EXIT OFFER LETTER DATED 8 JULY 2015

THIS EXIT OFFER LETTER IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt about the Exit Offer (as defined herein) or the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

SAC Capital Private Limited ("**SAC Capital**") is acting for and on behalf of Almond Garden Corp. (the "**Offeror**"), a wholly-owned subsidiary of Action Electronics Co., Ltd. ("**Action Electronics**"), and does not purport to advise the shareholders of Action Asia Limited ("**AAL**" or the "**Company**") and/or any other person. In preparing this letter to the shareholders of the Company ("**Shareholders**") for and on behalf of the Offeror, SAC Capital has not had regard to the general or specific investment objectives, tax position, risk profiles, financial situation or particular needs and constraints of any individual Shareholder.

The views of the directors of AAL who are considered independent for the purposes of the Exit Offer and CIMB Bank Berhad, Singapore Branch, the independent financial adviser to such directors of AAL, on the Exit Offer are set out in the circular to Shareholders dated 8 July 2015 issued by AAL. You may wish to consider their views before making any decision on the Exit Offer.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed in this Exit Offer Letter.

If you have sold or transferred all your AAL Shares (as defined herein) held through The Central Depository (Pte) Limited ("**CDP**"), you need not forward this Exit Offer Letter and the accompanying Form of Acceptance and Authorisation ("**FAA**") to the purchaser or transferee, as CDP will arrange for a separate Exit Offer Letter and FAA to be sent to the purchaser or transferee. If you have sold or transferred all your AAL Shares which are not held through CDP, you should immediately hand this Exit Offer Letter and the accompanying Form of Acceptance and Transfer ("**FAT**") to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee. However, such documents should not be forwarded or transmitted to any jurisdiction outside of Singapore.

EXIT OFFER

in connection with

THE PROPOSED VOLUNTARY DELISTING OF ACTION ASIA LIMITED

by



SAC CAPITAL PRIVATE LIMITED
(Company Registration No.: 200401542N)
(Incorporated in the Republic of Singapore)

for and on behalf of

ALMOND GARDEN CORP.

(Company Registration No.: 125001)
(Incorporated in the British Virgin Islands)

a wholly-owned subsidiary of

ACTION ELECTRONICS CO., LTD.

(Company Registration No.: 44955117)
(Incorporated in Taiwan, Republic of China)

to acquire all the issued and paid-up ordinary shares in the capital of



ACTION ASIA LIMITED

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

other than those already owned, controlled or agreed to be acquired by the Offeror and Action Electronics

ACCEPTANCES SHOULD BE RECEIVED BY THE CLOSE OF THE EXIT OFFER AT 5.30 P.M. (SINGAPORE TIME) ON 14 AUGUST 2015 OR SUCH LATER DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE OFFEROR.

The procedures for acceptance of the Exit Offer are set out in Appendix 1 to this Exit Offer Letter and in the accompanying FAA and/or FAT.

INSTRUCTIONS TO ACCEPT THE EXIT OFFER

1. Locate the FAA if you are a Depositor and/or the FAT if you hold Offer Shares in scrip form, in this package. Alternatively, the relevant Acceptance Form(s) may be obtained from:

   (a) The Central Depository (Pte) Limited at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588 (in respect of the FAA);

   (b) Intertrust Singapore Corporate Services Pte Ltd at 3 Anson Road, #27-01 Springleaf Tower, Singapore 079909 (in respect of the FAT); or

   (c) the website of the SGX-ST at http://www.sgx.com.

2. Fill in your details and sign the relevant Acceptance Form(s). Instructions on how to complete the forms are set out in the Acceptance Forms and in Appendix 1 to this Exit Offer Letter.

3. Return the completed signed original Acceptance Form(s) in the enclosed pre-addressed envelope so as to arrive by **no later than 5.30 p.m. (Singapore time) on 14 August 2015** (or such later date(s) as may be announced from time to time by or on behalf of the Offeror), by hand or by post, to CDP (in the case of an FAA) or to the Registrar (in the case of an FAT). If the duly completed and signed original FAA and/or FAT is delivered by post to the Offeror, please use the enclosed pre-addressed envelope**.** It is your responsibility to affix adequate postage on the said envelope.

Overseas Shareholders should read Section 13 of this Exit Offer Letter.

CPFIS Investors who wish to accept the Exit Offer should contact their respective CPF Agent Banks (namely, DBS Bank Ltd, Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited).

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DEFINITIONS

Except where the context otherwise requires, the following definitions apply throughout this Exit Offer Letter and the Acceptance Forms:

"1Q2015"	:	Three-month financial period ended 31 March 2015
"AAL" or the "Company"	:	Action Asia Limited
"AAL Board"	:	The board of directors of AAL
"AAL Circular"	:	The circular dated 8 July 2015 issued by AAL to the Shareholders in relation to the Delisting and the Exit Offer
"AAL Directors"	:	Directors of AAL as at the Latest Practicable Date
"AAL Group"	:	AAL and its subsidiaries
"AAL Independent Directors"	:	Li Yuan Chen @ Jack Li, Dato' Lai Pin Yong and Tang Edmund Koon Kay, the AAL Directors who are considered independent for the purposes of the Exit Offer
"AAL Securities"	:	(a) AAL Shares; and (b) securities which carry voting rights in AAL
"AAL Shares"	:	Issued and paid-up ordinary shares in the capital of AAL
"Acceptance Forms"	:	The FAA and/or the FAT
"Action Electronics"	:	Action Electronics Co., Ltd. (憶聲電子股份有限公司), the parent company of the Offeror
"Action Electronics Group"	:	Has the meaning ascribed to it in Section 5.2 of this Exit Offer Letter
"AE Undertaking"	:	The irrevocable undertaking dated 26 February 2015 provided by Action Electronics to the Offeror
"Business Day"	:	A day other than a Saturday, Sunday or public holiday in Singapore
"CDP"	:	The Central Depository (Pte) Limited
"Closing Date"	:	**5.30 p.m. (Singapore time) on 14 August 2015** or such later date(s) as may be announced from time to time by or on behalf of the Offeror, being the last day for the lodgement of acceptances of the Exit Offer
"Code"	:	The Singapore Code on Take-overs and Mergers
"Common Directors"	:	The AAL Directors who are also directors of Action Electronics and/or the Offeror, being Peng Wen-Chih (彭文志), Dato' Peng Chiun-Ping (彭君平) and Chao Teng-Pang (趙登榜)
"Companies Act"	:	The Companies Act, Chapter 50 of Singapore

"Concert Group"	:	Has the meaning ascribed to it in Section 10(b) of this Exit Offer Letter
"Concert Parties"	:	Parties acting or presumed to be acting in concert with the Offeror in connection with the Exit Offer
"Consolidated Group NTA per Share"	:	Has the meaning ascribed to it in Section 10(a)(I)(aa) of this Exit Offer Letter
"CPF"	:	Central Provident Fund
"CPF Agent Banks"	:	Agent banks included under the CPFIS
"CPFIS"	:	Central Provident Fund Investment Scheme
"CPFIS Investors"	:	Investors who have purchased AAL Shares using their monies pursuant to the CPFIS
"Date of Receipt"	:	Has the meaning ascribed to it in paragraph 1.1(a)(ii) of Appendix 1 to this Exit Offer Letter
"Delisting"	:	The proposed voluntary delisting of the Company from the Official List of the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual
"Delisting Proposal"	:	The proposal dated 27 February 2015 presented by the Offeror to the AAL Board to seek the Delisting
"Delisting Resolution"	:	The resolution of Shareholders in respect of the Delisting
"Delisting Resolution Approval Condition"	:	Has the meaning ascribed to it in Section 2.6(a) of this Exit Offer Letter
"Despatch Date"	:	8 July 2015, being the date of despatch of this Exit Offer Letter
"Directors' Undertakings"	:	The irrevocable undertakings dated 26 February 2015 provided by each of Peng Wen-Chih (彭文志), Dato' Peng Chiun-Ping (彭君平) and Dato' Lai Pin Yong to the Offeror, as supplemented by their respective supplemental deeds of undertaking dated 8 May 2015
"Dissenting Shareholders"	:	Has the meaning ascribed to it in Section 9 of this Exit Offer Letter
"Distribution"	:	Any dividends, rights and other distributions declared, paid or made by the Company in respect of the AAL Shares
"EGM"	:	The extraordinary general meeting to be convened by the Company on 31 July 2015 to seek the approval of the Shareholders for the Delisting, notice of which is given on page N-1 of the AAL Circular
"Electronic Acceptance"	:	The SGX-SSH service provided by CDP as listed in Schedule 3 of the Terms and Conditions for User Services for Depository Agents

"Encumbrances"	:	All claims, charges, equities, mortgages, liens, pledges, encumbrances, rights of pre-emption and any other third party rights and interests of any nature whatsoever
"Exit Offer"	:	The cash offer made by SAC Capital, for and on behalf of the Offeror, to acquire the Offer Shares on the terms and subject to the conditions set out in this Exit Offer Letter and the Acceptance Forms
"Exit Offer Letter"	:	This document and any other document(s) which may be issued by SAC Capital, for and on behalf of the Offeror, to amend, revise, supplement or update this document from time to time
"Exit Offer Price"	:	S$0.19 in cash for each Offer Share
"Exit Offer Settlement Date"	:	In relation to any Offer Shares tendered in acceptance of the Exit Offer, the settlement date in respect of such Offer Shares
"FAA"	:	Form of Acceptance and Authorisation for Offer Shares in respect of the Exit Offer, which forms part of this Exit Offer Letter and which is issued to Shareholders whose Offer Shares are deposited with CDP
"FAT"	:	Form of Acceptance and Transfer for Offer Shares in respect of the Exit Offer, which forms part of this Exit Offer Letter and which is issued to Shareholders whose Offer Shares are not deposited with CDP
"FY"	:	Financial year ended 31 December
"IFA"	:	CIMB Bank Berhad, Singapore Branch, the independent financial adviser to the directors of AAL who are considered independent for the purposes of the Exit Offer
"in scrip form"	:	Has the meaning ascribed to it in paragraph 2.1 of Appendix 1 to the Exit Offer Letter
"Irrevocable Undertakings"	:	The Directors' Undertakings and the AE Undertaking
"Joint Announcement"	:	The joint announcement dated 27 February 2015 released by the Offeror and AAL, in connection with the Delisting and the Exit Offer
"Joint Announcement Date"	:	27 February 2015, being the date of the Joint Announcement
"Last Market Day"	:	Has the meaning ascribed to it in Section 2.3 of this Exit Offer Letter
"Latest Practicable Date"	:	1 July 2015, being the latest practicable date prior to the printing of this Exit Offer Letter
"Listing Manual"	:	The listing manual of the SGX-ST
"Long-Stop Date"	:	Has the meaning ascribed to it in Section 2.11 of this Exit Offer Letter

"Market Day"	:	A day on which the SGX-ST is open for trading of securities
"NT$"	:	New Taiwan dollars
"Offer Shares"	:	All the issued AAL Shares to which the Exit Offer relates, as more particularly described in Section 2.1 of this Exit Offer Letter
"Offeror"	:	Almond Garden Corp., a wholly-owned subsidiary of Action Electronics
"Offeror Directors"	:	Directors of the Offeror as at the Latest Practicable Date
"Overseas Shareholders"	:	Has the meaning ascribed to it in Section 13.2 of this Exit Offer Letter
"Record Date"	:	In relation to any Distribution, the date on which Shareholders must be registered with AAL or CDP, as the case may be, in order to participate in such Distribution
"Reference Period"	:	The period commencing three months prior to the Joint Announcement Date and ending on the Latest Practicable Date
"Register"	:	The register of holders of the AAL Shares, as maintained by the Registrar
"Registrar" or "Intertrust"	:	Intertrust Singapore Corporate Services Pte Ltd
"Restricted Jurisdiction"	:	Has the meaning ascribed to it in Section 13.1 of this Exit Offer Letter
"SAC Capital"	:	SAC Capital Private Limited, the financial adviser to the Offeror in connection with the Exit Offer
"Securities Account"	:	A securities account maintained by a Depositor with CDP but does not include a securities sub-account
"SGX Approval"	:	Has the meaning ascribed to it in Section 2.6 of this Exit Offer Letter
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Shareholders"	:	Persons who are registered as holders of AAL Shares in the Register and Depositors who have AAL Shares entered against their names in the Depository Register
"SIC"	:	Securities Industry Council of Singapore
"Undertaking Shareholders"	:	Action Electronics, Peng Wen-Chih (彭文志), Dato' Peng Chiun-Ping (彭君平) and Dato' Lai Pin Yong
"VWAP"	:	Volume weighted average price
"$" or "S$" and "cents"	:	Singapore dollars and cents, respectively
"%" or "per cent."	:	Per centum or percentage

Acting in concert. The term "**acting in concert**" shall have the meaning ascribed to it in the Code.

Announcements and Notices. References to the making of an announcement or the giving of notice by the Offeror shall include the release of an announcement by SAC Capital or advertising agents, for and on behalf of the Offeror, to the press or the delivery of or transmission by telephone, facsimile, SGXNET or otherwise of an announcement to the SGX-ST. An announcement made otherwise than to the SGX-ST shall be notified simultaneously to the SGX-ST.

Depositors, etc. The terms "**Depositor**", "**Depository Agent"** and "**Depository Register"** shall have the meaning ascribed to them respectively in Section 130A of the Companies Act.

Exit Offer Letter. References to "**Exit Offer Letter**" shall include the Acceptance Forms, unless the context otherwise requires.

Genders. Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations.

Headings. The headings in this Exit Offer Letter are inserted for convenience only and shall be ignored in construing this Exit Offer Letter.

Rounding. Any discrepancies in figures included in this Exit Offer Letter between the listed amounts shown and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Exit Offer Letter may not be an arithmetic aggregation of the figures that precede them.

Shareholders. References to "**you**", "**your**" and "**yours**" in this Exit Offer Letter are, as the context so determines, to Shareholders.

Statutes. Any reference in this Exit Offer Letter to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Code or the Listing Manual or any modification thereof and used in this Exit Offer Letter shall, where applicable, have the meaning assigned to it under the Companies Act, the Code or the Listing Manual or any modification thereof, as the case may be, unless the context otherwise requires.

Subsidiary and Related Corporation. References to "**subsidiary**" and "**related corporation**" shall have the meanings ascribed to them respectively in Sections 5 and 6 of the Companies Act.

Time and Date. Any reference to a time of the day and date in this Exit Offer Letter shall be a reference to Singapore time and date, respectively, unless otherwise stated.

Total number of issued AAL Shares. References in this Exit Offer Letter to the total number of issued AAL Shares are based on 398,035,000 AAL Shares in issue as at the Latest Practicable Date (excluding 1,965,000 treasury shares) (based on a search conducted at the Accounting and Corporate Regulatory Authority of Singapore on such date), unless otherwise stated.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this Exit Offer Letter are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as "seek", "expect", "anticipate", "estimate", "believe", "intend", "project", "plan", "strategy", "forecast" and similar expressions or future or conditional verbs such as "will", "would", "should", "could", "may" and "might". These statements reflect the current expectations, beliefs, hopes, intentions or strategies of the Offeror regarding the future and assumptions in light of currently available information as at the Latest Practicable Date. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results or outcomes may differ materially from those described in such forward-looking statements. Shareholders and investors should not place undue reliance on such forward-looking statements, and neither the Offeror nor SAC Capital undertakes any obligation to update publicly or revise any forward-looking statements, subject to compliance with all applicable laws and regulations and/or rules of the SGX-ST and/or any other regulatory or supervisory body or agency.



