global invacom
completing the picture

# providing solutions expanding horizons

ANNUAL REPORT 2014

# CONTENTS

# CORPORATE PROFILE

Listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST") and the AIM Market of the London Stock Exchange ("AIM") in the United Kingdom, Global Invacom Group Limited ("Global Invacom" or the "Group") is a world leading fully integrated satellite communications ("Sat Comms") equipment provider. The Group is one of seven companies worldwide involved in research and development, design and the supply of Sat Comms products to large-scale satellite broadcasters.

With a legacy that dates back to 1985, Global Invacom is the result of a reverse takeover ("RTO") in 2012 of United Kingdom-based satellite equipment company Global Invacom Holdings Limited, by SGX-ST listed Radiance Group Limited. In 2014, shares of Global Invacom were admitted to trading on AIM. The admission to AIM raised the Group's international profile and better positioned the Group to continue its selective acquisition strategy as it seeks to consolidate a highly fragmented marketplace.

With six manufacturing plants across China, Israel, Malaysia and the United Kingdom, Global Invacom products, which include satellite dishes, low noise blocks (LNBs), switches, video distribution components, waveguides and electronic manufacturing services, are being used in the consumer electronics, communications, computer peripherals and medical industries.

Global Invacom, being a Sat Comms equipment market innovator, has 55 patent applications with 20 granted to date and a 20-year track record in pioneering new products. With a global marketing reach, integrated manufacturing footprint and strong research and development capabilities, Global Invacom continues to strive to position itself as a global leader in the industry.

# CHAIRMAN'S STATEMENT

"We are confident that the strategic moves taken in FY2014 will strengthen our value proposition as a leading global Sat Comms player that combines research and development with a global manufacturing footprint."

## DEAR SHAREHOLDERS,

On behalf of Global Invacom Group Limited ("Global Invacom" or "the Group"), I am pleased to present the annual report for the financial year ended 31 December 2014 ("FY2014").

This has been a significant and transformational year, the highlight being the successful listing on the London AIM Market, the first Singapore Exchange Mainboard listed company to also list on the AIM Market. The listing, completed on 2 July 2014 and raising gross proceeds of US$15.0 million (approximately S$18.7 million), strengthens our leading position as an international research and development-led manufacturer of Satellite Communications ("Sat Comms") equipment and peripheral applications provider to the global satellite industry. Indeed, not only is this sector growing amidst expansion of the global pay-TV market and increasing demand for High Definition and 4K content in emerging markets, but is also offering many opportunities for mergers and acquisitions.

In this regard, as part of our commitment to retain and develop our presence in the global Sat Comms market, I am pleased to report to you that soon after the completion of the AIM Listing, we completed the acquisition of Israel-based OnePath Networks Limited (trading as "Foxcom"), one of the pioneers in Radio Frequency over fibre technology, for US$3.5 million. Foxcom has products and services spanning 35 countries. Coupled with its network and customer base in North and South America, this acquisition grants us access to new technologies, new markets, and also broadens our network of broadcasters.

## BUSINESS REVIEW

Revenues for the global satellite industry have nearly tripled from US$74.3 billion in 2004 to US$195.2 billion in 2013, at an average annual growth rate of 11.0%. The satellite ground equipment market, valued at US$55.5 billion in 2013, is expected to grow at a time of technological advancements leading to higher demand in the global satellite pay-TV industry.

Reflecting this trend, our revenue for FY2014 grew 15.9% to US$134.1 million from US$115.8 million in FY2013 on the back of strong growth from the American and European markets. However, gross profit margin decreased to 23.7%, from 25.2% over the comparative periods due to higher volume of lower-margin sales and inventory write-offs in the last quarter of 2014, ahead of a technology upgrade by a major customer and the full year inclusion of the newly acquired dish manufacturing unit in United Kingdom. This known factor has, however, given the Group access to the main customer's electronics requirements which we expect to commence in 2015.

# CHAIRMAN'S STATEMENT

The Group recorded FY2014 net profit after tax of US$5.1 million from US$8.0 million in FY2013. Excluding the one-off expenses incurred in relation to the AIM Listing and Foxcom acquisition, provision made for a legal dispute and foreign exchange differential between FY2014 and FY2013, the Group would have recorded a net profit of US$8.9 million in FY2014, a growth of 11.0%.

