guidance

The Board currently has six members, comprising two executive directors and four non-executive directors. Two of the six Directors are independent directors, making up one-third of the Board. The Chairman of the Board is Mr Li, Yuan Chen @ Jack Li who is a non-executive director. Together the Board has a diverse range of experience in the areas of strategic planning, business and management, accounting and finance. The Board, of which two-third are non-executive directors, is able to exercise objective judgement on corporate affairs independently from the Management.

The Board is of the view that the current size of six directors; two executive and four non-executive of which two are independent, is appropriate for effective decision making, taking into account the nature and scope of the operations of the Group.

The two independent non-executive Directors are Dato' Lai Pin Yong and Mr Tang Edmund Koon Kay. The concept of independence adopted by the Board is in accordance with the definition of an independent director in the Code. Independent directors are not members of the Management and are not associated with the Company, its related companies, its 10% shareholders or its officers that could have interfere with the exercise of independent judgement or acting in the best interest of the Company. Every director is expected to act in good faith and in the best interest of the Company at all times.

Although Dato' Lai Pin Yong has served on the Board beyond nine years from the date of his first appointment, the Board is of the view that he is still independent as he is capable of maintaining his objectivity and judgement in carrying out his duties and responsibilities as Independent Director. Furthermore the NC and the Board opined that time on the Board would not affect a director's character and/or judgement which can be seen in board and committees meetings where Dato' Lai is constantly challenging Management on their business strategies all these years. His extensive experience and familiarity with the business and management team can continue to provide noteworthy and valuable contribution to the Board.

Report On Corporate Governance (Cont'd)

As majority of the Directors on the Board are non-executive, no individual or small group of individuals dominates the Board's decision-making process. As part of good corporate governance, the independence of each director was reviewed annually by the Nominating Committee.

Our Articles of Association require that every director shall retire from office once every three years and for this purpose, at each Annual General Meeting ("AGM"), one-third of the Directors shall retire from office by rotation. In addition, a newly appointed director will submit himself for retirement and re-election at the next AGM immediately following his appointment. Thereafter, he is subject to retirement by rotation once in every three year.

At the forthcoming AGM, Mr Peng, Wen-Chih and Mr Tang Edmund Koon Kay will retire under Article 93 of the Company's Articles of Association and Dato' Peng, Chiun-Ping and Dato' Lai Pin Yong are standing for re-appointment under Section 153 of the Companies Act, Chapter 50 of Singapore. All retiring Directors have to seek re-election/re-appointment and the NC has recommended their re-election/re-appointment as Directors.

Principle 3: Chairman and Chief Executive Director ("CEO")

Mr Li, Yuan-Chen @ Jack Li, the non-executive Director of the Company, assumes the role of Chairman of the Board. Mr Peng, Wen-Chih, the Managing Director, assumes the role of both a Director and CEO of the Company. The Non-Executive Chairman is primarily responsible for the orderly conduct and working of the Board, ensuring the integrity and effectiveness of its governance process. The Managing Director is responsible for the day-to-day and overall operations of the business and the implementation of the Board's strategies and policies.

This separation of roles ensures that there is an effective check and balance on management and independence in decision making process of the Board.

The Chairman ensures that Board meetings are held when necessary and sets the meeting agenda in consultation with the Managing Director and the company secretary. He reviews the Board papers before they are presented to the Board and also ensures that Board members are provided with adequate and timely information, that sufficient time is allocated to consider and deliberate each item on the agenda and equal opportunities are given to each Director to express his view and provide inputs.

Mr Tang Edmund Koon Kay who is the Lead Independent Director will be available to the shareholders where they have concerns which contact through the normal channels of the Chairman, CEO or Finance Manager has failed to resolve or for which such contact is inappropriate.

Nominating Committee (NC)

Principle 4: Board Membership

The NC currently comprises two independent non-executive directors, Dato Lai Pin Yong (Chairman) and Mr Tang Edmund Koon Kay, and a non-executive director, Mr Li, Yuan- Chen @ Jack Li.

The NC met once during the period reported on and all of the members attended the meeting.