SAC CAPITAL PRIVATE LIMITED
(Company Registration No.: 200401542N)
(Incorporated in the Republic of Singapore)

1 Robinson Road #21-02 AIA Tower
Singapore 048542

8 July 2015

To: The Shareholders of Action Asia Limited

Dear Sir/Madam

VOLUNTARY DELISTING OF ACTION ASIA LIMITED – EXIT OFFER LETTER

1. INTRODUCTION

1.1 Delisting Proposal

On 27 February 2015, the Offeror and the Company jointly announced that the Offeror had presented the Delisting Proposal to the AAL Board to seek the Delisting and that under the Delisting Proposal, the Offeror will make the Exit Offer in connection with the Delisting.

1.2 EGM

AAL is convening an EGM scheduled to be held on 31 July 2015 to seek the approval of the Shareholders for the Delisting.

1.3 Exit Offer Letter, Acceptance Forms and AAL Circular

This Exit Offer Letter, together with the Acceptance Forms, sets out the terms and conditions of the Exit Offer. The Exit Offer may only be accepted by the relevant Shareholders to whom this Exit Offer Letter is addressed.

A copy of the AAL Circular is despatched together with this Exit Offer Letter. Electronic copies of the AAL Circular, this Exit Offer Letter and the Acceptance Forms are also available on the website of the SGX-ST at http://www.sgx.com.

1.4 Caution

The SGX-ST assumes no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed in this Exit Offer Letter.

Please read this Exit Offer Letter and the AAL Circular (including the advice of the IFA to the AAL Independent Directors and the recommendation of the AAL Independent Directors on the Exit Offer) carefully in their entirety.

If you are in any doubt about the Exit Offer or the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

2. THE EXIT OFFER

2.1 Exit Offer

For and on behalf of the Offeror, SAC Capital hereby makes the Exit Offer to acquire all the issued AAL Shares (excluding treasury shares) other than those already owned, controlled or agreed to be acquired by the Offeror and Action Electronics ("**Offer Shares**"), on the terms and subject to the conditions set out in this Exit Offer Letter and the Acceptance Forms.

2.2 Exit Offer Price

The consideration for each Offer Share is as follows:

For each Offer Share: S$0.19 in cash.

The Offeror does not intend to revise the Exit Offer Price.

The Exit Offer Price shall be applicable to any number of Offer Shares that are tendered in acceptance of the Exit Offer.

Each Shareholder who accepts the Exit Offer will receive S$190 for every 1,000 Offer Shares tendered in acceptance under the Exit Offer.

2.3 Benchmarking the Exit Offer Price

The Exit Offer Price represents the following premia over the historical traded prices of the AAL Shares prior to the Joint Announcement Date:

Description	Share Price (S$)	Premium over Share Price (%)
Last transacted price on 26 February 2015, being the last Market Day on which the AAL Shares were traded on the SGX-ST prior to the Joint Announcement Date ("**Last Market Day**")	0.112	69.6
VWAP for the one-month period up to and including the Last Market Day	0.113	68.1
VWAP for the three-month period up to and including the Last Market Day	0.114	66.7
VWAP for the six-month period up to and including the Last Market Day	0.115	65.2
VWAP for the 12-month period up to and including the Last Market Day[(1)]	0.123	54.5

Source: Bloomberg L.P.

Note:

(1) This excludes the acquisition of AAL Shares by Action Electronics via off-market transactions.

2.4 No Encumbrances

The Offer Shares are to be acquired (a) fully paid, (b) free from all Encumbrances, and (c) together with all rights, benefits, entitlements and advantages attached thereto as at the Joint Announcement Date and thereafter attaching thereto, including but not limited to the right to receive and retain all Distributions (if any), the Record Date for which falls on or after the Joint Announcement Date.

2.5 Adjustments for Distributions

Without prejudice to the generality of the foregoing, the Exit Offer Price has been determined on the basis that the Offer Shares will be acquired with the right to receive any Distributions, the Record Date for which falls on or after the Joint Announcement Date. In the event of any such Distribution, the Exit Offer Price payable to a Shareholder who validly accepts or has validly accepted the Exit Offer shall be reduced by an amount which is equal to the amount of such Distribution as follows, depending on when the Exit Offer Settlement Date falls:

(a) if the Exit Offer Settlement Date falls on or before the Record Date, the Offeror will pay the relevant accepting Shareholders the unadjusted Exit Offer Price of S$0.19 in cash for each Offer Share, as the Offeror will receive the Distribution in respect of such Offer Share from the Company; and

(b) if the Exit Offer Settlement Date falls after the Record Date, the Exit Offer Price payable for each Offer Share tendered in acceptance shall be reduced by an amount which is equal to the Distribution in respect of such Offer Share, as the Offeror will not receive such Distribution from the Company.

2.6 Conditions to Delisting and Making of Exit Offer. As stated in the Joint Announcement, the Delisting and the making of the Exit Offer are conditional upon:

(a) the approval of the Delisting Resolution by a majority of at least 75% of the total number of issued AAL Shares (excluding treasury shares) held by the Shareholders present and voting, on a poll, either in person or by proxy at the EGM, and the Delisting Resolution not being voted against by 10% or more of the total number of issued AAL Shares (excluding treasury shares) held by the Shareholders present and voting, on a poll, either in person or by proxy at the EGM (the "**Delisting Resolution Approval Condition**"); and

(b) confirmation by the SGX-ST that it has no objection to the Delisting, subject to the satisfaction of the Delisting Resolution Approval Condition.

By way of letters issued on 30 June 2015 and 1 July 2015, the SGX-ST informed the Company that it has no objection to the Delisting, subject to compliance with Rule 1307 and Rule 1309 of the Listing Manual (the "**SGX Approval**"). However, the SGX Approval is not to be taken as an indication of the merits of the Delisting.

Pursuant to Rule 1307 of the Listing Manual, all Shareholders (including the Offeror, parties acting in concert with the Offeror and the AAL Directors who hold AAL Shares) are entitled to vote on the Delisting Resolution.

As at the Latest Practicable Date, the Offeror and parties acting in concert with it hold in aggregate 298,952,580 AAL Shares[1], representing approximately 75.11% of the total number of issued AAL Shares[2].

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1 These comprise 29,042,000 AAL Shares directly held by the Offeror, 244,937,310 AAL Shares directly held by Action Electronics, 13,500,000 AAL Shares directly held by Peng Wen-Chih (彭文志), 9,000,730 AAL Shares directly held by Dato' Peng Chiun-Ping (彭君平) and 2,472,540 AAL Shares directly held by Lai Wen Hsin (賴文鑫) (being the corporate representative of Far Year Invest Limited (華憶投資有限公司), a company wholly-owned by Lai Wen Hsin (賴文鑫) and his associates, on the board of directors of Action Electronics), as at the Latest Practicable Date.

2 Unless otherwise stated, references in this Exit Offer Letter to the total number of issued AAL Shares are based on 398,035,000 AAL Shares (excluding 1,965,000 treasury shares), based on a search conducted at the Accounting and Corporate Regulatory Authority of Singapore as at the Latest Practicable Date.

As at the Latest Practicable Date, the Offeror intends to vote all of the 29,042,000 AAL Shares held by it (representing approximately 7.30% of the total number of issued AAL Shares) in favour of the Delisting Resolution at the EGM. Further, as at the Latest Practicable Date, the Offeror has also obtained:

(i) an irrevocable undertaking from Action Electronics, *inter alia*, that it will vote all of the 244,937,310 AAL Shares held by it (representing approximately 61.54% of the total number of issued AAL Shares) in favour of the Delisting Resolution at the EGM; and

(ii) the Directors' Undertakings from Peng Wen-Chih (彭文志), Dato' Peng Chiun-Ping (彭君平) and Dato' Lai Pin Yong, who collectively own or control an aggregate of 46,439,640 AAL Shares (representing approximately 11.67% of the total number of issued AAL Shares), that they will, *inter alia*, vote all of their respective AAL Shares in favour of the Delisting Resolution at the EGM.

Accordingly, as at the Latest Practicable Date, an aggregate of 320,418,950 AAL Shares, representing approximately 80.50% of the total number of issued AAL Shares, will be voted in favour of the Delisting Resolution at the EGM.

2.7 Acceptances

Shareholders may accept the Exit Offer in full or in part. The Exit Offer will not be conditional upon a minimum number of acceptances being received by the Offeror.

2.8 Warranty

A Shareholder who tenders his Offer Shares in acceptance of the Exit Offer will be deemed to unconditionally and irrevocably represent, warrant and undertake to the Offeror that he sells such Offer Shares as or on behalf of the beneficial owner(s) thereof, (a) fully paid, (b) free from all Encumbrances, and (c) together with all rights, benefits, entitlements and advantages attached thereto as at the Joint Announcement Date and thereafter attaching thereto, including the right to all Distributions (if any), the Record Date for which falls on or after the Joint Announcement Date.

2.9 Choices

A Shareholder can, in relation to all or part of his Offer Shares, either:

(a) accept the Exit Offer in respect of such Offer Shares in full or in part, in accordance with such procedures set out in Appendix 1 to this Exit Offer Letter; or

(b) take no action and let the Exit Offer lapse in respect of his Offer Shares.

In the event that the conditions set out in Section 2.6 of this Exit Offer Letter are satisfied, Shareholders should note that the Company will be delisted from the Official List of the SGX-ST after the close of the Exit Offer, irrespective of the level of acceptances of the Exit Offer. In such event, Shareholders who do not accept the Exit Offer will be left holding AAL Shares in an unlisted company.

Shareholders should also note that voting in favour of the Delisting Resolution does not constitute an acceptance of the Exit Offer and Shareholders who wish to accept the Exit Offer must tender their acceptances in accordance with the procedures set out in Appendix 1 to this Exit Offer Letter.

2.10 Duration

Shareholders may choose to accept the Exit Offer from the date of despatch of this Exit Offer Letter before the EGM. However, such acceptances would be conditional on the Delisting Resolution being approved at the EGM. If the Delisting Resolution is not approved at the EGM, the condition to the Delisting and the Exit Offer will not be satisfied and the Exit Offer will lapse, and both the Shareholders and the Offeror will cease to be bound by any prior acceptance of the Exit Offer by any Shareholder.

If the Delisting Resolution is approved by the Shareholders at the EGM, the Exit Offer will remain open for acceptance by the Shareholders for a period of at least 14 days after the date of announcement of the Shareholders' approval of the Delisting. Accordingly, the Exit Offer will close at **5.30 p.m. (Singapore time) on 14 August 2015** or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

If the Exit Offer is extended, an announcement will be made of such extension and the Exit Offer will remain open for acceptance for such period as may be announced.

2.11 Long-Stop Date

In the Joint Announcement, it was stated that if the Delisting Resolution Approval Condition is not satisfied within six months of the Joint Announcement Date (being 27 August 2015) (the "**Long-Stop Date**"), the Delisting shall not take place and the Exit Offer will lapse (unless the Long-Stop Date is further extended by the Offeror and such extension is approved by the SIC).

3. IRREVOCABLE UNDERTAKINGS

3.1 AE Undertaking

(a) Principal terms of the AE Undertaking

The Offeror has obtained an irrevocable undertaking from Action Electronics which holds 244,937,310 AAL Shares, representing approximately 61.54% of the total number of issued AAL Shares as at the Latest Practicable Date, *inter alia*, that:

(i) it shall exercise or procure the exercise of the voting rights attached to its AAL Shares to **vote in favour** of the Delisting Resolution pursuant to Rules 1307 and 1309 of the Listing Manual and all matters ancillary thereto at the EGM to be convened to obtain the approval of Shareholders for the same; and

(ii) it shall **not** tender, or procure the tendering of any of its AAL Shares in acceptance of the Exit Offer.

(b) Duration of the AE Undertaking

The AE Undertaking shall terminate and cease to have any effect at the earlier of:

(i) approval by Shareholders for the Delisting not having been obtained within 6 months from the Joint Announcement Date; or

(ii) the Exit Offer having been withdrawn, lapsed or closed, or failed to become or be declared unconditional in all respects for any reason (other than as a result of breach by Action Electronics of its obligations under the AE Undertaking), provided that such termination and cessation shall be subject to the prior written confirmation of the Offeror and SAC Capital.

3.2 Directors' Undertakings

As at the Joint Announcement Date, the Offeror has obtained irrevocable undertakings from each of Peng Wen-Chih (彭文志)[3], Dato' Peng Chiun-Ping (彭君平)[4] and Dato' Lai Pin Yong[5], who collectively own or control an aggregate of 46,439,640 AAL Shares, representing approximately 11.67% of the total number of issued AAL Shares as at the Latest Practicable Date.

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3 Peng Wen-Chih (彭文志) is a director of Action Electronics and the Managing Director of the Company. As at the Latest Practicable Date, he directly owns 1,796,707 shares in Action Electronics, representing approximately 0.65% of the total number of issued shares of Action Electronics (excluding treasury shares).

4 Dato' Peng Chiun-Ping (彭君平) is a director of Action Electronics and the Offeror and the Executive Director of the Company. As at the Latest Practicable Date, he directly owns 20,184,303 shares in Action Electronics, representing approximately 7.28% of the total number of issued shares of Action Electronics (excluding treasury shares).

5 Dato' Lai Pin Yong is an Independent Director of the Company.

(a) Principal terms of the Directors' Undertakings

Each of Peng Wen-Chih (彭文志), Dato' Peng Chiun-Ping (彭君平) and Dato' Lai Pin Yong has provided an irrevocable undertaking to the Offeror that, *inter alia*:

(i) he shall exercise or procure the exercise of the voting rights attached to his AAL Shares to **vote in favour** of the Delisting Resolution pursuant to Rules 1307 and 1309 of the Listing Manual and all matters ancillary thereto at the EGM to be convened to obtain the approval of Shareholders for the same; and

(ii) he shall tender, or procure the tendering of all (and not some only) of his AAL Shares in full acceptance of the Exit Offer at the Exit Offer Price, within 5 business days after the commencement of the Exit Offer (and in any event not later than the Closing Date).

(b) Duration of the Directors' Undertakings

The Directors' Undertakings shall terminate and cease to have any effect at the earlier of:

(i) approval by Shareholders for the Delisting not having been obtained within 6 months from the Joint Announcement Date; or

(ii) the Exit Offer having been withdrawn, lapsed or closed, or failed to become or be declared unconditional in all respects for any reason (other than as a result of breach by the relevant undertaking shareholder of his obligations under his irrevocable undertaking), provided that such termination and cessation shall be subject to the prior written confirmation of the Offeror and SAC Capital.