Beyond the financial numbers, we also began to reap benefits from the integration of two significant acquisitions – The Waveguide Solution Limited and Raven Manufacturing Limited (since renamed Global Invacom Manufacturing (UK) Limited) – made in 2012 and 2013, respectively, in growing the business. In addition, the year also saw our ongoing investment and efforts in research and development for the next generation of satellite electronics – both firsts of their kind respectively – for two of our major broadcasting clients, with production due in 2015. The combined developments are designed to better increase our competitive position to existing and prospective customers and strengthen our leadership in the global Sat Comms equipment sector.

Earnings per share on a fully diluted basis decreased to 2.00 US cents in FY2014 from 3.41 US cents in FY2013 while net asset value per share rose to 22.33 US cents as at 31 December 2014 from 19.32 US cents as at 31 December 2013.

The Group's balance sheet remains strong with cash and cash equivalents of US$21.2 million as at 31 December 2014 compared to US$14.7 million a year ago.

## BEYOND THE AIM LISTING

The AIM listing is significant both in raising funds for acquisitions and in raising our profile to a new group of investors in Europe, which remains a major geography for our core business. Since the listing, we have been engaging with these new investors, many of whom are well versed with the challenges and opportunities of the sector we operate in. As outlined earlier, the second strategic intent arising from the listing is to use our strengthened balance sheet to build up our suite of capabilities.

## SHARE BUYBACKS AND DIVIDENDS

To enhance shareholder value, Global Invacom, from September 2014 onwards, bought back 7.4 million of its own shares in FY2014. Subsequent to the year end, the Group purchased 11.6 million more shares, increasing our treasury shares to a total of 25.0 million. These shares can be used for future mergers and acquisitions.

In appreciation of our Shareholders' continued support, I am also pleased to inform you that the Directors have proposed a final cash dividend of 0.525 Singapore cent per share, a 5 percent increase on the prior period, subject to shareholders' approval at the forthcoming Annual General Meeting.

## OUTLOOK

The highly fragmented Sat Comms industry, predominantly made up of small independent companies founded in the 1970s and 1980s with owners who are now looking for a corporate exit plan, offers exciting opportunities for consolidation. Even as we remain committed to drive organic growth while improving internal efficiencies, we are actively looking out for opportunities to expand our suite of technological capabilities, geographical reach, access to broadcasters, or a combination of the above.

We are confident that the strategic moves taken in FY2014 will strengthen our value proposition as a leading global Sat Comms player which combines research and development with a global manufacturing footprint.

## EXECUTIVE CHANGES

The Board would like to thank Mr Gary Patrick Stafford who retired as Executive Director on 30 April 2014. We greatly appreciate Mr Stafford for his valuable contributions to the Group and wish him all the best in his future endeavours. At the same time, we also warmly welcome Mr Matthew Jonathan Garner, Chief Financial Officer, as Executive Director of the Group. Mr Garner was appointed on 30 April 2014.

## APPRECIATION

In this eventful year, on behalf of the Board, I would like to extend my sincere appreciation to our customers, business associates and to you, our Shareholders, for your continued support. I would also like to thank the management team and all employees of the Group for their hard work and contributions over the past year.

**ANTHONY BRIAN TAYLOR**
*Executive Chairman*

# OPERATIONS AND FINANCIAL REVIEW

## BACKGROUND

The Satellite Communications ("Sat Comms") industry continues to experience positive growth, with the satellite ground equipment market being valued at US$55.5 billion in 2013[1]. Amidst an increasingly competitive landscape, the Sat Comms industry is expected to expand on the back of growth of the global satellite pay TV industry, at a time of technological advancements leading to higher demand for consumer ground equipment and High Definition content, especially in emerging markets.

Against this backdrop, the Company and its subsidiaries (collectively the "Group") continue to strengthen its value proposition as a leading global integrated Sat Comms equipment player which combines research and development and a global manufacturing footprint to drive top-line growth.

## REVIEW OF FINANCIAL PERFORMANCE

The Group recorded a revenue of US$134.1 million for FY2014, a 15.9% or US$18.4 million increase, from US$115.8 million in FY2013, on the back of strong growth from its key markets – America and Europe.

By geographical contribution, revenues from America and Europe rose by US$15.2 million (+26.3%) and US$9.1 million (+34.1%) respectively, due to increased orders from a major United States ("U.S.") customer and recognition of an incremental US$12.5 million contribution from Global Invacom Manufacturing (UK) Limited ("GIML"), a subsidiary which was acquired in November 2013. Revenue for Asia and the Rest of the World declined by US$4.1 million (-15.7%) and US$1.8 million (-36.5%), respectively. The like-for-like revenue fall in Asia was anticipated following the completion of a large delivery to a major customer which had inventory cover during FY2013, impacting sales in the first quarter of 2014. Israel-based OnePath Networks Limited (traded as "Foxcom"), one of the pioneers in Radio Frequency ("RF") over fibre technology, acquired in November 2014, contributed two months' revenue in FY2014, amounting to US$0.8 million.