The NC is entrusted with the following specific tasks:-

- Recommending to the Board on the appointment of new executive and non-executive directors, including making recommendations to the composition of the Board generally and the balance between executive and non-executive directors appointed to the Board;
- Review the Board structure, size and composition and make recommendations to the Board with regards to any adjustments that are deemed necessary;
- Identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise as well as put in place plans for succession, in particular for the Chairman and Chief Executive Officer;
- Reviews annually whether or not a director is independent, bearing in mind the circumstances set forth in Guidelines 2.3 and 2.4 of the Code and any other salient factors;
- Recommending to the Board for the continuation (or not) in services of any director who has reached the age of 70 (seventy), subject to the provision of the Companies Act, Cap 50;

Report On Corporate Governance (Cont'd)

- Recommending directors who are retiring by rotation under the Articles of Association to be put forward for re-election by shareholders;
- Deciding whether or not a director is able to and has been adequately carrying out his/her duties as a director of the Company, taking into consideration the director's number of listed company board representations and other principal commitments;
- Assess the effectiveness of the Board as a whole and the contribution by each individual director to the effectiveness of the Board; and
- Review the training and professional development programs for the Board.

Notwithstanding that each of our Independent Directors has multiple board representations, the NC is satisfied that sufficient time and attention is being given by the Directors to the affairs of the Group and in line with Guideline 4.4 of the Code, the NC has set the maximum number of listed company board representations which directors may hold to be five.

In its search, nomination and selection for new Directors, the NC, in consultation with the Board, determines the selection criteria and identifies candidates with the appropriate expertise and experience for the appointment as new director. Interviews are set up with potential candidates for NC members to assess them, before nominating the most suitable candidate to the Board for appointment as director. Such new directors must submit themselves for re-election at the next AGM of the Company immediately following their appointment.

Principle 5: Board Performance

Review of the Board's performance and individual Director would be undertaken informally on a continual basis by the NC with inputs from the other Board members and Chairman. In assessing the effectiveness of the Board as a whole, the NC has set certain performance criteria which includes an evaluation of the size and composition of the Board, the Board's access to information, accountability, Board processes, and the discharge of its principal responsibilities in terms of the financial indicators as set out in the Code. Individual Director is assessed on whether he could continue to contribute effectively and demonstrate to the role, including commitment of time for Board and committee meetings, and any other duties.

Principle 6: Access to Information

The company secretary or her representatives attended all the Board meetings and Board committee meetings held during the year. To enable the Board to fulfill its responsibilities, the Management provided the Board with quarterly reports on the Group's performance. The Management also consulted Board members regularly whenever necessary and appropriate.

The Board has separate and independent access to the senior management team and the company secretary at all times. The company secretary/her representatives/agents administers, attends and prepares minutes of Board meetings, and assists the Chairman in ensuring that Board procedures are followed. She is also responsible, in conjunction with other professional, when necessary; for ensuring that the Company complies with the requirements of the Companies Act and other rules and regulations, which are applicable to the Company.

The Directors, either individually or as a group, in furtherance of their duties may seek or obtain independent professional advice, whose expense would be borne by the Company.

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies
Principle 8: Level and Mix of Remuneration
Principle 9: Disclosure of Remuneration

The Remuneration Committee (RC) currently comprises two independent non-executive directors, Dato' Lai Pin Yong (Chairman) and Mr Tang Edmund Koon Kay and a non-executive director, Mr Li, Yuan-Chen @ Jack Li. The RC is mandated with the responsibility to oversee the general compensation of our key executives with a goal to motivate, recruit and retain our employees and Directors through competitive compensation and progressive policies.

Report On Corporate Governance (Cont'd)

The principal responsibilities of the RC are:

- to review and recommend to the Board in consultation with Management and the Chairman of the Board, a framework of remuneration and to determine the specific remuneration packages for each director, Chief Executive Officer (CEO) (or executive of equivalent rank) if the CEO is not a director and key management personnel. The recommendation should be submitted for endorsement by the entire Board;
- to review the remuneration of senior executives/divisional directors those reporting directly to the Managing Director/Chairman and those employees related to the directors, CEO and controlling shareholders of the Group;
- to recommend to the Board in consultation with Management and the Chairman of the Board, the Company's Share Option Schemes or any long term incentive schemes which may be set up from time to time and to do all acts necessary in connection therewith;
- in determining such policy, take into account all factors which it deems necessary. The objective of such policy shall be to ensure that members of the executive management of the Company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company;
- to determine the policy for and scope of service agreements for executive management team, termination payments and compensation commitments, including fixing appointment period for the directors;
- to determine the remuneration of non-executive directors which should be appropriate to the level of contribution, taking into account factors such as effort, time spent and the responsibilities;
- to carry out its duties in the manner that it deemed expedient, subject always to any regulations or restrictions that may be imposed upon the RC by the Board of Directors from time to time; and
- to produce an annual remuneration report which covers the remuneration policies, level and mix of remuneration, the procedure for setting remuneration, the remuneration of directors, the CEO and at least the top five key management personnel who are not also directors or the CEO of the Company to the Board for disclosure in the Company's Annual Report and Accounts.

