亞憶電子

PRESS RELEASE

ACTION ASIA REPORTS REVENUE OF S$22.42 MILLION FOR 1QFY2015

SINGAPORE, 15 May 2015 – SGX-MAINBOARD-LISTED Action Asia Limited ("Action Asia" or the "Group"), a regional designer, manufacturer and assembler of video and audio mobile entertainment products, has reported a wider loss of S$2.28 million for the first quarter ended 31 March 2015 ("1Q2015"), compared to S$1.86 million a year ago despite a 4.15% rise in group revenue to S$22.42 million for the quarter.

The higher loss was mainly due to the absence of a one-off gain of about S$634,000 from the sale of an office building in Singapore in the previous corresponding period.

The increased revenue is mainly due to higher contributions from warehousing and logistic services provided at the Group's new logistic centre in Jiading, Shanghai. The centre's second phase has started to generate sales since April 2014.

The centre generated a profit of S$496,000 on revenue of S$954,000 compared to a profit of S$24,000 and sales of S$307,000 in 1Q2014.

Employee remuneration for 1Q2015 increased by 10.38% to S$3.99 million against S$3.61 million in 1Q2014, with the recruitment of more sales and marketing staff to expand the Group's sales in China. In line with the Group's strategy of creating innovative products, more engineers were also recruited to bolster the Group's R&D capacity.

Finance expenses fell by 30.11% to S$188,000 from S$269,000 in 1Q2014, due to the lower interest expense as a result of reduction in use of trade financing for purchase of raw materials.

The Group recorded higher depreciation of its investment properties which rose to S$184,000 from S$55,000 in 1Q2014 after the completion of the second phase of its warehouse and logistics centre in Shanghai.

亞憶電子

Financial Position

The Group's financial position remains healthy with a cash balance of S$24.22 million as at end March 2015.

Trade and other receivables at Group level decreased to S$32.66 million as of 31 March 2015 from S$58.41 million as of 31 December 2014 mainly due to lower sales for 1Q2015, which is historically a slow period for the Group.

Group inventories grew to S$23.73 million as of end 1Q2015 from S$19.61 million as of 31 December 2014 as more key raw materials were needed to produce finished products in the upcoming months. There was also an increase in work-in process inventories for consumer lifestyle entertainment products, which were scheduled to be completed and delivered to customers after March 2015.

The Group's Loss Per Share 0.58 cents in 1Q2015 while its Net Asset Value (NAV) improved to 23.25 cents per share.

Going Forward

The Group's performance in 1Q2015, historically a slow period for orders, was affected by prevailing global uncertainties and challenging business conditions in China.

Latest trade data released by China's General Administration of Customs showed a 15% decline in the country's exports in March from the same month a year ago – the worst performance for March since 2009 during the depths of the financial crisis. Imports meanwhile fell by for the third straight month by 12.7%.

All these figures point to weaker than expected economic growth in the Chinese economy. The International Monetary Fund (IMF) has since projected that China's growth would fall below the generally anticipated 7% level to 6.8% in 2015 and 6.3% in 2016.

Against these headwinds, the Group will remain cautious and exercise prudence in managing market risks while sticking to our strategy of leveraging on R&D to drive innovation to enhance sales and grow our customer base. We also expect warehousing and logistics to continue with its positive contribution to the Group's performance in the coming months.

亞憶電子

About Action Asia Limited

Founded in 1987 and listed on the SGX-Mainboard on 15 January, 2004, Action Asia is a subsidiary of Action Electronics Co., Ltd, a listed company on the Taiwan Stock Exchange. The Group designs, manufactures and assembles video and audio mobile electronics products, and its competitive strength lies in integrating components and enabling its finished products to perform multiple functions.

With key global markets such as United States, Latin America, Europe, China, India, Japan, ASEAN and Australia, Action Asia's portable electronics products such as multifunction digital video players and digital photo frames are used mainly in homes, hospitals and outdoors, while its mobile electronics and video products are installed mainly in automobiles and commercial vehicles.

Release issued on behalf of Action Asia Limited by
Stratagem Consultants Pte Ltd

For more information, please contact:
Tham Moon Yee/ Soh Tiang Keng
Tel: 6227 0502

Email: tmy@stratagemconsultants.com
sohtk@stratagemconsultants.com