GLOBAL INVACOM GROUP LIMITED

(formerly known as Radiance Group Limited)
(Incorporated in Singapore)
(Company Registration No: 200202428H)

CORPORATE AND BUSINESS UPDATE

*DMG & Partners Securities Pte Ltd ("**DMG**") was the financial adviser to Global Invacom Group Limited in relation to the acquisition of Global Invacom Holdings Limited ("GIHL"). DMG assumes no responsibility for the contents of this announcement.*

Following a review with senior management, the Board of Directors (the "Directors") of Global Invacom Group Limited (the "Company", together with its subsidiaries and associated company, the "Group") wishes to provide the following update. All figures are based on the unaudited financial results for the financial year ended 31 December 2012 ("FY2012").

Contract Manufacturing-Related Quality Issues Encountered in FY2012

The Group reported a net loss of S$1.2 million in FY2012, excluding the one-off S$18.8 million goodwill write-off, as well as a decline in revenue caused by delays in shipments for the Satellite Communications ("Sat Comms") division under which the Group designs, manufactures and markets satellite TV and cable peripheral products. The major reason for the FY2012 operating loss, apart from rising costs of wages and raw materials and the delayed shipments, was due to quality issues which occurred during contract manufacturing and assembly of the products at Radiance Electronics (Shanghai) Co. Ltd. ("RESH"), the Group's wholly owned facility in Shanghai, China, which provides electronics manufacturing services ("EMS").

After investigation, management has identified that the quality issues to contract manufacturing at RESH primarily centered on mis-calibration of equipment after a recent upgrade; re-working and replacement of products incurring delays, costs and freight charges.

The contract manufacturing-related quality issues affected three products ordered by a customer based in the United States of America ("USA"). As a result of this rectification and re-work, significantly reduced sales of Sat Comms products were recorded between August and November 2012 at RESH and led to under-utilisation of the RESH facility. The re-worked and replacement products have subsequently been shipped to the customer in the USA after the reporting period ended 31 December 2012.

Measures Undertaken To Rectify Manufacturing-Related Issues

After the issues surfaced, the Group has carried out the following measures in the second half of FY2012 ("2H FY2012") and in the first half of the financial year ending 31 December 2013 ("FY2013"):

i) assigned an internal quality manager from the United Kingdom ("UK") to RESH on a permanent basis and contracted an external quality consultant to oversee the product rectification and to restructure and improve work processes;

ii) re-trained and educated workers in the correct use of the recalibrated equipment; and

iii) significantly increased emphasis on quality by mandating the RESH quality department to report directly to the Quality Manager permanently stationed in Shanghai since August 2012; and assigned management control of the RESH facility to the UK Operations Director.

The Group believes that the majority of the quality issues and processes have been addressed following the above measures.

Status of Sat Comms Business and Relationship with Major Customer and Follow-On Orders

Despite the quality issues faced by the contract manufacturing business outlined above, the Group wishes to emphasise that the Sat Comms business has remained relatively stable, even in the face of global economic uncertainties. During the entire rectification process, the Group's senior management has stayed in close contact with the major customer in the USA. As a result of the close relationship, all order backlogs will be fulfilled by the end of the first quarter of FY2013.

The major customer has placed additional new orders for low-noise blocks (LNBs), and is also considering several new product offerings which would be expected to ship progressively during the second half of FY2013.

Significant Business Developments in Europe Since 2H FY2012

Since 2H FY2012 management has redoubled efforts to grow the underlying Sat Comms business. It has managed to take over a pressing business in Birmingham and has secured a new contract to make dishes for BSkyB, a major customer in the UK.

Diversifying Customer Base to Asia Pacific

To mitigate the overdependence on a few key customers, the Group has been working to diversify its customer base. During the fourth quarter of FY2012, the Group secured a substantial contract to supply Sat Comms equipment to a major player in the Asian satellite pay TV market. Initial shipments were made in the fourth quarter of FY2012 and the bulk of the first order of at least US$20 million is expected to be recognised in FY2013. This order is of strategic significance to the Group in opening up the Asia Pacific market.

After securing the Asian contract, the Group has engaged a subcontractor in Selangor, Malaysia, to assemble and despatch the products. The Directors believe that the Asia-Pacific region will continue to drive global economic growth and the Group will build upon the marketing inroads and manufacturing facility in Asia to expand its presence in the region.

Update on Mergers and Acquisitions

On 4 August 2012, the Group announced the acquisition of The Waveguide Solution Limited ("TWS"), a UK-based microwave waveguide transmission specialist which designs and manufactures microwave waveguide components and applications for the military, medical, aerospace and marine industries. The Group intends to leverage on the TWS acquisition to move into low-volume, high-margin products in these new markets.

In FY2012, the Group recognised five months of revenue from TWS, amounting to approximately S$3.0 million equivalent, and approximately S$0.4 million equivalent in profit before tax (PBT). The Group expects to recognise full-year revenue and PBT in FY2013 which are expected to be significantly better compared to FY2012.

The Directors believe the TWS acquisition has been, and will continue to be, accretive to shareholder value. Apart from access to new customers and market sectors, the Group has been able to carry out, at lower costs, assembly work in-house instead of sub-contracting to a third party. The Group also intends to build upon the TWS acquisition to expand further into military, medical, and telecom-related Sat Comms products and services.

The Group continues to assess and evaluate the Sat Comms market for other merger & acquisition opportunities which will further enhance its shareholder value.

Outlook

The Group has undertaken rigorous steps to rectify the operational and quality issues at RESH. It believes that the new procedures and increased emphasis on quality will place it on a firm footing to increase market share in its existing major markets in the USA and Europe. A major customer, who is intending to extend the range of products supplied by the Group has agreed to give the Group fresh orders for a new, and more complex, Sat Comms product. This underscores the strength of the relationship as well as the strong R&D capabilities of the Group.

The Group intends to build upon its capabilities to design and manufacture more intelligent LNBs, switching equipment and media content distribution solutions with a view to becoming the largest satellite component supplier in Asia in the near future. This will position the Group as the global leader of Sat Comms products in the triple-play convergence of voice, data and television amidst the growing global media content industry in the medium term. The new manufacturing presence in Malaysia is an exciting opportunity to explore volume manufacturing.

The Directors believes that the Group is on track to achieving the strategic objectives set out in the reverse takeover and expect the Group to return to profitability in FY2013 compared to the loss in FY2012.

BY ORDER OF THE BOARD

Anthony Brian Taylor
Executive Chairman

26 March 2013