The RC was also responsible for implementing and administering the *Action Asia Share Option Scheme (the "Scheme")* which had lapsed in November 2013. The RC reviews and approves all remuneration matters of our Directors, executives and any executive related to Directors, CEO and controlling shareholders. In reviewing the remuneration of directors, the RC considers market conditions, pay conditions within the industry as well as the Company's performance and the director's performance. Each member of the RC shall abstain from voting on any resolution and making any recommendation and/or participating in any deliberation of the RC in respect of his remuneration package. The RC has access to expert advice inside and/or outside the Company, in the field of executive compensation, when required. For the financial year ended 31 December 2014 ("FY2014"), the RC has not sought external advise on remuneration of all Directors.

The RC reviews the terms and conditions of service agreements of the Executive Directors before their execution. In the course of such review, the RC will consider the Group's obligations arising in the event of termination of these service agreements, to ensure that such agreements contain fair and reasonable termination clauses and are not overly generous so as to avoid rewarding poor performance.

In structuring a compensation framework for Executive Directors and key executives, the RC seeks to link a significant and appropriate proportion of executive compensation to the individual and the Group's performance. In structuring the compensation framework, the RC also takes into account the risk policies of the Group, the need for compensation to be symmetric with risk outcomes and the time horizon of risks. In assessing executive Directors' and key management personnel's performance, the RC considers appropriate and meaningful measures. Further, in considering whether the compensation is appropriate for Independent Directors, the RC takes into account factors such as effort and time spent, and responsibilities of the Directors; and the principal that Independent Directors should not be over-compensated to the extent that their independence might be compromised. The RC's recommendation are made in consultation with the Chairman of the Board and submitted for endorsement by the entire Board.

Report On Corporate Governance (Cont'd)

The RC met once during the period reported on to review and recommend fee for the Directors.

The level and mix of each Director's remuneration and Key Executives for the year ended 31 December 2014 are set out below:

Remuneration of Directors

Name of Director	Directors' Fees	Basic Salary	Bonus	Total	Total S$
Peng, Wen-Chih	20%	80%	-	100%	376,090
Dato' Peng, Chiun-Ping	53%	47%	-	100%	68,055
Shung, Wen-Chih*	100%		-	100%	18,866
Dato' Lai Pin Yong	100%	-	-	100%	61,234
Li, Yuan-Chen @ Jack Li	100%	-	-	100%	69,937
Tang Edmund Koon Kay	100%	-	-	100%	50,000
Chao, Teng-Pang*	100%	-	-	100%	17,262

* Mr Chao, Teng Pang was appointed as a director on 30 April 2014 in place of Mr Shung, Wen-Chih who did not wish to seek for re-election at the previous AGM held on 30 April 2014.

Remuneration of Top 5 Key Executives

Remuneration Band & Name of Key Executive	Directors' Fees	Basic Salary	Bonus	Total
Below S$250,000				
King Yang	5%	95%	-	100%
Peng Yen Tang	9%	91%	-	100%
Peng Guan Ming	6%	94%	-	100%
Chew Ah Tee	3%	90%	7%	100%
Airis Lee	4%	91%	5%	100%

Save as disclosed above, the specific remuneration of the Key Executives of the Company are not disclosed in this annual report due to competitive reasons.

A key executive, Mr Peng Yen Tang, the son of Mr Peng, Wen-Chih, the Managing Director of the Company has received remuneration that exceeds S$50,000 during financial year ended 31 December 2014.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability
Principle 12: Audit Committee (AC)

The Board is responsible for providing a balanced and understandable assessment of the Group's performance, position, prospects, operations and financial position and updating the Shareholders through the quarterly and full year results announcements as well as timely announcements of other matters as prescribed by the relevant rules and regulations

The Board receives from Management regular updates and financial information which present a balanced and understandable assessment of the Company's performance, position and prospects. Management circulates quarterly financial reports to the AC which includes the income statement, statement of financial positions, statement of comprehensive income and cash flow statement of the Group, transactions between the Group and any interested person (namely, any of the Directors or any of the Controlling Shareholders or any of their Associates) and latest corporate developments.

The AC comprises of three members, two of whom are independent non-executive Directors, namely Mr Tang Edmund Koon Kay (Chairman) and Dato' Lai Pin Yong; and a non-executive director, Mr Li, Yuan-Chen @ Jack Li.

Majority of the members of the AC have many years of experience in senior managerial positions, accounting and related financial management knowledge, and have sufficient expertise to discharge the AC functions.