## GROSS PROFIT

The Group's gross profit increased by US$2.6 million to US$31.8 million from US$29.2 million in FY2014. Gross profit margin decreased slightly to 23.7% from 25.2% over the comparative periods due to higher volume of lower-margin sales and inventory write-offs in the last quarter of 2014, ahead of a technology upgrade by a major customer which will provide the Group with stronger long-term prospects.

1 Satellite Industry Association (SIA), State of the Satellite Industry Report, http://www.sia.org/wp-content/uploads/2014/09/SSIR-September-2014-Update.pdf (September 2014)

# OPERATIONS AND FINANCIAL REVIEW

## EXPENSES AND NET PROFITS

The 24.8% or US$5.1 million increase in administrative expenses to US$25.5 million included the professional fees of US$1.4 million in respect of the AIM Market listing in the United Kingdom ("U.K.") and US$0.5 million relating to the acquisition of Foxcom. In addition, the Group also incurred expenses of US$2.1 million from the full-year inclusion of GIML and restructuring costs of US$0.4 million arising from the closure of a U.K. facility which was no longer fit for purpose. A provision of US$0.4 million was also made in respect of a legal dispute with a supplier of a U.K. subsidiary, which the Group is strongly defending. Concurrently, the Group is supporting new product development for two major customers, including three new low noise blocks ("LNBs") and a range of fibre switches, which led to additional research and development ("R&D") costs including the hiring of more RF design and production engineers. The next generation of products will position the Group well with existing and prospective customers.

The increase in other operating expenses was mainly attributable to foreign exchange losses from the weakening of the Chinese Renminbi and Malaysian Ringgit against the U.S. Dollar and the translation loss on disposal of a subsidiary which amounted to US$0.2 million.

The Group posted a net profit after tax of US$5.1 million for FY2014, a decrease from US$8.0 million in FY2013. Net profit margin decreased to 3.8% compared to 6.9% in FY2013.

Excluding the US$2.6 million one-off professional fees, restructuring costs, provision against a legal dispute and the foreign exchange differential of US$1.2 million between FY2014 and FY2013, the Group would have recorded a net profit after tax of US$8.9 million in FY2014, with a net profit margin of 6.6%.

## SATELLITE COMMUNICATIONS

The Group's core activities include the development, design and manufacture of products for the satellite TV market, including products such as satellite dishes, low noise blocks (LNBs), multi-switches, band and channel stackers, and fibre distribution equipment, to customers ranging from broadcasters, building and electrical contractors, satellite installers and mobile system integrators. With its leading research and development capabilities, the Group is the only current industry manufacturer of both electronics and antennas for satellite reception. It has pioneered many first-of-its-kind products, with twenty patents granted to date.

The Sat Comms segment, which currently contributes 79.2% of the Group's revenue, recorded an increase in revenue to US$106.3 million from US$92.9 million in FY2013 mainly due to full year recognition of US$13.7 million from GIML as well as better performance from Direct Broadcast Satellite ("DBS") equipment and from The Waveguide Solution ("TWS"), manufacturer of components and applications for telecoms, medical, military, aerospace and marine industries, acquired in August 2012.

Revenue from DBS equipment – LNBs, switches and dishes, increased by US$11.4 million to US$81.2 million in FY2014 and continues to be the main revenue driver for the Sat Comms segment, accounting for 60.6% of its revenue. TWS recorded US$5.9 million in revenue, an increase of US$0.4 million from US$5.5 million a year ago, negating the weaker performance from the sales of fibre and VSAT & accessories. The increase attributable to Foxcom amounted to about US$0.8 million.

The Sat Comms segment recorded an operating profit of US$4.9 million for the year under review as compared to US$8.0 million in FY2013.

## CONTRACT MANUFACTURING

The Group has a contract manufacturing facility based in China which focuses on third-party Original Equipment Manufacturing and Original Design Manufacturing.

The Contract Manufacturing segment contributed 20.8% of the Group's revenue in FY2014, or US$27.9 million, which compared to US$22.9 million revenue a year ago. The Group reported a 55.4% decline in revenue from computer peripherals, which was more than offset by a 22.3% increase in revenue from its other products.