As mentioned in the announcement dated 8 May 2015 by SAC Capital, for and on behalf of the Offeror, pursuant to the Directors' Undertakings, each of Peng Wen-Chih (彭文志), Dato' Peng Chiun-Ping (彭君平) and Dato' Lai Pin Yong had on 8 May 2015 entered into a supplemental deed of undertaking with the Offeror, whereby each of them had agreed that any payment of cash consideration in respect of their AAL Shares to be tendered in acceptance of the Exit Offer shall be deferred to a date as may be mutually agreed with the Offeror. Such payment will be made by the Offeror within 10 business days of the date of delisting of the Company from the Official List of the SGX-ST.

4. PROCEDURES FOR ACCEPTANCE AND SETTLEMENT

Appendix 1 to this Exit Offer Letter sets out (a) the procedures for acceptance of the Exit Offer by a Shareholder and (b) details of the settlement of the Offer Shares tendered in acceptance of the Exit Offer.

5. INFORMATION ON THE OFFEROR AND ACTION ELECTRONICS

5.1 The Offeror

The Offeror is a company incorporated in the British Virgin Islands on 29 July 1994 and is a direct wholly-owned subsidiary of Action Electronics. Its principal activities are those of an investment holding company. As at the Latest Practicable Date, the Offeror has an issued and paid-up share capital of US$20,000,000 (equivalent to NT$752,029,700 as at 31 March 2015 converted at historical exchange rates) comprising 20,000,000 issued ordinary shares with a par value of US$1.00 each.

As at the Latest Practicable Date, the Offeror Directors are Dato' Peng Chiun-Ping (彭君平), Chao Teng-Pang (趙登榜) and Peng Ting-Yu (彭亭玉).

As at the Latest Practicable Date, the Offeror owns an aggregate of 29,042,000 AAL Shares, representing approximately 7.30% of the total number of issued AAL Shares.

5.2 Action Electronics

Action Electronics is a company incorporated in Taiwan, the Republic of China and is listed on the Taiwan Stock Exchange. Action Electronics and its subsidiaries (the "**Action Electronics Group**") are primarily engaged in the manufacture and marketing of high resolution colour televisions, liquid crystal display televisions, video compact discs and mini televisions. The Action Electronics Group markets its products under the ACTION brand name and exports its products to Europe, America and Asia.

As at the Latest Practicable Date, Action Electronics has 277,157,496 issued shares (excluding 5,000,000 shares held in treasury)[6] and a market capitalisation of approximately NT$1,396.9 million (equivalent to approximately S$61.3 million based on an exchange rate of S$1.00 : NT$22.8).

As at the Latest Practicable Date, the directors of Action Electronics are Dato' Peng Chiun-Ping (彭君平), Peng Wen-Chih (彭文志), Peng Ting-Yu (彭亭玉), Chao Teng-Pang (趙登榜), Da Bo Invest Limited corporate representative B.Z. Peng (大柏投資有限公司代表人彭柏彰), Far Year Invest Limited corporate representative Lai Wen Hsin (華憶投資有限公司代表人賴文鑫), Shuy Jin-Lu (徐金爐), Liu Chiu Chi (劉秋其), Tang Peng Chin (湯鵬縉), Soren S.J. Liao (廖述仁) and Su Long Te (蘇隆德).

As at the Latest Practicable Date, Dato' Peng Chiun-Ping (彭君平) and his associates (as defined under the Listing Manual) hold a controlling interest of approximately 16.70% in Action Electronics (excluding treasury shares).

As at the Latest Practicable Date, Action Electronics owns an aggregate of 244,937,310 AAL Shares, representing approximately 61.54% of the total number of issued AAL Shares, and is also deemed interested in the AAL Shares held by the Offeror in the Company. The Offeror and Action Electronics collectively own an aggregate of 273,979,310 AAL Shares, representing 68.83% of the total number of issued AAL Shares.

5.3 Additional Information

Additional information on the Offeror and Action Electronics is set out in Appendix 2 and Appendix 3 to this Exit Offer Letter respectively.

6. INFORMATION ON THE COMPANY

6.1 The Company

The Company is a company incorporated in Singapore on 2 August 2002 and is listed on the Mainboard of the SGX-ST. Its principal activities are those of an investment holding company. The AAL Group is engaged in the design, manufacture and assembly of mobile audio and video electronic products for lifestyle entertainment and in-car-usage such as multi-functional digital video player, digital photo frame and digital mobile television. The AAL Group's lifestyle entertainment multimedia products are used mainly in homes, hospitals and outdoors while its in-car entertainment multimedia products are installed mainly in automobiles and commercial vehicles.

As at the Latest Practicable Date, the Company has an issued and paid-up share capital comprising 398,035,000 AAL Shares (excluding 1,965,000 treasury shares) and a market capitalisation of approximately S$75.2 million.

As at the Latest Practicable Date, the AAL Directors are Li Yuan Chen @ Jack Li, Peng Wen-Chih, Dato' Peng Chiun-Ping, Dato' Lai Pin Yong, Tang Edmund Koon Kay and Chao Teng-Pang. Peng Wen-Chih, Dato' Peng Chiun-Ping and Chao Teng-Pang are also directors of Action Electronics, the parent company of the Offeror. In addition, Dato' Peng Chiun-Ping and Chao Teng-Pang are also directors of the Offeror. Accordingly, each of Peng Wen-Chih, Dato' Peng Chiun-Ping and Chao Teng-Pang is deemed to be acting in concert with the Offeror in relation to the Exit Offer.

6.2 Additional Information

Additional information on the Company is set out in Appendix 4 to this Exit Offer Letter.

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6 As at the Latest Practicable Date, the total number of issued shares of Action Electronics (including the 5,000,000 shares held in treasury) is 282,157,496 shares.

7. RATIONALE FOR THE DELISTING AND THE EXIT OFFER

7.1 No Need for Access to Capital Markets

Since its initial public offering in 2004, the Company has not carried out any fund-raising exercise on the SGX-ST. The Company is unlikely to require access to the Singapore capital markets in the foreseeable future to finance its operations and accordingly, it may not be necessary for the Company to remain listed on the SGX-ST.

7.2 Realisation of Investments for Cash at a Premium

The Exit Offer will present Shareholders with an opportunity to realise their entire shareholding for cash at an attractive premium of approximately 69.6% over the last transacted price per Share of S$0.112 on 26 February 2015, being the Last Market Day on which the AAL Shares were traded on the SGX-ST prior to the Joint Announcement Date, and an attractive premium of approximately 68.1%, 66.7%, 65.2% and 54.5% over the VWAP of the AAL Shares for the one-month, three-month, six-month and 12-month periods, respectively, prior to and including the Last Market Day.

The AAL Shares have not traded at or above the Exit Offer Price in the three-year period preceding the Joint Announcement Date.

The Exit Offer provides Shareholders with an option to realise the value of their investments for cash at a significant premium over the historical traded prices of the AAL Shares which may not otherwise be readily available given the low trading volume of the AAL Shares prior to the Joint Announcement Date, without incurring brokerage or other trading costs.

7.3 Low Trading Volume of the AAL Shares

The historical trading volume of the AAL Shares has been generally low. The average daily trading volume of the AAL Shares for the one-month, three-month, six-month and 12-month periods prior to and including the Last Market Day are as follows:

Period prior to and including the Last Market Day	Average Daily Trading Volume[(1)] ('000)	Approximate percentage of total number of AAL Shares[(2)] (%)
Last one-month	79	0.02
Last three-months	39	0.01
Last six-months	25	0.01
Last 12 months	33	0.01

Source: Bloomberg L.P.

Notes:

(1) The average daily trading volume is computed based on the total trading volume of the AAL Shares (excluding off-market transactions) for days on which the SGX-ST is open for trading in securities ("**Market Days**") for the relevant periods immediately prior to and including the Last Market Day, divided by the total number of Market Days during the respective periods.

(2) Based on 398,035,000 issued AAL Shares (excluding treasury shares) in the capital of the Company as at the Joint Announcement Date.

The Exit Offer will provide an exit opportunity, at a significant premium over the historical traded prices of the AAL Shares, for Shareholders who wish to realise their entire investment in the AAL Shares but find it difficult to do so as a result of the low trading volume of the AAL Shares.

7.4 Greater Management Flexibility

The Delisting will provide the Offeror and the Company with greater control and management flexibility in utilising and deploying the available resources of the AAL Group and facilitating the implementation of any strategic initiatives and/or operational changes of the AAL Group to achieve greater efficiency and competitiveness without the attendant costs, regulatory restrictions and compliance issues associated with its listed status on the SGX-ST.

7.5 Eliminate Compliance Costs of Maintaining Listing Status

The Company incurs compliance and associated costs in maintaining its listed status on the SGX-ST. The Delisting would allow the Company to realise cost savings by eliminating listing, compliance and other related expenses associated with ongoing compliance with the listing requirements under the Listing Manual, thereby enabling the Company to focus its resources on its business operations.

8. THE OFFEROR'S INTENTIONS FOR THE COMPANY

The Offeror currently has no intention to (a) propose any major changes to the existing businesses of the AAL Group; (b) re-deploy the fixed assets of the AAL Group; or (c) discontinue the employment of the existing employees of the AAL Group, other than in the ordinary course of business. Nonetheless, the Offeror retains the flexibility at any time to consider and evaluate options or opportunities in relation to the AAL Group which may present themselves, and which it may regard to be in the interests of the Offeror and/or the Company.

Following the close of the Exit Offer, the Offeror will undertake a comprehensive review of the businesses and fixed assets of the AAL Group. This review will assist the Offeror in determining the optimal business strategy for the AAL Group.

9. COMPULSORY ACQUISITION

Pursuant to Section 215(1) of the Companies Act, in the event that the Offeror acquires 90% or more of the AAL Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the Despatch Date and excluding any AAL Shares held by the Company as treasury shares), the Offeror will be entitled to exercise its right under Section 215(1) of the Companies Act to compulsorily acquire all the AAL Shares of Shareholders who have not accepted the Exit Offer ("**Dissenting Shareholders**"), at a price equal to the Exit Offer Price.

The Offeror intends to make the Company its wholly-owned subsidiary. Accordingly, should the Offeror acquire 90% or more of the AAL Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the Despatch Date and excluding any AAL Shares held by the Company as treasury shares), which would result in the Offeror, its related corporations and their respective nominees holding an aggregate of 96.88% of the AAL Shares, the Offeror intends to exercise its right of compulsory acquisition under Section 215(1) of the Companies Act.

In addition, Dissenting Shareholders will have the right under and subject to Section 215(3) of the Companies Act to require the Offeror to acquire their AAL Shares at the Exit Offer Price and on the same terms as the Exit Offer, in the event that the Offeror, its related corporations or their respective nominees acquire, pursuant to the Exit Offer, such number of AAL Shares which, together with the AAL Shares held by the Offeror, its related corporations or their respective nominees, comprise 90% or more of the total number of issued AAL Shares (excluding treasury shares). **Dissenting Shareholders who wish to exercise such rights are advised to seek their own independent legal advice.**

In the event that the Delisting is approved by Shareholders at the EGM but neither the Offeror nor the Dissenting Shareholders are entitled to exercise their rights under Section 215(1) and Section 215(3) of the Companies Act respectively, the Company will be delisted, and Shareholders who do not accept the Exit Offer will be left holding AAL Shares in an unlisted company. Shareholders should note the following:

(a) following the Delisting, it is likely to be difficult for Shareholders who do not accept the Exit Offer to sell their AAL Shares in the absence of a public market for the AAL Shares. Even if such Shareholders were able to sell their AAL Shares, they may receive a lower price as compared to the Exit Offer Price;

(b) under the Code, except with the consent of the SIC, neither the Offeror nor any person acting in concert with it may, within six months of the closure of the Exit Offer, make a second offer to, or acquire any AAL Shares from, any Shareholder on terms better than those made available under the Exit Offer; and

(c) after the Company is delisted from the Official List of the SGX-ST, each Shareholder who holds AAL Shares that are deposited with CDP and does not accept the Exit Offer will be entitled to one share certificate representing his delisted AAL Shares. The Registrar will arrange to forward the share certificate(s) to such Shareholders who are not CPFIS Investors, by ordinary post and at the Shareholders' own risk, to their respective addresses as such addresses appear in the records of CDP, for their physical safekeeping. The share certificate(s) belonging to CPFIS Investors will be forwarded to their respective CPF Agent Banks for their safekeeping.

10. RULINGS FROM THE SIC

An application was made by the Offeror to the SIC to seek certain rulings in relation to the Delisting and the Exit Offer. The SIC ruled on 13 February 2015, *inter alia*, that:

(a) the Exit Offer is exempted from compliance with the following provisions of the Code:

(i) Rule 20.1 on keeping the Exit Offer open for 14 days after it is revised;

(ii) Rule 22 on offer timetable;

(iii) Rule 28 on acceptances; and

(iv) Rule 29 on right of acceptors to withdraw their acceptances,

subject to the satisfaction of the following conditions:

(I) disclosure in the AAL Circular of:

(aa) the consolidated net tangible assets per Share of the group comprising the Company, its subsidiaries and associated companies based on the latest published accounts prior to the date of the AAL Circular (the "**Consolidated Group NTA per Share**"); and

(bb) particulars of all known material changes as of the latest practicable date which may affect the Consolidated Group NTA per Share or a statement that there are no such known material changes; and

(II) the Exit Offer remaining open for at least:

(aa) 21 days after the date of despatch of this Exit Offer Letter if this Exit Offer Letter is despatched after Shareholders' approval for the Delisting has been obtained at the EGM; or

(bb) 14 days after the date of announcement of Shareholders' approval of the Delisting if this Exit Offer Letter is despatched on the same date as the AAL Circular;

(b) Dato' Lai Pin Yong, one of the Undertaking Shareholders, will not be regarded as a party acting in concert with the Offeror and its Concert Parties (collectively "**Concert Group**"), provided that:

(i) there are and will be no agreement (whether formal or informal, written or oral, entered into or outside Singapore) between the Concert Group and Dato' Lai Pin Yong relating to the Exit Offer and the Delisting other than the irrevocable undertaking given by Dato' Lai Pin Yong; and

(ii) the Concert Group has not paid, and there is no agreement, arrangement or understanding (whether formal or informal, written or oral, entered into or outside Singapore) pursuant to which the Concert Group will pay Dato' Lai Pin Yong any consideration in whatever form (whether in or outside Singapore) in relation to his irrevocable undertaking;

(c) the Common Directors are exempted from the requirement under the Code to make a recommendation to Shareholders on the Exit Offer and the Delisting. The Common Directors, however, must still assume responsibility for the accuracy of facts stated or opinions expressed in documents and advertisements issued by, or on behalf of, the Company in connection with the Exit Offer and the Delisting; and

(d) the financial confirmation to be given by SAC Capital pursuant to Rule 3.5 of the Code that sufficient financial resources are available to the Offeror to satisfy acceptances of the Exit Offer in full may exclude the AAL Shares held by the Offeror and Action Electronics as at the date of the Exit Offer.

11. DISCLOSURE OF HOLDINGS AND DEALINGS

11.1 Holdings and Dealings

Appendix 5 to this Exit Offer Letter sets out:

(a) the number of AAL Securities owned, controlled or agreed to be acquired by the Offeror, its Concert Parties and the Undertaking Shareholders as at the Latest Practicable Date; and

(b) the dealings in AAL Securities by the Offeror, its Concert Parties and the Undertaking Shareholders during the Reference Period.