Report On Corporate Governance (Cont'd)

The AC assist the Board in discharging its responsibility to safeguard the assets, maintain adequate accounting records, and develop and maintain effective systems of internal controls, with the overall objective of ensuring that the management creates and maintains an effective internal control structure.

The AC meet at least four times annually to:-

a) review with the internal and external auditors the audit plan, their evaluation of the system of internal accounting controls, their letter to management and the management's response;
b) review the quarterly and annual financial statements before submission to the Board for approval focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the SGX-ST Listing Manual and any other relevant statutory or regulatory requirements;
c) review the internal control procedures and ensure co-ordination between the external auditors and the management, and review the assistance given by the management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss in the absence of the management, where necessary;
d) consider the appointment or re-appointment of the external auditors and matters relating to the resignation or dismissal of the auditors;
e) review interested person transactions falling within the scope of Chapter 9 of the SGX-ST Listing Manual and to determine whether the terms of the transaction are on normal commercial terms and are not prejudicial to the Company's shareholders;
f) review potential conflicts of interest, if any;
g) undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;
h) generally undertake such other functions and duties as may be required by statute or the SGX-ST Listing Manual, or by such amendments as may be made thereto from time to time; and
i) review and consider auditors' independence yearly.

In order to be effective in discharging its responsibilities, the AC has full access to and the co-operation of the management and full discretion to invite any director and executive to attend its meetings. It is also able to obtain external professional advice, if necessary. Full resources have been made available to the AC to enable it to discharge its function properly.

The AC is kept abreast by the Management and the external auditors of changes to accounting standards, Listing Rules of the SGX-ST and other regulations which could have an impact on the Group's business and financial statements.

The AC have met the external auditors without the presence of the Management once.

The AC has reviewed the non-audit services provided by the external auditors, which comprise tax services during the financial year. The AC is satisfied with the independence and objectivity of the external auditors and recommends to the Board the nomination of PricewaterhouseCoopers LLP for reappointment as auditors of the Company.

In appointing auditing firm for the Group, the Company complies with the requirements of Rules 712 and 715 of the Listing Manual of the SGX-ST.

For details of the fees paid/or payable to the external auditors in respect of audit and non-audit services for FY2014, please refer to the Financial Statements.

The Group has put in place a Whistle Blowing Policy for staff to raise concerns about possible improprieties in matters of financial reporting or other matters in compliance to the recommendation of the Code. All such concerns shall be set forth in writing and forwarded to the Chairman of Audit Committee.

Principle 11: Risk Management and Internal Control

The Board affirms its ultimate responsibility for the Group's system of internal control which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity to safeguard shareholders' investments and the Group's assets. In view of the limitations that are inherent in any system of internal control, this system is designed to manage, rather than eliminate, the risk of failure to achieve corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatements, operational failures, poor judgment in decision-making, human errors, losses, fraud or other irregularities. The system of internal control covers financial, organizational, operational and compliance controls and risk management.

Report On Corporate Governance (Cont'd)

For FY2014, the Board has received assurance from CEO and the Finance Manager of the Company that:

- the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- the system of risk management and internal control in place within the Group (including financial, operational, compliance and information technology controls) is adequate and effective in addressing the material risks in the Group in its current business environment.

Principle 13: Internal Audit

To strengthen the internal audit function, the ultimate holding company of the Group sent its internal audit team to carry out internal audit of the Group's subsidiaries. The internal auditors are independent of the activities it audits. The internal auditors submitted the internal audit report to the AC on the audit plan, audit finding and action taken by Management on the findings.

The internal auditors assist the AC to independently assess the system of internal control as established by Management of the subsidiary, which provides the Board the assurance it requires regarding the adequacy and integrity of the subsidiary's system of internal control. The internal auditors review the internal controls in the key activities of subsidiary's businesses based on an internal audit plan approved. Recommendations for improvements noted by the internal auditors are followed up for implementation by Management.

Two cycle of internal audit covering the transactions for the financial year ended 31 December 2014 was performed by the internal auditor to test the existence and effectiveness of the system of internal control of the significant subsidiaries in China and Hong Kong; while a cycle of internal audit was performed for the subsidiary in Malaysia. The AC considers reports from internal auditors before reporting and making recommendations to the Board in strengthening risk management, internal controls and corporate governance system.

Based on the internal audits reports and the various controls implemented by the Management, the Board and the AC is satisfied that there are adequate and effective internal controls systems in place by the Group in addressing its financial, operational, compliance and information technology controls, and risk management systems.