The Contract Manufacturing segment reported an operating profit of US$0.6 million in FY2014 as compared to US$1.2 million a year ago.

## REVIEW OF FINANCIAL POSITION

### CURRENT ASSETS

Net current assets increased by US$7.0 million to US$40.6 million as at 31 December 2014 from US$33.6 million as at 31 December 2013. The increase was mainly due to the increase of inventory predominately in the Group's U.S. warehousing site as part of its process to improve sales support to the market there,

# OPERATIONS AND FINANCIAL REVIEW

coupled with a delay in delivery of products in FY2014 caused by a strike, now resolved, by dock workers on the West Coast of the U.S. and a customer's change in organisation structure. The increase attributable to newly-acquired Foxcom amounted to about US$1.2 million.

Trade and other receivables reduced by US$3.6 million to US$18.1 million with improved collections from customers. This was offset by the decrease in trade and other payables from US$2.4 million to US$25.1 million and the full repayment of borrowings.

## NON-CURRENT ASSETS

Non-current assets increased by US$3.3 million to US$20.4 million as at 31 December 2014 from US$17.2 million as at 31 December 2013, mainly attributable to continued investment in new machinery and equipment to improve efficiency, lower manufacturing costs and support the development of new products. In addition, there was an increase in capitalised development cost in the U.K. and the recognition of a deferred tax asset.

## EARNINGS AND NET ASSETS PER SHARE

Earnings per share on a fully diluted basis decreased to 2.00 U.S. cents in FY2014 from 3.41 U.S. cents in FY2013 based on the weighted average number of shares in issue of 254,747,318 and 235,600,286 across the comparative periods.

Net asset value per share rose to 22.33 US cents as at 31 December 2014 from 19.32 US cents as at 31 December 2013 based on the total number of issued shares of 269,059,299 and 231,802,299 across the comparative periods.

## CASH POSITION

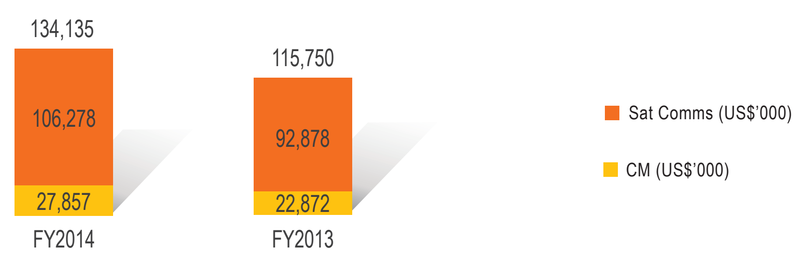
Cash and cash equivalents rose by US$6.5 million to US$21.2 million, compared to US$14.7 million a year ago, including proceeds raised in conjunction with the AIM Market listing, coupled with the purchase of treasury shares of US$2.5 million and payment of the Group's first dividend of US$0.9 million after the reverse acquisition completed in July 2012.

# FINANCIAL AND OPERATIONAL HIGHLIGHTS

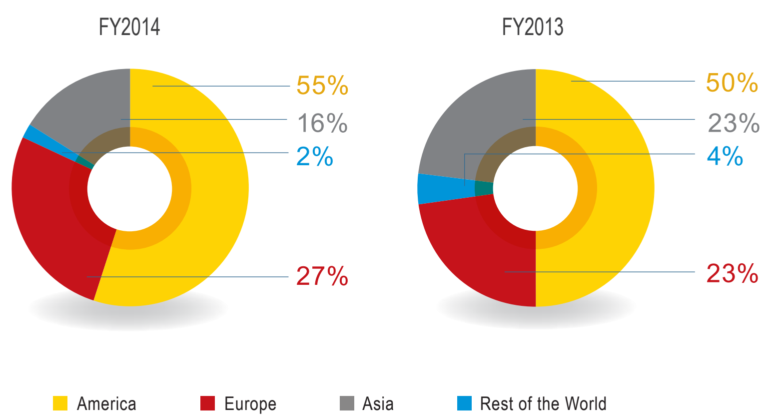
## FINANCIAL HIGHLIGHTS

| KEY FINANCIAL HIGHLIGHTS | FY2014 | FY2013 | Change (%) |
|---|---|---|---|
| Revenue (US$'000) | 134,135 | 115,750 | 15.9 |
| Gross Profit (US$'000) | 31,791 | 29,204 | 8.9 |
| Net Profit After Tax (US$'000) | 5,102 | 8,038 | (36.5) |
| Earnings per Share on a Fully Diluted Basis (US cents) | 2.00 | 3.41 | (41.3) |
| Net Asset Value per Share (US cents) | 22.33 | 19.32 | 15.6 |
| **Ratios** | | | |
| Current Ratio | 2.58 | 2.18 | |
| Return on Equity | 0.08 | 0.18 | |
| Net Gearing | 0.07 | 0.41 | |
| Cash Ratio | 0.83 | 0.51 | |