11.2 No Other Holdings and Dealings

Save as disclosed in Appendix 5 to this Exit Offer Letter, as at the Latest Practicable Date, none of the Offeror, its Concert Parties and the Undertaking Shareholders:

(a) owns, controls or has agreed to acquire any AAL Securities; or

(b) has dealt for value in any AAL Securities during the Reference Period.

As at the Latest Practicable Date, save as disclosed in this Exit Offer Letter, none of the Offeror Directors is interested (as interpreted in accordance with Section 164 of the Companies Act), directly or indirectly, in any AAL Securities.

11.3 Other Arrangements

Save as disclosed in this Exit Offer Letter, as at the Latest Practicable Date, none of the Offeror, its Concert Parties and the Undertaking Shareholders has:

(a) granted any security interest relating to any AAL Securities to another person, whether through a charge, pledge or otherwise;

(b) borrowed any AAL Securities from another person (excluding borrowed AAL Securities which have been on-lent or sold); or

(c) lent any AAL Securities to another person.

11.4 No Other Irrevocable Undertakings

Based on the latest information available to the Offeror as at the Latest Practicable Date, save as disclosed in Section 3 of this Exit Offer Letter, none of the Offeror and its Concert Parties has received any irrevocable undertaking from any party to accept or reject the Exit Offer.

12. CONFIRMATION OF FINANCIAL RESOURCES

SAC Capital, as the financial adviser to the Offeror in connection with the Exit Offer, confirms that sufficient financial resources are available to the Offeror to satisfy in full the aggregate Exit Offer Price payable by the Offeror for all the Offer Shares (excluding those AAL Shares which are the subject of the Directors' Undertakings as set out in Section 3.2 of this Exit Offer Letter).

13. OVERSEAS SHAREHOLDERS

13.1 Overseas Jurisdictions

This Exit Offer Letter does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy any security, nor is it a solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of the securities referred to in this Exit Offer Letter in any jurisdiction in contravention of applicable law.

The release, publication or distribution of this Exit Offer Letter in certain jurisdictions may be restricted by law and therefore persons in any such jurisdictions into which this Exit Offer Letter is released, published or distributed should inform themselves about and observe such restrictions.

Copies of this Exit Offer Letter are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any jurisdiction where the making of or the acceptance of the Exit Offer will violate the laws of that jurisdiction ("**Restricted Jurisdiction**") and will not be capable of acceptance by any such use, instrumentality or facility within any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction.

The Exit Offer (unless otherwise determined by the Offeror and permitted by applicable law and regulation) will not be made, directly or indirectly, in or into, or by the use of mails of, or by any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, any Restricted Jurisdiction and the Exit Offer will not be capable of acceptance by any such use, means, instrumentality or facilities.

13.2 Overseas Shareholders

The availability of the Exit Offer to Shareholders whose addresses are outside Singapore as shown in the Register or in the Depository Register (as the case may be) ("**Overseas Shareholders**" and each, an "**Overseas Shareholder**") may be affected by the laws of the relevant overseas jurisdictions in which they are located. Accordingly, Overseas Shareholders should inform themselves of, and observe, any applicable requirements in the relevant overseas jurisdictions.

For the avoidance of doubt, the Exit Offer will be open to all Shareholders, including those to whom this Exit Offer Letter and the relevant Acceptance Forms may not be sent.

It is the responsibility of Overseas Shareholders who wish to accept the Exit Offer to satisfy themselves as to the full observance of the laws of the relevant overseas jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, or compliance with other necessary formalities or legal requirements and the payment of any

taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Shareholders shall be liable for any such taxes, imposts, duties or other requisite payments payable and the Offeror, its related corporations, SAC Capital, CDP, the Registrar and any person acting on their behalf shall be fully indemnified and held harmless by such Overseas Shareholders for any such taxes, imposts, duties or other requisite payments as the Offeror, its related corporations, SAC Capital, CDP, the Registrar and/or any person acting on their behalf may be required to pay. In accepting the Exit Offer, each Overseas Shareholder represents and warrants to the Offeror and SAC Capital that he is in full observance of the laws of the relevant jurisdiction in that connection and that he is in full compliance with all necessary formalities or legal requirements.

Any Overseas Shareholder who is in doubt about his position should consult his professional adviser in the relevant jurisdiction.

13.3 Copies of Exit Offer Letter and relevant Acceptance Forms

Where there are potential restrictions on sending this Exit Offer Letter and the relevant Acceptance Forms to any overseas jurisdiction, the Offeror and SAC Capital each reserves the right not to send these documents to Overseas Shareholders in such overseas jurisdictions. Subject to compliance with applicable laws, any affected Overseas Shareholder may, nonetheless, attend in person and obtain a copy of this Exit Offer Letter, the relevant Acceptance Forms and any related documents during normal business hours and up to the Closing Date, from:

(a) Almond Garden Corp. c/o The Central Depository (Pte) Limited at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588; or

(b) Almond Garden Corp. c/o Intertrust Singapore Corporate Services Pte Ltd, at 3 Anson Road, #27-01 Springleaf Tower, Singapore 079909.

Alternatively, an Overseas Shareholder may, subject to compliance with applicable laws, write to the Offeror at Almond Garden Corp. c/o Intertrust Singapore Corporate Services Pte Ltd, 3 Anson Road, #27-01 Springleaf Tower, Singapore 079909 to request for this Exit Offer Letter, the relevant Acceptance Forms and any related documents to be sent to an address in Singapore by ordinary post at his own risk, up to five Market Days prior to the Closing Date.

In requesting for this Exit Offer Letter, the relevant Acceptance Forms and any related documents, the Overseas Shareholder represents and warrants to the Offeror and SAC Capital that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements.

Electronic copies of this Exit Offer Letter and the Acceptance Forms may also be obtained from the website of the SGX-ST at http://www.sgx.com.

13.4 Notice

The Offeror and SAC Capital each reserves the right to notify any matter, including the fact that the Exit Offer has been made, to any or all Shareholders (including Overseas Shareholders) by announcement to the SGX-ST or paid advertisement in a daily newspaper published or circulated in Singapore, in which case, such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder to receive or see such announcement or advertisement.

14. INFORMATION PERTAINING TO CPFIS INVESTORS

CPFIS Investors should receive further information on how to accept the Exit Offer from their CPF Agent Banks shortly. CPFIS Investors are advised to consult their respective CPF Agent Banks should they require further information, and if they are in any doubt as to the action they should take, CPFIS Investors should seek independent professional advice.

CPFIS Investors who wish to accept the Exit Offer are to reply to their respective CPF Agent Banks accordingly by the deadline stated in the letter from their respective CPF Agent Banks. Subject to the Exit Offer becoming or being declared unconditional in all respects in accordance with its terms, CPFIS Investors who accept the Exit Offer will receive the Exit Offer Price in respect of their Offer Shares, in their CPF investment accounts.

15. GENERAL

15.1 Independent Advice

The advice of the IFA to the AAL Independent Directors and the recommendation of the AAL Independent Directors on the Exit Offer are set out in the AAL Circular which is despatched to Shareholders together with this Exit Offer Letter. Shareholders may wish to consider their advice and recommendation before taking any action in relation to the Exit Offer.

15.2 Governing Law and Jurisdiction

The Exit Offer, this Exit Offer Letter, the Acceptance Forms, all acceptances of the Exit Offer, all contracts made pursuant thereto and all actions taken or deemed to be taken or made in connection with any of the foregoing shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Offeror and each accepting Shareholder submit to the exclusive jurisdiction of the courts of Singapore.

15.3 No Third Party Rights

Unless expressly provided to the contrary in this Exit Offer Letter and the Acceptance Forms, a person who is not a party to any contracts made pursuant to the Exit Offer, this Exit Offer Letter and the Acceptance Forms has no rights under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore, to enforce any term of such contracts. Notwithstanding any term herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts. Where third parties are conferred rights under such contracts, those rights are not assignable or transferable.

15.4 Valid Acceptances

The Offeror and SAC Capital each reserves the right to treat acceptances of the Exit Offer as valid if received by or on behalf of either of them at any place or places determined by them otherwise than as stated herein or in the relevant Acceptance Forms, or if made otherwise than in accordance with the provisions herein and the instructions printed on the relevant Acceptance Forms.

15.5 Accidental Omission

Accidental omission to despatch this Exit Offer Letter, the Acceptance Forms, or any notice or announcement required to be given under the terms of the Exit Offer to, or any failure to receive the same by, any person to whom the Exit Offer is made or should be made, shall not invalidate the Exit Offer in any way.

15.6 Additional General Information

Additional general information in relation to the Exit Offer is provided in Appendix 6 to this Exit Offer Letter.

15.7 Letter from SAC Capital to Shareholders

SAC Capital is acting for and on behalf of the Offeror in connection with the Exit Offer and does not purport to advise the Shareholders or any other person. In preparing its letter to Shareholders on behalf of the Offeror, SAC Capital has not had regard to the general or specific investment objectives, tax position, risk profiles, financial situation or particular needs and constraints of any individual Shareholder.

16. RESPONSIBILITY STATEMENT

The Offeror Directors (including those who may have delegated detailed supervision of this Exit Offer Letter) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Exit Offer Letter are fair and accurate and that no material facts have been omitted from this Exit Offer Letter, and they jointly and severally accept responsibility accordingly.

Where any information has been extracted or reproduced from published or publicly available sources (including without limitation, information relating to the AAL Group), the sole responsibility of the Offeror Directors has been to ensure, through reasonable enquiries, that such information has been accurately and correctly extracted from such sources or, as the case may be, accurately reflected or reproduced in this Exit Offer Letter.

Yours faithfully
SAC CAPITAL PRIVATE LIMITED

For and on behalf of
ALMOND GARDEN CORP.

APPENDIX 1

PROCEDURES FOR ACCEPTANCE AND SETTLEMENT OF THE EXIT OFFER

1. DEPOSITORS

1.1 Depositors whose Securities Accounts are credited with Offer Shares

If you have Offer Shares standing to the credit of the "Free Balance" of your Securities Account, you should receive this Exit Offer Letter together with the FAA. If you do not receive the FAA, you may obtain a copy of such FAA, upon production of satisfactory evidence that you are a Shareholder, from CDP at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588. Alternatively, you may obtain an electronic copy of such FAA from the website of the SGX-ST at http://www.sgx.com.

Acceptance. If you wish to accept the Exit Offer, you should:

(a) complete the FAA in accordance with the provisions and instructions in this Exit Offer Letter and the instructions printed on the FAA (which provisions and instructions shall be deemed to form part of the terms of the Exit Offer). In particular, you must state in Part A of the FAA the number of Offer Shares in respect of which you wish to accept the Exit Offer. If you:

(i) do not specify such number; or

(ii) specify a number which exceeds the number of Offer Shares standing to the credit of the "Free Balance" of your Securities Account as at 5.00 p.m. (Singapore time) on the date of receipt by CDP, on behalf of the Offeror, of the FAA ("**Date of Receipt**"), or, in the case where the Date of Receipt is on the Closing Date, as at 5.30 p.m. (Singapore time) on the Closing Date (provided always that the Date of Receipt must fall on or before the Closing Date),

you shall be deemed to have accepted the Exit Offer in respect of all the Offer Shares already standing to the credit of the "Free Balance" of your Securities Account as at 5.00 p.m. (Singapore time) on the Date of Receipt or, in the case where the Date of Receipt is on the Closing Date, as at 5.30 p.m. (Singapore time) on the Closing Date;

(b) sign the FAA in accordance with this Exit Offer Letter and the instructions printed on the FAA; and

(c) deliver the completed and signed FAA in its entirety (no part may be detached or otherwise mutilated):

(i) **by hand**, to Almond Garden Corp. c/o The Central Depository (Pte) Limited, 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588; or

(ii) **by post**, in the enclosed pre-addressed envelope at your own risk, to Almond Garden Corp. c/o The Central Depository (Pte) Limited, Robinson Road Post Office P.O. Box 1984, Singapore 903934,

in either case so as to arrive not later than 5.30 p.m. (Singapore time) on the Closing Date. If the completed and signed FAA is delivered by post to the Offeror, please use the enclosed pre-addressed envelope. It is your responsibility to affix adequate postage on the said envelope.

If you have sold or transferred all your Offer Shares held through CDP, you need not forward this Exit Offer Letter and the accompanying FAA to the purchaser or transferee, as CDP will arrange for a separate Exit Offer Letter and FAA to be sent to the purchaser or transferee.

If you are a Depository Agent, you may accept the Exit Offer *via* Electronic Acceptance. CDP has been authorised by the Offeror to receive Electronic Acceptances on its behalf and such Electronic Acceptance must be submitted **not later than 5.30 p.m. (Singapore time) on the Closing Date**. Electronic Acceptances submitted will be deemed irrevocable and subject to each of the terms and conditions contained in the FAA and this Exit Offer Letter as if the FAA had been completed and delivered to CDP.

1.2 Depositors whose Securities Accounts will be credited with Offer Shares

If you have purchased Offer Shares on the SGX-ST and such Offer Shares are in the process of being credited to the "Free Balance" of your Securities Account, you should also receive this Exit Offer Letter together with the FAA. If you do not receive that FAA, you may obtain a copy, upon production of satisfactory evidence that you have purchased the Offer Shares on the SGX-ST, from The Central Depository (Pte) Limited, 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588.

Acceptance. If you wish to accept the Exit Offer in respect of such Offer Shares, you should, **AFTER** the "Free Balance" of your Securities Account has been credited with such number of Offer Shares purchased:

(a) complete and sign the FAA in accordance with this Exit Offer Letter and the instructions printed on the FAA; and

(b) deliver the completed and signed FAA in its entirety (no part may be detached or otherwise mutilated):

(i) **by hand**, to Almond Garden Corp. c/o The Central Depository (Pte) Limited, 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588; or

(ii) **by post**, in the enclosed pre-addressed envelope at your own risk, to Almond Garden Corp. c/o The Central Depository (Pte) Limited, Robinson Road Post Office P.O. Box 1984, Singapore 903934,

in either case so as to arrive not later than 5.30 p.m. (Singapore time) on the Closing Date. If the completed and signed FAA is delivered by post to the Offeror, please use the enclosed pre-addressed envelope. It is your responsibility to affix adequate postage on the said envelope.

1.3 Depositors whose Securities Accounts are and will be credited with Offer Shares

If you have Offer Shares credited to the "Free Balance" of your Securities Account, and have purchased additional Offer Shares on the SGX-ST which are in the process of being credited to the "Free Balance" of your Securities Account, you may accept the Exit Offer in respect of the Offer Shares standing to the credit of the "Free Balance" of your Securities Account and may accept the Exit Offer in respect of the additional Offer Shares purchased which are in the process of being credited to your Securities Account only **AFTER** the "Free Balance" of your Securities Account has been credited with such number of additional Offer Shares purchased. The provisions set out above shall apply *mutatis mutandis* to your acceptance of the Exit Offer.