Interested Person Transactions ("IPT")

Interested person is a director, executive officer or controlling shareholder (and his associates) of the Company, its subsidiaries and associated companies. The Company has established procedures to ensure that all transactions with interested person are reported in a timely manner to the AC for review and that the transactions are conducted at an arm's length basis and not prejudicial to the interest of the shareholders.

The Company interested party transaction for the financial year ended 31 December 2014 as announced on 27 February 2015 is as follow:-

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
Action Electronics Co., Ltd.	S$168,981	N/A
Far Year (Holding) Limited	S$357,750	N/A
ASD Electronics Limited	N/A	S$100,327,398

Report On Corporate Governance (Cont'd)

At the forthcoming AGM the renewal of the IPT Mandate will be put forth to the shareholders for approval. An independent financial adviser's opinion is not required for the renewal of the IPT Mandate given that the AC has confirmed that the methods or procedures for determining the transaction prices under the IPT Mandate have not changed since the last shareholder approval at the AGM held on 30 April 2014; and the said methods or procedures are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14 : Shareholder Rights
Principle 15: Communication with Shareholders
Principle 16: Conduct of Shareholder Meetings

The Board believes in regular, timely and effective communications with shareholders of all material business and matters affecting the Group. The timely release of the financial results on a quarterly basis provides shareholders with an overview of the Group's operation and performance.

The Company also appointed Stratagem Consultants Pte Ltd as its public/investor relations consultants to focus on facilitating the communications with its shareholders, analysts and media on a regular basis, to attend to their queries and concerns as well as to keep the investors public apprised of the Group's development and financial performance.

All Shareholders will receive the annual report and notice of AGM. The AGM is the principal forum for dialogue with shareholders. At the AGM, shareholders are encouraged to participate in the question and answer session pertaining to the performance, operations and financials of the Group. Members of the Board, Chairman of the various Committees as well as the external auditors are present to answer questions raise at the meeting. While the Board agrees that voting at general meetings should be conducted by poll so as to ensure that the Shareholders have the opportunity to participate effectively at general meetings, however in view of the current situation of the Group and having undertaken a cost/benefit analysis, the Company has decided to defer the implementation of voting by poll at general meetings.

Since the listing of the Company's shares on SGX-ST, the Company had organized briefings for the Press, analysts and fund managers in conjunction with the release of its quarterly/full year financial results and will continue this practice after the release of the financial results.

The Company does not have a policy on payment of dividends; instead the issue of the payment of dividend is deliberated at length by the Board annually having regard to various factors such as the Group's earnings, its financial position and future plans. No dividends are declared for the financial year ended 31 December 2014 in view of the current financial position of the Company.

Securities Transactions

The Company has adopted an internal code based on the best practices on dealings in securities in the Listing Manual of the SGX-ST to provide guidance to the Directors and key employees of the Group with regard to dealing in the Company's securities. This code sets out the implications of insider trading and guidance on such dealings. All the Directors and key employees of the Group are reminded not to deal in the Company's securities one month before the release of the full-year results and two weeks before the release of the quarterly results, and if they are in possession of unpublished price-sensitive information.

Material Contracts

There were no material contracts entered into by the Company or any of its subsidiaries involving the interest of the Chairman, Managing Director, any director, or controlling shareholder.

Statistics Of Shareholdings

As At 17 March 2015

Amount of issued share capital	:	S$54,168,808
Number of issued shares	:	400,000,000
Number of issued shares (excluding treasury shares)	:	398,035,000
Number / Percentage of Treasury Shares	:	1,965,000 (0.49%)
Class of shares	:	ordinary shares
Voting rights	:	one vote per share. The Company cannot exercise any voting rights in respect of shares held by it as treasury shares

Size of Shareholdings	**No. of Shareholders**	**Percentage**	**No. of Shares Held**	**Percentage**
1 - 99	2	0.21%	25	0.00%
100 - 1,000	70	7.35%	60,988	0.02%
1,001 - 10,000	344	36.10%	2,035,107	0.51%
10,001 - 1,000,000	514	53.93%	40,708,359	10.23%
1,000,001 AND ABOVE	23	2.41%	355,230,521	89.24%
Total	953	100%	398,035,000	100%

Based on information available to the Company as at 17 March 2014, approximately 19.89% of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

Statistics Of Shareholdings (Cont'd)

As At 17 March 2015

Top Twenty Shareholders as at March 17, 2015

S/No.	Name	No. of Shares	Percentage
1	ACTION ELECTRONICS CO. LTD	244,937,310	61.54%
2	UOB KAY HIAN PTE LTD	28,702,000	7.21%
3	LAI PIN YONG	23,938,910	6.01%
4	PENG WEN-CHIH	13,500,000	3.39%
5	PENG CHIUN-PING	9,000,730	2.26%
6	DBS NOMINEES PTE LTD	5,208,000	1.31%
7	OCBC SECURITIES PRIVATE LTD	3,168,581	0.80%
8	WU TENG SIONG	2,700,000	0.68%
9	LAI WEN HSIN	2,472,540	0.62%
10	TAN HEE NAM	2,350,000	0.59%
11	CIMB SEC (S'PORE) PTE LTD	2,102,759	0.53%
12	ENG SIU-LAN SIBYL	2,034,000	0.51%
13	CHEW THONG HIN	2,000,000	0.50%
14	ENG SIU-SIEN LISA	1,954,000	0.49%
15	KUEK BOON SENG	1,525,910	0.38%
16	SHUNG WEN-CHIH	1,357,910	0.34%
17	CHONG HUI VAN	1,297,200	0.33%
18	YEOW PING	1,275,400	0.32%
19	LIM CHER KHIANG	1,243,001	0.31%
20	LIN CHANG-HUANG	1,213,270	0.30%
		351,981,521	88.42%

Substantial Shareholders

As shown in the Register of Substantial Shareholders

	No of Shares	
Name of Shareholders	**Direct Interest**	**Deemed Interest**
Action Electronics Co., Ltd *	244,937,310	27,336,000
Almond Garden Corp *	27,336,000	0
Dato' Lai Pin Yong	23,938,910	0

* Action Electronics Co., Ltd is deemed to have an interest in 27,336,000 shares held by its wholly subsidiary, Almond Garden Corp through UOB Kay Hian Pte Ltd, pursuant to Section 7 of the Companies Act, Cap 50

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 2015 Annual General Meeting (the "Meeting") of **ACTION ASIA LIMITED** will be held at Imperial Ballroom, Level 35, Orchard Wing, Mandarin Orchard Singapore, 333 Orchard Road, Singapore 238867 on Tuesday, 28 April 2015 at 10:30 a.m. to transact the following business:-

AS ORDINARY BUSINESS

1. To consider the Directors' Report and Financial Statements for the year ended 31 December 2014 together with the Auditors' Report thereon. **Resolution 1**

2. To approve the Directors' Fees of $268,500/- for the year ended 31 December 2014. (2013: $275,000/-) **Resolution 2**

3. To re-appoint the following Directors who retire pursuant to Section 153 of the Companies Act, Chapter 50 of Singapore, as Directors of the Company.

   a) Dato' Peng, Chiun-Ping **Resolution 3**

   b) Dato' Lai Pin Yong **Resolution 4**

4. To re-elect the following Directors retiring pursuant to Article 93 of the Company's Articles of Association:-

   a) Mr Peng, Wen-Chih **Resolution 5**

   b) Tang Edmund Koon Kay **Resolution 6**

5. To re-appoint Messrs PricewaterhouseCoopers LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 7**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following as Ordinary Resolutions with or without modification:-

6. THAT pursuant to Section 161 of the Companies Act, Chapter 50, of Singapore (the "Companies Act") and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), the Directors be empowered to allot and issue shares in the capital of the Company and convertible securities (and any shares in the capital of the Company pursuant to the conversion of such convertible securities) at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit; and (notwithstanding the authority may have ceased to be in force) issue shares in the capital of the Company in pursuance of any convertible securities made or granted by the Directors while such authority remains in force, provided that the aggregate number of shares and convertible securities to be allotted and issued pursuant to this Ordinary Resolution (including shares in the capital of the Company to be issued in pursuance of convertible securities made or granted pursuant to this Ordinary Resolution) shall not exceed 50 per cent. of the total number of issued shares excluding treasury shares of the Company at the time of the passing of this Ordinary Resolution, of which the aggregate number of shares and convertible securities to be issued other than on a pro rata basis to all shareholders of the Company (including shares in the capital of the Company to be issued in pursuance of convertible securities made or granted pursuant to this Ordinary Resolution) shall not exceed 20 per cent. of the total number of issued shares excluding treasury shares of the Company and that such authority shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the Company's next Annual General Meeting ("AGM") or the date by which the next AGM of the Company is required by law to be held, whichever is earlier. **Resolution 8**

   [see statement under the heading Resolution 8]

Notice Of Annual General Meeting (Cont'd)