1.4 Rejection

If upon receipt by CDP, on behalf of the Offeror, of the FAA, it is established that such Offer Shares have not been credited to the "Free Balance" of your Securities Account (for example, where you are selling or have sold such Offer Shares), then your acceptance in respect of such Offer Shares is liable to be rejected and none of CDP, SAC Capital and the Offeror (and, for the avoidance of doubt, any of the Offeror's related corporations) accepts any responsibility or liability for such a rejection, including the consequences of such a rejection.

If you purchase Offer Shares on the SGX-ST on a date close to the Closing Date, your acceptance of the Exit Offer in respect of such Offer Shares is liable to be rejected if the "Free Balance" of your Securities Account is not credited with such Offer Shares by 5.00 p.m. (Singapore time) on the

Date of Receipt (if the FAA is received by CDP prior to the Closing Date) or 5.30 p.m. (Singapore time) on the Closing Date (if the FAA is received by CDP on the Closing Date). None of CDP, SAC Capital and the Offeror (and, for the avoidance of doubt, any of the Offeror's related corporations) accepts any responsibility or liability for such a rejection, including the consequences of such a rejection.

1.5 Receipt

No acknowledgement of receipt will be given by CDP for submissions of the FAA made by hand or by post or deposited into boxes located at CDP's premises. All communications, notices, documents and payments will be sent by ordinary post at your risk to your mailing address as maintained in the records of CDP. For reasons of confidentiality, CDP will not entertain telephone enquiries relating to the number of Offer Shares credited to your Securities Account. You can verify the number of Offer Shares credited to your Securities Account through: (a) CDP Online if you have registered for the CDP Internet Access Service or (b) CDP Phone Service if you have a T-PIN.

1.6 Suspense Account

Upon receipt, for and on behalf of the Offeror, of the signed original FAA which is duly completed and valid in all respects, CDP will transfer the relevant number of Offer Shares in respect of which you have accepted the Exit Offer from the "Free Balance" of your Securities Account to a "Suspense Account". Such Offer Shares will be held in the "Suspense Account" pending the passing of the Delisting Resolution at the EGM and/or until the consideration for such Offer Shares has been despatched or distributed to you.

1.7 Notification

In the event that the Delisting Resolution is passed at the EGM, and if you have accepted the Exit Offer in accordance with the provisions contained herein and in the FAA, CDP will send you a notification letter stating the number of Offer Shares debited from your Securities Account together with payment of the Exit Offer Price by way of a Singapore Dollar cheque drawn on a bank in Singapore for the appropriate amount and sent by ordinary mail to your mailing address as recorded with CDP, or in such other manner as you may have agreed with CDP for the payment of any cash distribution, at your own risk.

1.8 Return of Offer Shares

In the event that the requisite approval of the Shareholders of the Delisting Resolution is not obtained at the EGM, the relevant number of Offer Shares in respect of which you have accepted the Exit Offer will be returned to the "Free Balance" of your Securities Account as soon as possible but, in any event, not later than 14 days from the lapse of the Exit Offer.

1.9 No Securities Account

If you do not have any existing Securities Account in your own name at the time of acceptance of the Exit Offer, your acceptance as contained in the FAA will be rejected.

2. SCRIP HOLDERS

2.1 Shareholders whose Offer Shares are not deposited with CDP

If you hold Offer Shares which are not deposited with CDP ("**in scrip form**"), you should receive this Exit Offer Letter together with the FAT. If you do not receive the FAT, you may obtain a copy of such FAT, upon production of satisfactory evidence that you are a Shareholder, from the Registrar at 3 Anson Road, #27-01 Springleaf Tower, Singapore 079909. Alternatively, you may obtain an electronic copy of such FAT from the website of the SGX-ST at http://www.sgx.com.

Acceptance. If you wish to accept the Exit Offer, you should:

(a) complete the FAT in accordance with the provisions and instructions in this Exit Offer Letter and the instructions on the FAT (which provisions and instructions shall be deemed to form part of the terms of the Exit Offer). In particular, you must state in Part A of the FAT the number of Offer Shares in respect of which you wish to accept the Exit Offer and state in Part B of the FAT the share certificate number(s) of the relevant share certificate(s). If you:

(i) do not specify any number in Part A of the FAT; or

(ii) specify a number in Part A of the FAT which exceeds the number of Offer Shares represented by the attached share certificate(s) accompanying the FAT,

you shall be deemed to have accepted the Exit Offer in respect of the total number of Offer Shares represented by the share certificate(s) accompanying the FAT;

(b) sign the FAT in accordance with this Exit Offer Letter and the instructions printed on the FAT; and

(c) deliver:

(i) the duly completed and signed original FAT in its entirety (no part may be detached or otherwise mutilated);

(ii) the share certificate(s), other document(s) of title and/or other relevant document(s) required by the Offeror relating to the Offer Shares in respect of which you wish to accept the Exit Offer. If you are recorded in the Register as holding Offer Shares but do not have the relevant share certificate(s) relating to such Offer Shares, you, at your own risk, are required to procure the Company to issue such share certificate(s) in accordance with the Memorandum and Articles of Association of the Company and then deliver such share certificate(s) in accordance with the procedures set out in this Exit Offer Letter and the instructions printed on the FAT;

(iii) where such Offer Shares are not registered in your name, a transfer form, duly executed by the person in whose name such share certificate(s) is/are registered and stamped, with the particulars of transferee left blank (to be completed by the Offeror or a person authorised by it); and

(iv) any other relevant document(s),

either **by hand**, to Almond Garden Corp. c/o Intertrust Singapore Corporate Services Pte Ltd, 3 Anson Road, #27-01 Springleaf Tower, Singapore 079909, or **by post**, in the enclosed pre-addressed envelope at your own risk, to Almond Garden Corp. c/o Intertrust Singapore Corporate Services Pte Ltd, 3 Anson Road, #27-01 Springleaf Tower, Singapore 079909, **in either case so as to arrive not later than 5.30 p.m. (Singapore time) on the Closing Date**. If the duly completed and signed original FAT is delivered by post to the Offeror, please use the pre-addressed envelope which is enclosed with the FAT, which is pre-paid for posting in Singapore only. It is your responsibility to affix adequate postage on the said envelope if posting outside of Singapore.

2.2 Receipt

No acknowledgement of receipt of any FAT, share certificate(s), other document(s) of title, transfer form(s) and/or other relevant document(s) will be given by the Offeror or the Registrar.

2.3 Return of Offer Shares

In the event that the requisite approval of the Shareholders of the Delisting Resolution is not obtained at the EGM, the FAT, share certificate(s) and other accompanying document(s) will be returned to you at the address stated in the respective FATs, or if none is set out, to you (or, in the case of joint accepting Shareholders, to the joint accepting Shareholder first-named in the Register) at the relevant mailing address maintained in the Register, by ordinary post at your own risk as soon as possible but, in any event, not later than 14 days from the lapse of the Exit Offer.

3. SETTLEMENT

Subject to the requisite approval of the Shareholders of the Delisting Resolution being obtained at the EGM, and the receipt by the Offeror from accepting Shareholders of valid acceptances and all relevant documents required by the Offeror which are complete and valid in all respects and in accordance with the instructions given in this Exit Offer Letter and in the Acceptance Forms, and in the case of a Depositor, the receipt by the Offeror of a confirmation satisfactory to it that the relevant number of Offer Shares tendered by the accepting Shareholders in acceptance of the Exit Offer are standing to the credit of the "Free Balance" of his Securities Account at the relevant time(s), remittances for the appropriate amounts will be despatched, pursuant to Rule 30 of the Code, to the accepting Shareholders (or in the case of scrip holders, their designated agents or, in the case of joint accepting Shareholders who have not designated any agent, to the one first named in the Register, as the case may be) by way of a Singapore Dollar cheque drawn on a bank in Singapore and sent by ordinary post to their respective addresses as they appear in the records of CDP, or in the case of scrip holders, the address stated in the respective FATs or, if none is set out, to the respective addresses maintained in the Register (as the case may be), at the risk of the accepting Shareholders (or in such other manner as the accepting Shareholders may have agreed with CDP for payment of any cash distribution) as soon as practicable and in any case:

(a) in respect of acceptances of the Exit Offer which are complete and valid in all respects and are received **on or before** the date on which the Delisting Resolution is passed at the EGM, within 10 days of the date of the EGM; or

(b) in respect of acceptances of the Exit Offer which are complete and valid in all respects and are received **after** the date on which the Delisting Resolution is passed at the EGM, but before the Exit Offer closes, within 10 days of the date of such receipt.

4. GENERAL

4.1 Disclaimer

The Offeror, SAC Capital, CDP and/or the Registrar will be authorised and entitled, in their sole and absolute discretion, to reject or treat as invalid any acceptance of the Exit Offer through the FAA and/or the FAT, as the case may be, which is not entirely in order or which does not comply with the provisions and instructions contained in this Exit Offer Letter and the relevant Acceptance Forms or which is otherwise incomplete, incorrect, unsigned, signed but not with an original signature, or invalid in any respect. If you wish to accept the Exit Offer, it is your sole responsibility to ensure that the relevant Acceptance Forms are properly completed and executed in all respects, signed with an original signature and all supporting documents, where applicable, are provided. Any decision to reject or treat as valid any acceptance of the Exit Offer will be final and binding and none of the Offeror (or, for the avoidance of doubt, any of the Offeror's related corporations), SAC Capital, CDP and/or the Registrar accepts any responsibility or liability in relation to such a decision, including the consequences thereof.

4.2 Discretion

The Offeror and SAC Capital each reserves the right to treat acceptances of the Exit Offer as valid if received by or on behalf of either of them at any place or places determined by them otherwise than as stated in this Exit Offer Letter or in the relevant Acceptance Forms, or if made otherwise than in accordance with the provisions of this Exit Offer Letter and the instructions printed on the relevant Acceptance Forms and none of the Offeror, SAC Capital and/or the Registrar accepts any responsibility or liability for the consequences of such a decision. In respect of the FAA, any decision by the Offeror or SAC Capital to reject or treat as valid any acceptance will be final and

binding and CDP takes no responsibility for any decision made by the Offeror or SAC Capital. In respect of the FAT, any decision to reject or treat as valid any acceptance will be final and binding and none of the Offeror (or, for the avoidance of doubt, any of the Offeror's related corporations), SAC Capital, and/or the Registrar accepts any responsibility or liability in relation to such a decision, including the consequences thereof.

4.3 Scrip and Scripless Offer Shares

If you hold some Offer Shares in scrip form and some Offer Shares with CDP, you should complete, sign and submit an FAT for the former and an FAA for the latter in accordance with the respective procedures set out in this Appendix 1 and the relevant Acceptance Forms if you wish to accept the Exit Offer in respect of all such Offer Shares.

4.4 Acceptances received on Saturday, Sunday or Public Holiday

For the avoidance of doubt, acceptances in the form of the FAA and/or FAT received by CDP and/or the Registrar, for and on behalf of the Offeror, on a Saturday, Sunday or public holiday in Singapore will only be processed and validated on the next Business Day.

4.5 Deposit Time

If you hold Offer Shares in scrip form, the Offer Shares may not be credited into your Securities Account with CDP in time for you to accept the Exit Offer by way of the FAA if you were to deposit your share certificate(s) with CDP after the Despatch Date. If you wish to accept the Exit Offer in respect of such Offer Shares held in scrip form, you should complete, sign and submit the FAT in accordance with the procedures set out in paragraph 2 of this Appendix 1 and the FAT.

4.6 Correspondences

All communications, certificates, notices, documents and remittances to be delivered or sent to you (or, in the case of scrip holders, your designated agent or, in the case of accepting joint Shareholders who have not designated any agent, to the one first named in the Register, as the case may be) will be sent by ordinary post to your mailing address maintained in the records of CDP or the Register, as the case may be, at the risk of the person(s) entitled thereto (or for the purposes of remittances only, to such address as may be specified by you in the FAA and/or the FAT, as the case may be, at your own risk).

4.7 Evidence of Title

Delivery of the duly completed and signed FAA and/or FAT, as the case may be, together with the relevant share certificate(s) and/or other documents of title and/or other relevant documents required by the Offeror, to the Offeror, CDP and/or the Registrar, as the case may be, shall be conclusive evidence in favour of the Offeror (or its nominee), CDP and/or the Registrar, as the case may be, of the right and title of the person(s) signing it to deal with the same and with the Offer Shares to which it relates.

4.8 Loss in Transmission

The Offeror, SAC Capital, CDP or the Registrar, as the case may be, shall not be liable for any loss in transmission of the FAA and/or the FAT.

4.9 Acceptance Irrevocable

The acceptance of the Exit Offer made by you using the FAA and/or the FAT, as the case may be, shall be irrevocable and any instructions or subsequent FAA(s) and/or FAT(s) received by CDP and/or the Registrar, as the case may be, after the FAA and/or the FAT, as the case may be, has been received shall be disregarded.

5. NO RIGHT OF WITHDRAWAL

All acceptances of the Exit Offer shall be irrevocable.

APPENDIX 2

ADDITIONAL INFORMATION ON THE OFFEROR

1. OFFEROR DIRECTORS

The names, addresses and descriptions of the Offeror Directors as at the Latest Practicable Date are as follows:

Name	Address	Description
Dato' Peng Chiun-Ping (彭君平)	No.198 Zhongyuan Road Zhongli City Taoyuan County 320 Taiwan, Republic of China	Director
Peng Ting-Yu (彭亭玉)	No.198 Zhongyuan Road Zhongli City Taoyuan County 320 Taiwan, Republic of China	Director
Chao Teng-Pang (趙登榜)	No.198 Zhongyuan Road Zhongli City Taoyuan County 320 Taiwan, Republic of China	Director

2. PRINCIPAL ACTIVITIES AND SHARE CAPITAL

The Offeror is a company incorporated in the British Virgin Islands on 29 July 1994 and is a direct wholly-owned subsidiary of Action Electronics. Its principal activities are those of an investment holding company.

As at the Latest Practicable Date, the Offeror has an issued and paid-up share capital of US$20,000,000 (equivalent to NT$752,029,700 as at 31 March 2015 converted at historical exchange rates) comprising 20,000,000 issued ordinary shares with a par value of US$1.00 each.

As at the Latest Practicable Date, the Offeror owns an aggregate 29,042,000 AAL Shares, representing approximately 7.30% of the total number of issued AAL Shares.

3. SUMMARY OF FINANCIAL INFORMATION

As the Offeror is incorporated in the British Virgin Islands, there is no requirement to prepare audited financial statements, and accordingly, no audited financial statements have been prepared since the date of its incorporation. Set out below are certain financial information extracted from the Offeror's unaudited management accounts for FY2012, FY2013, FY2014 and 1Q2015 respectively.

3.1 Income Statements

Salient financial information as extracted from the unaudited consolidated statements of profit or loss of the Offeror for FY2012, FY2013, FY2014 and 1Q2015 is set out in the table below.

	Unaudited FY2012 (NT$'000)	Unaudited FY2013 (NT$'000)	Unaudited FY2014 (NT$'000)	Unaudited 1Q2015 (NT$'000)
Revenue	665,970	132,761	9,831	1,878
Profit / Loss before tax	(158,456)	(242,886)	36,503	(9,485)
Profit / Loss after tax	(175,100)	(263,207)	31,410	(9,485)
Profit / Loss attributable to owners of parent	(175,100)	(263,207)	31,410	(9,485)
Earnings / Loss per share – Basic (NT$)	(8.75)	(13.16)	1.57	(0.47)
Gross dividends per share[1]	–	–	–	–

Note:

(1) No dividend on the shares of the Offeror has been declared in respect of each of FY2012, FY2013 and FY2014 by the Offeror.