7. THAT : **Resolution 9**

(a) approval be and is hereby given for the purposes of Chapter 9 of the Listing Manual of the SGX-ST for the Company and its subsidiaries that are entities at risk (as that term is used in Chapter 9 of the Listing Manual of the SGX-ST), or any of them, to enter into any of the transactions falling within the types of Interested Person Transactions (as defined in the Listing Manual of the SGX-ST) set out in the Appendix accompanying this Notice of AGM (the "Appendix"), with any party who falls within the classes of Interested Persons (as defined in the Listing Manual of the SGX-ST) described in the Appendix, provided that such Interested Person Transactions are carried out on normal commercial terms and in accordance with the review procedures for Interested Person Transactions as set out in the Appendix (the "IPT Mandate");

(b) the IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier;

(c) the Audit Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of procedures and/or to modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Listing Manual of the SGX-ST which may be prescribed by the SGX-ST from time to time; and

(d) the Directors or any of them be hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they or he may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Ordinary Resolution.

[see statement under the heading Resolution 9]

8. THAT: **Resolution 10**

(a) for the purposes of the Companies Act (Chapter 50 of Singapore) (the "Companies Act"), the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company (the "Shares") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) on-market purchase(s) (each a "Market Purchase") on the SGX-ST; and/or

(ii) off-market purchase(s) (each an "Off-Market Purchase") in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act;

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and the listing rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "Share Buyback Mandate");

(b) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this resolution relating to the Share Buyback Mandate and expiring on:

(i) the date on which the next AGM is held or required by law to be held, whichever is the earlier;

(ii) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by Shareholders in a general meeting; or

(iii) the date on which the purchases or acquisitions of Shares pursuant to the Share Buyback Mandate are carried out to the full extent mandated,

Notice Of Annual General Meeting (Cont'd)

whichever is the earliest;

(c) in this resolution relating to the Share Buyback Mandate:

"Average Closing Price" means the average of the closing market prices of a Share over the last five (5) Market Days on which transactions in the Shares were recorded, immediately preceding the day on which the purchase or acquisition of Shares was made or as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Days;

"day of the making of the offer" means the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the basis set out below) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

"Market Day" means a day on which the SGX-ST is open for trading in securities;

"Maximum Limit" means that number of Shares representing 10.0% of the total number of issued Shares (excluding treasury shares) as at the date of the passing of this resolution relating to the Share Buyback Mandate unless the Company has, at any time during the Relevant Period, reduced its share capital in accordance with the applicable provisions of the Companies Act, in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered after such capital reduction (excluding any Shares which are held as treasury shares as at that date);

"Maximum Price" in relation to a Share to be purchased, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase, 105.0% of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120.0% of the Average Closing Price; and

"Relevant Period" means the period commencing from the date on which the last AGM was held (or, if Section 43(c) of the Companies (Amendment) Act 2014 has come into force as at the date of this resolution, the date on which this Resolution is passed) and expiring on the date on which the next AGM is held or is required by law to be held, whichever is the earlier, after the date the resolution relating to the Share Buyback Mandate is passed; and

(d) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient and necessary to give effect to the transactions contemplated and/or authorised by this resolution relating to the Share Buyback Mandate.

[see statement under the heading Resolution 10]

ANY OTHER BUSINESS

9. To transact any other business.

BY ORDER OF THE BOARD

JULIANA LOH JOO HUI
Company Secretary

Singapore, 13 April 2015

Notice Of Annual General Meeting (Cont'd)

Notes:

1. A member entitled to attend and vote at this meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy need not be a Member of the Company.

2. If the appointer is a corporation, the instrument of proxy must be executed under seal or by the hand of its duly authorised attorney or a duly authorised officer of the corporation.

3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 3 Anson Road #27-01, Springleaf Tower, Singapore 079909 not less than 48 hours before the time for holding the meeting.

4. Dato' Lai Pin Yong will, upon re-appointion as Director of the Company, continue to serve as Chairman of Nominating Committee and Remuneration Committee and member of the Audit Committee, he is considered to be independent by the Board of Directors of the Company in view of Guideline 2.3 of the revised Code of Corporate Governance 2012; and Guideline 2.4 relating to director who has served on the Board beyond nine years, which reasons are disclosed in the Report of the Corporate Governance.

5. Mr Tang Edmund Koon Kay will, upon re-election as Director of the Company, continue to serve the Chairman of the Audit Committee, member of the Nominating and Remuneration Committee, and he is considered to be independent by the Board of Directors of the Company.