3.2 Statement of Assets and Liabilities

The unaudited consolidated statement of financial position of the Offeror as at 31 December 2014 and 31 March 2015 respectively, based on the unaudited management accounts, is set out in the table below.

	Unaudited As at 31 December 2014 (NT$'000)	Unaudited As at 31 March 2015 (NT$'000)
Assets		
Cash and cash equivalents	48,389	69,101
Accounts receivable, net	1,880	2,566
Other receivable, net	231,949	100,573
Current tax assets	5,317	8,464
Inventories	13,572	12,800
Prepayment	41,297	41,380
Other financial assets	35,469	35,135
Other current assets	–	71
Current assets	**377,873**	**270,089**
Investments accounted for using equity method	336,116	328,955
Property, plant and equipment	132,594	129,352
Intangible assets	460	455
Prepaid lease	4,968	4,891
Other non-current assets	–	557,406
Total non-current assets	**474,137**	**1,021,059**
Total assets	**852,010**	**1,291,149**

	Unaudited As at 31 December 2014 (NT$'000)	Unaudited As at 31 March 2015 (NT$'000)
Liabilities		
Accounts payable	2,863	3,577
Other payable	10,556	467,851
Other current liabilities	921	1,019
Total current liabilities	**14,341**	**472,446**
Total liabilities	**14,341**	**472,446**
Equity		
Capital		
Ordinary share	752,030	752,030
Capital surplus - others	514	514
Accumulated deficit	(102,331)	(111,816)
Currency translation reserve	187,457	177,975
Total equity	**837,670**	**818,702**
Total liabilities and equity	**852,010**	**1,291,149**

4. MATERIAL CHANGES IN FINANCIAL POSITION

As at the Latest Practicable Date, save as disclosed in this Exit Offer Letter and save for the making and financing of the Exit Offer, there has been no known material change in the financial position of the Offeror since 31 March 2015, being the date of the Offeror's latest available unaudited management accounts.

5. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Offeror are aligned to those of Action Electronics in the preparation of the consolidated accounts of Action Electronics. The significant accounting policies of Action Electronics as extracted and translated from the audited consolidated financial statements of the Action Electronics Group for FY2014 (a copy of which is available for inspection as mentioned in paragraph 4 of Appendix 6 to this Exit Offer Letter) are set out in Appendix 7 to this Exit Offer Letter.

6. CHANGES IN ACCOUNTING POLICIES

As at the Latest Practicable Date, there has been no change in the accounting policies of the Offeror since the date of its unaudited financial statements for FY2014 which will cause the figures set out in paragraph 3 of this Appendix 2 to be not comparable to a material extent.

7. REGISTERED OFFICE

The registered office of the Offeror is at Citco Building, Wickhams Cay, P.O. Box 662, Road Town, Tortola, British Virgin Islands.

APPENDIX 3

ADDITIONAL INFORMATION ON ACTION ELECTRONICS

1. DIRECTORS

The names, addresses and descriptions of the directors of Action Electronics as at the Latest Practicable Date are as follows:

Name	Address	Description
Dato' Peng Chiun-Ping (彭君平)	No.198 Zhongyuan Road Zhongli City Taoyuan County 320 Taiwan, Republic of China	Director
Peng Wen-Chih (彭文志)	No.198 Zhongyuan Road Zhongli City Taoyuan County 320 Taiwan, Republic of China	Director
Peng Ting-Yu (彭亭玉)	No.198 Zhongyuan Road Zhongli City Taoyuan County 320 Taiwan, Republic of China	Director
Chao Teng-Pang (趙登榜)	No.198 Zhongyuan Road Zhongli City Taoyuan County 320 Taiwan, Republic of China	Director
Da Bo Invest Limited corporate representative B.Z. Peng (大柏投資有限公司代表人 彭柏彰)	No.198 Zhongyuan Road Zhongli City Taoyuan County 320 Taiwan, Republic of China	Director
Far Year Invest Limited corporate representative Lai Wen Hsin (華憶投資有限公司代表人 賴文鑫)	No.198 Zhongyuan Road Zhongli City Taoyuan County 320 Taiwan, Republic of China	Director
Shuy Jin-Lu (徐金爐)	No.198 Zhongyuan Road Zhongli City Taoyuan County 320 Taiwan, Republic of China	Director
Liu Chiu Chi (劉秋其)	No.198 Zhongyuan Road Zhongli City Taoyuan County 320 Taiwan, Republic of China	Director
Tang Peng Chin (湯鵬縉)	No.198 Zhongyuan Road Zhongli City Taoyuan County 320 Taiwan, Republic of China	Director

Name	Address	Description
Soren S.J. Liao (廖述仁)	No.198 Zhongyuan Road Zhongli City Taoyuan County 320 Taiwan, Republic of China	Director
Su Long Te (蘇隆德)	No.198 Zhongyuan Road Zhongli City Taoyuan County 320 Taiwan, Republic of China	Director

2. PRINCIPAL ACTIVITIES AND SHARE CAPITAL

Action Electronics is a company incorporated in Taiwan, the Republic of China and is listed on the Taiwan Stock Exchange. Action Electronics and its subsidiaries (the "**Action Electronics Group**") are primarily engaged in the manufacture and marketing of high resolution colour televisions, liquid crystal display televisions, video compact discs and mini televisions. The Action Electronics Group markets its products under the ACTION brand name and exports its products to Europe, America and Asia.

As at the Latest Practicable Date, Action Electronics has 277,157,496 issued shares (excluding 5,000,000 shares held in treasury)[7] and a market capitalisation of approximately NT$1,396.9 million (equivalent to approximately S$61.3 million based on an exchange rate of S$1.00 : NT$22.8).

As at the Latest Practicable Date, Action Electronics owns an aggregate of 244,937,310 AAL Shares, representing approximately 61.54% of the total number of issued AAL Shares, and is also deemed interested in the AAL Shares held by the Offeror in the Company. The Offeror and Action Electronics collectively own an aggregate of 273,979,310 AAL Shares, representing 68.83% of the total number of issued AAL Shares.

3. SUMMARY OF FINANCIAL INFORMATION

3.1 Income Statements

A summary of the audited consolidated statements of profit or loss of the Action Electronics Group for FY2012, FY2013, FY2014 and the unaudited consolidated statement of profit or loss of the Action Electronics Group for 1Q2015 is set out in the table below.

The summary is extracted from, and should be read in conjunction with, the audited consolidated financial statements of the Action Electronics Group for FY2012, FY2013, FY2014 and the unaudited consolidated financial statements of the Action Electronics Group for 1Q2015 (copies of which are available for inspection as mentioned in paragraph 4 of Appendix 6 to this Exit Offer Letter).

	Audited FY2012 (NT$'000)	Audited FY2013 (NT$'000)	Audited FY2014 (NT$'000)	Unaudited 1Q2015 (NT$'000)
Revenue	7,153,291	5,015,990	5,677,276	1,156,504
Loss before tax	(112,302)	(635,884)	(313,952)	(66,220)
Loss after tax	(130,783)	(615,888)	(326,212)	(63,790)
Loss attributable to owners of parent	(151,605)	(550,683)	(310,967)	(49,743)
Profit / Loss attributable to non-controlling interests	20,822	(65,205)	(15,245)	(14,047)
Loss per share – Basic (NT$)	(0.52)	(1.99)	(1.12)	(0.18)
Gross dividends per share[(1)]	–	–	–	–

Note:

(1) No dividend on the shares of Action Electronics has been declared in respect of each of FY2012, FY2013 and FY2014 by Action Electronics.

7 As at the Latest Practicable Date, the total number of issued shares of Action Electronics (including the 5,000,000 shares held in treasury) is 282,157,496 shares.

3.2 Statement of Assets and Liabilities

Salient information on the audited consolidated statement of financial position of Action Electronics as at 31 December 2014 and the unaudited consolidated statement of financial position of Action Electronics as at 31 March 2015 is set out in the table below.

The statement of financial position as at 31 December 2014 and 31 March 2015 are extracted from, and should be read in conjunction with, the audited consolidated financial statements of the Action Electronics Group for FY2014 and the unaudited consolidated financial statements of the Action Electronics Group for 1Q2015 (copies of which are available for inspection as mentioned in paragraph 4 of Appendix 6 to this Exit Offer Letter).

	Unaudited As at 31 December 2014 (NT$'000)	**Unaudited As at 31 March 2015 (NT$'000)**
Current assets		
Cash and cash equivalents	891,197	704,174
Current financial assets at fair value through profit or loss	119,999	107,638
Notes receivable, net	6,934	8,399
Accounts receivable, net	1,316,458	696,560
Other receivables, net	131,948	119,877
Current tax assets	29,003	29,988
Inventories	905,235	1,008,094
Prepayments	101,623	100,761
Other current assets	62,505	43,120
Total current assets	**3,564,902**	**2,818,611**
Non-current assets		
Non-current financial assets at cost, net	150,532	150,532
Investments accounted for using equity method	18,137	18,055
Property, plant and equipment	989,583	954,294
Investment property, net	959,199	977,852
Intangible assets	304,311	302,095
Deferred tax assets	54,126	54,369
Non-current prepayments for investments	–	557,406
Other non-current assets	197,074	194,229
Total non-current assets	2,672,962	3,208,832
Total assets	**6,237,864**	**6,027,443**
Current liabilities		
Short-term borrowings	1,250,449	1,545,235
Notes payable	7,459	2,051
Accounts payable	1,019,579	673,435
Other payables	394,361	321,118
Current tax liabilities	3,725	4,981
Provisions	23,642	20,952
Other current liabilities	48,552	82,509
Total current liabilities	**2,747,767**	**2,650,281**

	Unaudited As at 31 December 2014 (NT$'000)	Unaudited As at 31 March 2015 (NT$'000)
Non-current liabilities		
Non-current provisions	41,965	39,101
Deferred tax liabilities	143,968	134,489
Other non-current liabilities	109,548	106,741
Total non-current liabilities	295,481	280,331
Total liabilities	3,043,248	2,930,612
Equity		
Ordinary share	2,821,575	2,821,575
Capital surplus	43,755	43,755
Special reserve	204,418	204,418
Accumulated deficit	(586,031)	(635,774)
Other equity interest	54,154	30,057
Treasury shares	(36,797)	(36,797)
Total equity attributable to owners of parent	2,501,074	2,427,234
Non-controlling interests	693,542	669,597
Total equity	**3,194,616**	**3,096,831**
Total liabilities and equity	**6,237,864**	**6,027,443**

4. MATERIAL CHANGES IN FINANCIAL POSITION

As at the Latest Practicable Date, save as disclosed in this Exit Offer Letter and any information on Action Electronics which is publicly available (including without limitation, announcements and circulars released by Action Electronics on the Taiwan Stock Exchange), there has been no known material change in the financial position of the Action Electronics Group since 31 December 2014, being the date of the last audited consolidated financial statements of the Action Electronics Group laid before its shareholders in general meeting.

5. SIGNIFICANT ACCOUNTING POLICIES

The audited consolidated financial statements of the Action Electronics Group for FY2014 have been prepared in accordance with the International Financial Reporting Standards ("**IFRS**"). The significant accounting policies of Action Electronics as extracted and translated from the audited consolidated financial statements of the Action Electronics Group for FY2014 (a copy of which is available for inspection as mentioned in paragraph 4 of Appendix 6 to this Exit Offer Letter) are set out in Appendix 7 to this Exit Offer Letter.

6. CHANGES IN ACCOUNTING POLICIES

As at the Latest Practicable Date, there has been no change in the accounting policies of Action Electronics since the date of its audited consolidated financial statements for FY2014 which will cause the figures set out in paragraph 3 of this Appendix 3 to be not comparable to a material extent.

7. REGISTERED OFFICE

The registered office of Action Electronics is at No. 198, Zhongyuan Road, Zhongli City, Taoyuan County 320 Taiwan, Republic of China.

APPENDIX 4

ADDITIONAL INFORMATION ON AAL

1. AAL DIRECTORS

The names, addresses and descriptions of the AAL Directors as at the Latest Practicable Date are as follows:

Name	Address	Description
Li Yuan Chen @ Jack Li	3 Anson Road #27-01 Springleaf Tower Singapore 079909	Non-Executive Chairman
Peng Wen-Chih	3 Anson Road #27-01 Springleaf Tower Singapore 079909	Managing Director
Dato' Peng Chiun-Ping	3 Anson Road #27-01 Springleaf Tower Singapore 079909	Executive Director
Chao Teng-Pang	3 Anson Road #27-01 Springleaf Tower Singapore 079909	Non-Executive Director
Dato' Lai Pin Yong	3 Anson Road #27-01 Springleaf Tower Singapore 079909	Independent Director
Tang Edmund Koon Kay	3 Anson Road #27-01 Springleaf Tower Singapore 079909	Independent Director

2. SHARE CAPITAL

As at the Latest Practicable Date, AAL has an issued and paid-up share capital of S$54,168,808 comprising 398,035,000 issued AAL Shares (excluding 1,965,000 treasury shares) (based on a search conducted at the Accounting and Corporate Regulatory Authority of Singapore on the Latest Practicable Date).

3. MATERIAL CHANGES IN FINANCIAL POSITION

As at the Latest Practicable Date, save as disclosed in this Exit Offer Letter and save for information on the AAL Group which is publicly available (including without limitation, the announcements released by AAL on the SGX-ST and the documents as set out below) and save as may be announced by AAL from time to time, there has not been, within the knowledge of the Offeror, any material change in the financial position or prospects of the AAL Group since 31 December 2014, being the date of the last audited balance sheet of AAL laid before the Shareholders in general meeting:

(a) the audited consolidated financial statements of the AAL Group for the financial year ended 31 December 2014; and

(b) the unaudited consolidated financial statements of the AAL Group for the three-month financial period ended 31 March 2015.

4. REGISTERED OFFICE

The registered office of AAL is at 3 Anson Road #27-01, Springleaf Tower, Singapore 079909.

APPENDIX 5

DISCLOSURE OF HOLDINGS AND DEALINGS

The disclosures of holdings and dealings in the AAL Shares set out below in this Appendix 5 are based on responses to enquiries that the Offeror has made.

1. NUMBER OF AAL SHARES HELD BY THE OFFEROR AND ITS CONCERT PARTIES

Save as disclosed below, as at the Latest Practicable Date, the Offeror and its Concert Parties do not own or control any AAL Shares:

	Direct Interest		Deemed Interest		Total Interest	
Name	**No. of AAL Shares**	**% of Issued AAL Shares[1]**	**No. of AAL Shares**	**% of Issued AAL Shares[1]**	**No. of AAL Shares**	**% of Issued AAL Shares[1]**
Offeror	29,042,000	7.30	–	–	29,042,000	7.30
Action Electronics[2]	244,937,310	61.54	29,042,000	7.30	273,979,310	68.83
Peng Wen-Chih (彭文志)	13,500,000	3.39	–	–	13,500,000	3.39
Dato' Peng Chiun-Ping (彭君平)	9,000,730	2.26	–	–	9,000,730	2.26
Lai Wen Hsin (賴文鑫)[3]	2,472,540	0.62	–	–	2,472,540	0.62

Notes:

(1) Based on 398,035,000 issued AAL Shares (excluding 1,965,000 treasury shares) in the capital of the Company as at the Latest Practicable Date.

(2) Action Electronics is deemed to have an interest in 29,042,000 AAL Shares held by its wholly-owned subsidiary, the Offeror, through UOB Kay Hian Pte Ltd, pursuant to Section 7 of the Companies Act.

(3) Lai Wen Hsin (賴文鑫) is the corporate representative of Far Year Invest Limited (華憶投資有限公司), a company wholly-owned by Lai Wen Hsin (賴文鑫) and his associates, on the board of directors of Action Electronics.

2. NUMBER OF AAL SHARES HELD BY THE UNDERTAKING SHAREHOLDERS

Save as disclosed below, and based on responses received pursuant to enquiries that the Offeror has made, as at the Latest Practicable Date, the Undertaking Shareholders do not own or control any AAL Shares:

	Direct Interest		Deemed Interest		Total Interest	
Name	**No. of AAL Shares**	**% of Issued AAL Shares[1]**	**No. of AAL Shares**	**% of Issued AAL Shares[1]**	**No. of AAL Shares**	**% of Issued AAL Shares[1]**
Action Electronics	244,937,310	61.54	29,042,000	7.30	273,979,310	68.83
Peng Wen-Chih (彭文志)	13,500,000	3.39	–	–	13,500,000	3.39
Dato' Peng Chiun-Ping (彭君平)	9,000,730	2.26	–	–	9,000,730	2.26
Dato' Lai Pin Yong	23,938,910	6.01	–	–	23,938,910	6.01

3. DEALINGS IN THE AAL SHARES BY THE OFFEROR AND ITS CONCERT PARTIES

Save as disclosed below and based on responses received pursuant to enquiries that the Offeror has made, the Offeror and its Concert Parties have not dealt for value in the AAL Shares during the Reference Period:

Name	**Date of Transaction**	**No. of AAL Shares Acquired**	**No. of AAL Shares Sold**	**Transaction Price per AAL Share (S$)**
Offeror	26 May 2015	696,000	N.A.	0.189
Offeror	15 June 2015	379,500	N.A.	0.188
Offeror	16 June 2015	334,500	N.A.	0.188
Offeror	26 June 2015	150,000	N.A.	0.188
Offeror	29 June 2015	146,000	N.A.	0.188

4. DEALINGS IN THE AAL SHARES BY THE UNDERTAKING SHAREHOLDERS

Based on responses received pursuant to enquiries that the Offeror has made, none of the Undertaking Shareholders has dealt for value in any AAL Shares during the Reference Period.

APPENDIX 6

ADDITIONAL GENERAL INFORMATION

1. DISCLOSURE OF INTERESTS

1.1 No Indemnity Arrangements

To the best knowledge of the Offeror Directors as at the Latest Practicable Date, neither the Offeror nor any of its Concert Parties has entered into any arrangement with any person of the kind referred to in Note 7 on Rule 12 of the Code, including any indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to the AAL Securities which may be an inducement to deal or refrain from dealing in the AAL Securities.

1.2 No Agreement having any Connection with or Dependence upon the Exit Offer

As at the Latest Practicable Date, save for the Irrevocable Undertakings as described in Section 3 of this Exit Offer Letter, there is no agreement, arrangement or understanding between (a) the Offeror or any of its Concert Parties and (b) any of the present or recent directors of AAL or the present or recent Shareholders having any connection with or dependence upon the Exit Offer.

1.3 Transfer of Offer Shares

As at the Latest Practicable Date, there is no agreement, arrangement or understanding whereby any of the Offer Shares acquired pursuant to the Exit Offer will or may be transferred to any other person. However, the Offeror reserves the right to transfer any of the Offer Shares to any of its related corporations (within the meaning of Section 6 of the Companies Act) or for the purpose of granting security in favour of financial institutions which have extended credit facilities to it.

1.4 No Payment or Benefit to AAL Directors

As at the Latest Practicable Date, there is no agreement, arrangement or understanding for any payment or other benefit to be made or given to any AAL Director or to any director of any corporation which is by virtue of Section 6 of the Companies Act deemed to be related to AAL, as compensation for loss of office or otherwise in connection with the Exit Offer.

1.5 No Agreement Conditional upon Outcome of the Exit Offer

As at the Latest Practicable Date, save for the Irrevocable Undertakings as described in Section 3 of this Exit Offer Letter, there is no agreement, arrangement or understanding made between (a) the Offeror and (b) any of the AAL Directors or any other person, in connection with or conditional upon the outcome of the Exit Offer or is otherwise connected with the Exit Offer.

1.6 Transfer Restrictions

There is no restriction in the Memorandum and Articles of Association of AAL on the right to transfer any Offer Shares, which has the effect of requiring the holders of such Offer Shares before transferring them, to offer them for purchase by members of AAL or any other person.

1.7 No Material Change in Information

Save as disclosed in this Exit Offer Letter, as far as the Offeror is aware, there has been no material change in any information previously published by or on behalf of the Offeror during the period commencing from the Joint Announcement Date and ending on the Latest Practicable Date.

2. GENERAL

2.1 Costs and Expenses

All costs and expenses of or incidental to the Exit Offer including the preparation and circulation of this Exit Offer Letter and the Acceptance Forms (other than professional fees and other costs relating to the Exit Offer or any revision thereof incurred or to be incurred by AAL) and stamp duty and transfer fees resulting from acceptances of the Exit Offer will be paid by the Offeror.

2.2 SAC Capital's Consent

SAC Capital, as financial adviser to the Offeror in connection with the Exit Offer, has given and has not withdrawn its written consent to the issue of this Exit Offer Letter with the inclusion herein of its name and all references thereto in the form and context in which they appear in this Exit Offer Letter.

2.3 Registrar's Consent

Intertrust, as the receiving agent of the Offeror in connection with the Exit Offer and the share registrar of AAL, has given and has not withdrawn its written consent to the issue of this Exit Offer Letter with the inclusion herein of its name and all references thereto in the form and context in which they appear in this Exit Offer Letter.

3. MARKET QUOTATIONS

3.1 Closing Prices

The following table sets out the closing prices of the AAL Shares on the SGX-ST (as reported by Bloomberg L.P.) on (a) the Latest Practicable Date, (b) 26 February 2015 (being the last full Market Day on which there were trades in the AAL Shares immediately preceding the Joint Announcement Date) and (c) a monthly basis from August 2014 to January 2015 (being six calendar months preceding the Joint Announcement Date):

	Closing Price (S$)
Latest Practicable Date	0.189
26 February 2015	0.112
January 2015	0.115
December 2014	0.116
November 2014	0.115
October 2014	0.115
September 2014	0.119
August 2014	0.130

3.2 Highest and Lowest Prices

The highest and lowest closing prices of the AAL Shares on the SGX-ST (as reported by Bloomberg L.P.) during the period commencing six calendar months prior to the Joint Announcement Date and ending on the Latest Practicable Date, and their respective dates transacted are as follows:

	Price (S$)	**Date(s) Transacted**
Highest closing price	0.189	8 and 24 April 2015 18 and 26 May 2015 4, 5, 11 and 18 June 2015 1 July 2015
Lowest closing price	0.105	12 and 17 February 2015

4. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at Intertrust Singapore Corporate Services Pte Ltd at 3 Anson Road, #27-01 Springleaf Tower, Singapore 079909, during normal business hours, while the Exit Offer remains open for acceptance:

(a) the Joint Announcement;

(b) the Memorandum and Articles of Association of the Offeror;

(c) the Irrevocable Undertakings;

(d) the audited consolidated financial statements of the Action Electronics Group for FY2012, FY2013 and FY2014;

(e) the unaudited consolidated financial statements of the Action Electronics Group for the three months ended 31 March 2015; and

(f) the letters of consent from SAC Capital and Intertrust referred to in paragraphs 2.2 and 2.3 respectively of this Appendix 6.

APPENDIX 7

SIGNIFICANT ACCOUNTING POLICIES OF ACTION ELECTRONICS

The significant accounting policies of Action Electronics have been extracted and translated from its audited consolidated financial statements for FY2014 and are set out below. For the purpose of this Appendix 7, all references to "Company" shall refer to Action Electronics.

Application of New and Revised Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("**IFRSs**") as endorsed by the Financial Supervisory Commission ("**FSC**"):

None.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Consolidated Company:

In accordance with Rule No. 1030010325 issued by the FSC on April 3, 2014, companies listed for trading on the stock exchange or over-the-counter market or for registration as emerging stock should adopt the 2013 IFRSs (excluding IFRS 9 Financial Instruments) endorsed by the FSC beginning in 2015. The new standards, amendments and interpretations which were announced by the International Accounting Standards Board ("**IASB**") are as follows:

New Standards, Amendments and Interpretations	Effective Date Issued by IASB
Amended IFRS 1 Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters	July 1, 2010
Amended IFRS 1 Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	July 1, 2011
Amended IFRS 1 Government Loans	January 1, 2013
Amended IFRS 7 Disclosures - Transfers of Financial Assets	July 1, 2011
Amended IFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities	January 1, 2013
IFRS 10 Consolidated Financial Statements	January 1, 2013 (Subsidiaries will adopt on January 1, 2014)
IFRS 11 Joint Agreements	January 1, 2013
IFRS 12 Disclosure of Interests in Other Entities	January 1, 2013
IFRS 13 Fair Value Measurement	January 1, 2013
Amended IAS 1 Presentation of Items of Other Comprehensive Income	July 1, 2012
Amended IAS 12 Deferred Tax: Recovery of Underlying Assets	January 1, 2012
Amended IAS 19 Employee Benefits	January 1, 2013
Amended IAS 27 Separate Financial Statements	January 1, 2013

New Standards, Amendments and Interpretations	Effective Date Issued by IASB
Amended IAS 28 Investments in Associates and Joint Ventures	January 1, 2013
Amended IAS 32 Offsetting Financial Assets and Financial Liabilities	January 1, 2014
IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine	January 1, 2013
Improvements to IFRSs 2010	January 1, 2011
Improvements to IFRSs 2009-2011	January 1, 2013

Except for the following items, the Company believes that the adoption of aforementioned 2013 IFRSs will not have a significant effect on the Company's financial statements:

i. IAS 19 Employee Benefits

The amendments to IAS 19 require companies to calculate a "net interest" amount by applying the discount rate to the net defined benefit liability or asset to replace the interest cost and expected return on plan assets used in the previous IAS 19. In addition, the amendments eliminate the accounting treatment of either the corridor approach or the immediate recognition of actuarial gains and losses in profit or loss when they occur, and instead require companies to recognize all actuarial gains and losses immediately through other comprehensive income. The past service cost, on the other hand, will be expensed immediately when it is incurred and will no longer be amortized over the average period before meeting vesting conditions on a straight-line basis. In addition, the amendments also require a broader disclosure of defined benefit plans.

ii. IAS 1 Presentation of Financial Statements

The primary amendment of IAS 1 was requiring profit or loss and other comprehensive income to be presented together, requiring entities to group items presented in other comprehensive income based on whether they are potentially re-classifiable to profit or loss subsequently, and requiring tax associated with items presented before tax to be shown separately for each of the two groups of other comprehensive income items. The Company will follow the amendment of IAS 1 to present the comprehensive income statement.

iii. IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 combines all related standards regarding the disclosures of financial reports of subsidiaries, joint ventures, associates, and non-consolidated entities. The Company will additionally disclose the information on consolidated and non-consolidated entities.

iv. IFRS 13 Fair Value Measurement

IFRS 13 defines the meaning of fair value and sets the method of calculation and the presentation of measurement of fair value. After assessing the standard, the Company does not expect any significant influence on the financial condition and performance, and will follow IFRS 13 to additionally disclose the information on measurement of fair value.

(3) New standards and interpretations of 2013 IFRSs version issued by the IASB but not yet endorsed by the FSC:

New Standards, Amendments and Interpretations	Effective Date Issued by IASB
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between and Investor and its Joint Venture or Associate"	January 1, 2016
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
Amendment to IFRS 11 "Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2017
Amendment to IAS 1 "Disclosure Initiative"	January 1, 2016
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendments to IAS 27 "Investment Entities"	January 1, 2016
Amendment to IAS 36 "Recoverable Amount Disclosures for Non-Financial Assets"	January 1, 2014
Amendment to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
IFRIC 21 "Levies"	January 1, 2014
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016

The Company is assessing the potential impact of the new standards, interpretations and amendments above and has not yet been able to reliably estimate their impact on the financial statements.

Summary of Significant Accounting Policies

The major accounting policies are enumerated:

(1) Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, IFRSs, IASs, Interpretations as well as related guidance translated by the ARDF endorsed by the FSC with the effective dates (collectively, "**IFRSs**").

(2) Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

(3) Current and Noncurrent Assets and Liabilities

Current assets held for trading purposes and expected to be sold or consumed within one year from the balance sheet date. Current liabilities are obligations incurred for trading purposes and to be settled within one year from the balance sheet date. Assets and liabilities that are not classified as current are noncurrent assets and liabilities, respectively.

(4) Basis of Consolidation

i. The basis for the consolidated financial statements

The consolidated financial statements incorporated the financial statements of Action Electronics Co., Ltd. and its controlled entities (the subsidiaries). Income and expenses of subsidiaries acquired or disposed of are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the Company.

All intra-company transactions, balances, income and expenses are eliminated in full on consolidation.

Attribution of total comprehensive income to non-controlling interests

Total comprehensive income of subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if the results in the non-controlling interests are in deficit balances.

Changes in the parent's ownership interests in subsidiaries

Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary are accounted for as equity transactions. The carrying amounts of the Company interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to shareholders of the Company.