EXPLANATORY NOTES

STATEMENT PURSUANT TO ARTICLE 54 OF THE COMPANY'S ARTICLES OF ASSOCIATION

Resolution 8

The Resolution 8 proposed in item 6 above, if passed, will empower the Directors from the date of the above Meeting until the date of the next AGM, to allot and issue shares and convertible securities in the Company. The number of shares and convertible securities that the Directors may allot and issue under this Ordinary Resolution would not exceed 50 per cent. of the total number of issued shares excluding treasury shares of the Company at the time of the passing of this Ordinary Resolution. For issue of shares and convertible securities other than on a pro rata basis to all shareholders, the aggregate number of shares and convertible securities to be issued shall not exceed 20 per cent. of the total number of issued shares excluding treasury shares of the Company.

The percentage of issued share capital is based on the total number of issued shares excluding treasury shares of the Company at the time of passing of the resolution approving the mandate after adjusting for (a) new shares arising from the conversion or exercise of convertible securities, (b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of the resolution approving the mandate, and (c) any subsequent bonus issue, consolidation or subdivision of shares.

Resolution 9

The Resolution 9 proposed in item 7 above, if passed, will empower the Directors to continue to enter into recurrent revenue transactions with interested persons. This authority will, unless previously revoked or varied by the Company at a general meeting expire at the conclusion of the Company's next AGM. Please refer to the Appendix for further details.

The Audit Committee has reviewed the terms of the IPT Mandate, as proposed to be renewed and is satisfied that the methods or procedures set out in the IPT Mandate are sufficient to ensure that the Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

Resolution 10

The Resolution 10 proposed in item 8 above, if passed, will empower the Directors to exercise all powers of the Company to purchase or otherwise acquire Shares not exceeding in aggregate 10.0% of the total number of issued Shares (excluding treasury shares) as at the date of the passing of this Resolution, whether by way of Market Purchase(s) or Off-Market Purchase(s), as set out in the Appendix.

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IMPORTANT : FOR CPF INVESTORS ONLY
1. This 2014 Annual Report is forwarded to you at the request of your CPF Approved Nominee and is sent SOLELY FOR YOUR INFORMATION ONLY. 2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

Proxy Form

ACTION ASIA LIMITED

(Incorporated in the Republic of Singapore - Company Registration No. 200206715M)

I/We ____

of ____

being a *member/members of Action Asia Limited, hereby appoint

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at Imperial Ballroom, Level 35, Orchard Wing, Mandarin Orchard Singapore, 333 Orchard Road, Singapore 238867 on Tuesday, 28 April 2015 at 10:30 a.m.and at any adjournment thereof.

The proxy is required to vote as indicated with an "X" on the resolutions set out in the Notice of Meeting and summarised below. If no specific direction as to voting is given, the proxy/proxies may vote or abstain at his discretion.

No.	RESOLUTIONS	FOR	AGAINST
1	**ORDINARY BUSINESS** To consider the Directors' Report and Financial Statements		
2	To approve Directors' Fee of $268,500/-		
3	To re-appoint Director, Dato' Peng, Chiun-Ping		
4	To re-appoint Director, Dato' Lai Pin Yong		
5	To re-elect Director, Mr Peng, Wen-Chih		
6	To re-elect Director, Mr Tang Edmund Koon Kay		
7	To re-appoint Messrs PricewaterhouseCoopers LLP as Auditors and to fix their remuneration		
8	**SPECIAL BUSINESS** To authorise the Directors to issue shares		
9	Renewal of Shareholders' Mandate on Interested Person Transactions		
10	Renewal of Share Buyback Mandate		

Signed this ______________ day of ______________________ 2015

Total Number of Shares in:	
a) CDP Register of Shareholder(s)	
b) Register of Members	

____

Signature(s) of member(s)/Common Seal

To be valid, this form must be lodged at the Company's Registered office at 3 Anson Road, #27-01 Springleaf Tower, Singapore 079909 not less than 48 hours before the time appointed for the Annual General Meeting.

Notes :

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote instead of him.

3. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. If no such proportion or number is specified the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.

4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 3 Anson Road, #27-01 Springleaf Tower, Singapore 079909 not less than 48 hours before the time appointed for the Annual General Meeting.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its officer or attorney duly authorised.

6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7. A corporation, which is a member, may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by the Central Depository (Pte) Limited to the Company.

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THE COMPANY SECRETARY
ACTION ASIA LIMITED
3 ANSON ROAD #27-01
SPRINGLEAF TOWER
SINGAPORE 079909

Penang, Malaysia Factory

Action Industries (M) Sdn. Bhd.

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Shenzhen, China Factory

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Action Asia (Shenzhen) Co., Ltd.

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亞憶前程發展，由亞憶人創造！

Our People，Our Future！

ACTION ASIA LIMITED

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