When the Company and its subsidiaries lose control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained investment in the former subsidiary at the date when control is lost and (ii) the carrying amount of the assets (including goodwill) and liabilities of the former subsidiary and any non-controlling interests at the date when control is lost. The Company accounts for all amounts recognized in other comprehensive income in relation to the subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 "Financial Instruments: Recognition and Measurement" or, when applicable, the cost on initial recognition of an investment in an associate.

ii. Subsidiaries included in the consolidated financial statements:

Investing Company	The Name of Subsidiary	Nature of Operations	Shareholding %		Note
			December 31, 2014	December 31, 2013	
Action Electronics Co., Ltd.	Action Asia Ltd.	International holding company	61.54	54.26	–
Action Electronics Co., Ltd.	Almond Garden Corp.	International holding company	100.00	100.00	–
Action Electronics Co., Ltd.	Best Taiwan Inc.	Sales and maintenance of various electrical and household appliances	87.67	86.10	–
Action Electronics Co., Ltd.	America Action Inc.	Sale of electronic information products	100.00	100.00	–
Action Electronics Co., Ltd.	Realise Tech-Service Co., Ltd.	Repair services of electronic information products	100.00	100.00	–
Action Electronics Co., Ltd.	Dasheng Investment Co., Ltd. (Originally called Taane Investment Co., Ltd.)	Investing activities	39.83	99.83	1
Dasheng Investment Co., Ltd. (Originally called Taane Investment Co., Ltd.)	Zhenguang Co., Ltd.	Sale and maintenance of various electrical and household appliances	–	22.50	2
Action Electronics Co., Ltd.	Zhenguang Co., Ltd.	Sale and maintenance of various electrical and household appliances	22.50	–	2
Best Taiwan Inc.	Zhenguang Co., Ltd.	Sale and maintenance of various electrical and household appliances	77.50	77.50	–
Action Asia Ltd.	Action Industries (M) Sdn. Bhd.	Manufacture and sale of automotive LCD TV	100.00	100.00	–

Investing Company	The name of subsidiary	Nature of operations	Shareholding %		Note
			December 31, 2014	December 31, 2013	
Action Asia Ltd.	Shanghai Action Tech Co., Ltd.	Research and development, manufacturing, sale and warehousing of electronic products and accessories	100.00	100.00	–
Action Asia Ltd.	Action Asia (Shenzhen) Co., Ltd.	Research and development, manufacturing and sale of electronic products and accessories	100.00	100.00	–
Action Asia Ltd.	ASD Electronics Limited	Research and development, and sales	51.00	51.00	–
Action Industries (M) Sdn. Bhd	Action-Tek Sdn. Bhd.	Consumer electronic product development	100.00	100.00	–
Action Asia (Shenzhen) Co., Ltd.	Dede Technology (Shenzhen) Co., Ltd.	Sale of TFT-LCD	100.00	100.00	–
Almond Garden Corp.	Far Year (Holding) Limited	International holding company and trading	100.00	100.00	–
Almond Garden Corp.	ASD Electronics Limited	Research and development, and sales	49.00	49.00	–
Almond Garden Corp.	Action Asia Ltd.	International holding company	6.87	6.83	–
Far Year (Holding) Limited	Action Commercial and Trading (Shanghai) Co., Ltd.	Sale of LCD TV	100.00	100.00	–
Far Year (Holding) Limited	Action Technology (Shenzhen) Co., Ltd.	Sale of portable LED application products	100.00	100.00	–
Far Year (Holding) Limited	Action Technology (Jian) Co., Ltd	Research and development, manufacturing and sale of electronic products and accessories	100.00	100.00	–

Note 1: In December 2014, a subsidiary of the Company disposed 60% of Dasheng Investment Co., Ltd.. As a result, the company lost its power to control. In December 31, 2014, Dasheng Investment Co., Ltd. ceased to be consolidated.

Note 2: The purchase consideration for the acquisition of 25% equity interest in Zhenguang Co., Ltd. on 21 November 2014 was offset against the amount due from Dasheng Investment Co., Ltd. in connection with its capital reduction.

iii. Subsidiaries not included in the consolidated financial statements: None.

iv. Adjustments for subsidiaries with different balance sheet dates: None.

v. Nature and extent of the restrictions on fund remittance from subsidiaries to the parent company: None.

(5) Foreign Currencies

In preparing the financial statements of each individual consolidated entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the closing rates. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currency risks.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are recognized in profit or loss for the year except for exchange difference arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Consolidated Company's foreign operations (including the subsidiaries, associates and joint ventures operating in other countries or using currencies different from the Company's) are translated into New Taiwan dollars using exchange rates prevailing at each balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

(6) Inventories

Inventories are stated at the lower of cost or net realizable value. Inventories are recorded at weighted-average cost. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale.

(7) Investment in subsidiaries and associates

An associate is an entity over which the Company and its subsidiaries have significant influence and that is neither a subsidiary nor an interest in a joint venture.

The operating results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Consolidated Company's share of the profit or loss and other comprehensive income of the associate. The Consolidated Company also recognize the changes in the share of equity of associates.

When the Consolidated Company subscribe for additional new shares of the associate, at a percentage different from their existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Consolidated Company's proportionate interest in the associate. The Consolidated Company record such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the Consolidated Company's ownership interest is reduced due to non-subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using equity method is insufficient, the shortage is debited to retained earnings.

When the Consolidated Company's share of losses of an associate equal or exceed their interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Consolidated Company's net investment in the associate), the Consolidated Company discontinue recognizing their share of further losses. Additional losses and liabilities are recognized only to the extent that the Consolidated Company have incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Consolidated Company's share of the net fair value of the identifiable assets and liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Consolidated Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss in the current year.

When impairment loss is evaluated, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. An impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment has subsequently increased.

When the Consolidated Company cease to have significant influence over the associate, the Consolidated Company will measure the retained investment at fair value at that date. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Consolidated Company account for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When the Consolidated Company transact with their associates, profits and losses on these transactions are recognized in the consolidated financial statements only to the extent of interests in the associate that are not related to the Consolidated Company.

(8) Property, Plant and Equipment

Property, plant and equipment are stated at cost, less subsequent accumulated depreciation and subsequent accumulated impairment loss.

Properties in the course of construction for production, supply or administrative purposes are carried at cost. Cost includes professional fees and borrowing costs eligible for capitalization. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use and depreciated accordingly.

Depreciation is computed by the straight-line method over the estimated useful lives. If each component of property, plant and equipment is significant, it is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss in the current year.

(9) Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties also include land held for a currently undetermined future use. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method. Any gain or loss arising on derecognition of the investment properties is calculated as the difference between the net disposal proceeds and the carrying amount of the asset and is included in profit or loss in the period in which the property is derecognized.

(10) Goodwill

Goodwill arising from the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss. For the purpose of impairment testing, goodwill is allocated to each of the Company's cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributable goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

(11) Intangible Assets

i. Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Company expects to dispose of the intangible asset before the end of its economic life. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

ii. Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

iii. Derecognition of intangible assets

Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

(12) Impairment of Tangible and Intangible Assets

At each balance sheet date, the Consolidated Company review the carrying amounts of their tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Consolidated Company estimate the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount.

When an impairment loss subsequently is reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(13) Financial Instruments

Financial assets and financial liabilities are recognized when the Consolidated Company become a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

i. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

(I) Measurement category

Financial assets held by the Consolidated Company include financial assets at fair value through profit or loss and loans and receivables.

A. Financial assets at fair value through profit and loss

Financial assets are classified as at fair value through profit or loss when the financial asset is either held for trading or it is designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset.

Investments in equity instruments under financial assets at fair value through profit or loss that do not have a listed market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are subsequently measured at cost less any identified impairment loss at the end of each reporting period and are recognized in a separate line item as financial assets carried at cost. The financial assets are remeasured at fair value if they can be reliably measured at fair value in a subsequent period. The difference between the carrying amount and the fair value is recognized in profit or loss.

B. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables including cash and cash equivalents, notes and accounts receivable and other receivables are measured at amortized cost using the effective interest method, less any impairment, except for those loans and receivables with immaterial discounted effect. Deposits in banks consisted of highly liquid time deposits that were readily convertible to known amounts of cash and were subject to an insignificant risk of changes in value.

(II) Impairment of financial assets

A. Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

B. Financial assets carried at amortized cost, such as accounts receivable, other receivables and bond investments with no active market are assessed for impairment on a collective basis even if there is no objective evidence of impairment individually. The amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

C. For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

D. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account.

(III) Derecognition of financial assets

The Consolidated Company derecognize a financial asset only when the contractual rights to the cash flows from the asset expire, or when they transfer the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

ii. Financial liabilities and equity instruments

(I) Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

(II) Financial liabilities

Except to be classified as at fair value through profit or loss, financial liabilities are measured at fair value and cost at the time of acquisition. They are measured subsequently at amortized cost using the effective interest method.

(III) Derecognition of financial liabilities

The Consolidated Company derecognizes financial liabilities only when the obligations are discharged, cancelled or expired. The difference between the carrying amount of a financial liability removed and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(IV) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

iii. Derivative financial instruments

The Company and its subsidiaries enter into a variety of derivative financial instruments to manage their exposure to foreign exchange rate and interest rate risks, including foreign exchange forward contracts and interest rate swap contracts.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

(14) Provision

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

(15) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

i. Sales of goods

Revenue from the sale of goods is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

(I) The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;

(II) The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

(III) The amount of revenue can be measured reliably;

(IV) It is probable that the economic benefits associated with the transaction will flow to the Company; and

(V) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

In principle, payment term granted to customers is due 30 days from the invoice date or 30 days from the end of the month of when the invoice is issued. Due to the short term nature of the receivables from sale of goods with the immaterial discounted effect, the Company measures them at the original invoice amounts without discounting.

Under the Company reward scheme, sales of goods that result in reward credits for customers are accounted for as multiple-element revenue transactions, and the amount of the consideration received or receivable is recognized as deferred revenue at the time of sale and is allocated between the goods sold and the reward credits granted. When the reward credits are redeemed and the Group's related obligations are fulfilled, revenue is recognized and is calculated separately at the fair value of the sold goods and the fair value of the reward credits.

ii. Rendering of services

Revenue from a contract to provide services is recognized by reference to the stage of completion of the contract.

iii. Dividend and interest income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established, provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

(16) Land Use Rights

The land in China is owned by the government and the subsidiary acquired the land use right in China which is classified under non-current assets. Amortization is computed by the straight-line method over the estimated used lives, which amounted to 50 years.

(17) Leases

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

i. The Company as lessor

Under finance leases, the amounts due under such leases, after deduction of unearned charges, are accounted for as receivables as appropriate. The difference between the gross receivable and the present value of the receivable is recognized as unearned finance income. Unearned finance income is amortized and recognized as interest revenue of operation revenues over the periods of the leases in order to give a constant rate of return on the net investment in the leases. Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

ii. The Company as lessee

Assets held under finance lease are initially recognized as assets of the Company at the fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheet as an obligation under finance lease. Lease payments are apportioned between finance expense and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expense through profit or loss are recognized immediately in profit or loss. Finance charges are recognized in profit or loss.

Unless otherwise there is another systemized method which can better represent the pattern of the time consuming the lease asset economic effect, the operating lease payments are recognized as an expense on a straight-line basis over the lease term.

(18) Employee benefits costs

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Consolidated Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

For defined contribution retirement benefit plans, payments to the benefit plan are recognized as an expense when the employees have rendered service entitling them to the contribution. For defined benefit retirement benefit plans, the cost of providing benefit is recognized based on actuarial calculations.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method. All actuarial gains and losses on the defined benefit obligation are recognized immediately in other comprehensive income. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognized in the consolidated balance sheets represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the unrecognized past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Curtailment or settlement gains or losses on the defined benefit plan are recognized when the curtailment or settlement occurs.

(19) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

i. Current tax

Current taxable payable depends on current tax income. Taxable income is different from the net income before tax on the consolidated statement of comprehensive income for the reason that partial revenue and expenses are taxable or deductible items in other period, or not the taxable or deductible items according to related Income Tax Law. The Group's current tax liabilities are calculated by the legislated tax rate on balance sheet date.

Income tax on unappropriated earnings (excluding earnings from foreign consolidated subsidiaries) at a rate of 10% is expensed in the year the shareholders approved the appropriation of earnings which is the year subsequent to the year the earnings are generated.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

ii. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, net operating loss carryforwards and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered. The deferred tax assets which originally not recognized is also reviewed at the end of each reporting period and recognized to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

iii. Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

(20) Business Combinations

i. Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred, the identifiable assets acquired and liabilities assumed are measured at acquisition date fair value. For each business combination, the acquirer measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and are classified under administrative expenses.

ii. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Critical Accounting Judgment and Key Sources of Estimation Uncertainty

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(1) Valuation of Inventory

Inventories are stated at the lower of cost or net realizable value, and the Company use judgment and estimate to determine the net realizable value of inventory at the end of each reporting period.

Due to the rapid industrial changes, the Company estimates the net realizable value of inventory for obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions of future demand within a specific time horizon.

For more information, please refer to Note 6(4).

(2) Impairment assessment on investments accounted for using equity method

The Company assesses the impairment of investments accounted for using the equity method whenever triggering events or changes in circumstances indicate that an investment may be impaired and carrying value may not be recoverable. The Company measures the impairment based on a projected future cash flow of the investees, including the underlying assumptions of sales growth rate and capacity utilization rate formulated by such investees' internal management team, to ensure the reasonableness of such assumptions.

As of December 31, 2014, the impairment loss on investments accounted for using equity method amounted to NT$1,591,000 respectively.

For more information, please refer to Note 6(6).

(3) Estimated impairment of accounts receivable

When there is objective evidence of impairment loss, the Consolidated Company take into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise.

For more information, please refer to Note 6(3).

(4) Realization of deferred tax assets

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. Assessment of the realization of deferred income tax assets involves critical accounting judgments and estimates of the management, including the assumptions of expected future sales revenue growth rate and profit rate, tax exempt duration, available tax credits, tax planning, etc. Any variations in global economic environment, industrial environment, and laws and regulations might cause material adjustments to deferred income tax assets.

(5) Impairment assessment of tangible and intangible assets

In the process of evaluating the potential impairment of tangible and intangible assets other than goodwill, the Company is required to make subjective judgments in determining the independent cash flows, useful lives, expected future revenue and expenses related to the specific asset groups with the consideration of the nature of semiconductor industry. Any changes in these estimates based on changed economic conditions or business strategies could result in significant impairment charges or reversal in future years.

(6) Impairment of goodwill

The assessment of impairment of goodwill requires the Company to make subjective judgment to determine the identified cash-generating units, allocate the goodwill to relevant cash-generating units and estimate the recoverable amount of relevant cash-generating units.

For more information, please refer to Note 6(9).

The Company recognized an impairment loss on goodwill for NT$9,467,000 for the year ended December 31, 2014.

(7) Provisions for the expected cost of warranty

The incremental cost for product after-sale maintenance (e.g. service costs (either internally or externally incurred) and material cost) and the maintenance cost which cannot be claimed from the suppliers are set aside in accordance with the product's warranty contract or consolidated company's policy regarding the provision for warranty.

When determining the amount of the provision for the expected cost of warranty, the company recognises the estimated liability to repair or replace products still under warranty at the balance sheet date. This provision is calculated based on past experience and industry average for defective products of the level of repairs and replacements. Many factors, including extra modification for the ordered goods in order to meet customer's requirements or technology requirements and the problems and situations which cannot be foreseen, can result in adverse impact and may lead to the decision for maintenance or returning/exchanging, which will further affect the final maintenance and returning/exchanging cost in the future.

For more information, please refer to Note 6(14).

(8) Recognition and measurement of defined benefit plans

The resulting pension expense and accrued pension liabilities under defined benefit pension plans are calculated using the Projected Unit Credit Method. Actuarial assumptions comprise the discount rate, employee turnover rate and long-term average future salary rate. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of the expense and the liability.

For more information, please refer to Note 6(15).

(9) Revenue recognition

The Company recognizes revenue when the conditions described. The Company also records a provision for estimated future returns and other allowances in the same period the related revenue is recorded. Provision for estimated sales returns and other allowances is generally made and adjusted at a specific percentage based on historical experience and any known factors that would significantly affect the allowance, and our management periodically reviews the adequacy of the percentage used.