### REVENUE BY BUSINESS SEGMENTS




### REVENUE BY GEOGRAPHICAL SEGMENTS



# CORPORATE MILESTONES

**2014**
- Successfully dual listed on AIM Market in London

**2013**
- Purchased OnePath Networks Limited (trading as "Foxcom")
- Purchased Raven Manufacturing Limited (since renamed to Global Invacom Manufacturing (UK) Limited)

**2012**
- Listed on the Singapore Exchange following reverse takeover of Radiance Group Limited

**2011**
- Purchased The Waveguide Solution Limited
- Purchased ProVision Assets

**2010**
- Purchased controlling interest in Radiance Group Limited

**2009**
- Started Dish Manufacturing
- Designed and manufactured the first cost-effective optical LNB

**2008**
- Management Buyout of Global Invacom
- Global Communications and Invacom merged to form Global Invacom Holdings Limited

**2007**
- Launched one cable frequency extender

**2006**
- Awarded 1st prize in the ASTRA Innovation Contest 2006

**2004**
- Appointed Anthony Brian Taylor as Chief Executive Officer of Global Communications
- Launched the world's first circular polar/linear polar LNB

**2001**
- Launched the world's first integrated Very Small Aperture Terminal ("VSAT") LNB

**2000**
- Formed Invacom Limited

**1998**
- Invented of the tvLINK for BSkyB

**1993**
- Designed and manufactured the first satellite TV frequency extender

**1992**
- Designed and manufactured the first Low Noise Block ("LNB") stacker

**1990**
- Designed and manufactured the first Mini Magic Switch

**1988**
- Designed and manufactured the first Direct Broadcast Satellite ("DBS") switch

**1985**
- Formed Global Communications (UK) Limited

# CORPORATE STRUCTURE

# BOARD OF DIRECTORS

## ANTHONY BRIAN TAYLOR

*Executive Chairman*

Mr Anthony Brian Taylor was appointed Executive Director on 18 August 2010 and then Executive Chairman of the Board of Directors on 26 October 2010. He is also a member of the Nominating Committee.

Mr Taylor is the Managing Director of Global Invacom Limited and is also a director of Global Invacom Holdings Limited and other group subsidiaries. Mr Taylor's entire professional career has been spent working within international high technology businesses with diverse commercial propositions which include semiconductors, automotive electronics, military and satellite-related products. He also has over 15 years of experience in senior executive leadership roles and has formally held positions at Harris Semiconductor from 1984 to 1987, and Marconi Electronic Devices from 1987 to 1990 before joining SGS-THOMSON Microelectronics between 1990 and 1999. Mr Taylor was appointed the Chief Executive Officer of TechnoFusion GmbH where he served from 1999 to 2002 and was the General Manager of Amphenol Limited from 2002 to 2006.

Mr Taylor holds a Bachelor of Science, Electronics degree (with Honours) from Coventry University in the United Kingdom.

## MALCOLM JOHN BURRELL

*Executive Director*

Mr Malcolm John Burrell was appointed Executive Director on 18 August 2010.

Mr Burrell is the Chief Risk Officer of the Company, Technical Director responsible for Advanced Research and Development of Global Invacom Limited and is also a director of Global Invacom Holdings Limited and other group subsidiaries. He has held this position since November 1997. He is a Chartered Engineer with 33 years of RF design, technical management and corporate management experience, gained while working in businesses within the consumer electronics, satellite earth station and military communications sectors. Prior to joining Global Invacom Limited, he was a Senior Development Engineer at Marconi Communication Systems Ltd, from September 1981 to September 1987. From October 1987 to December 1991, he was the Technical Manager at Multipoint Communications Ltd, and thereafter was the Principal Systems Engineer at Marconi Radar Systems Ltd from January 1992 to October 1997.

Mr Burrell holds a Bachelor of Science Engineering (Electronic Engineering) degree from the University of Southampton in the United Kingdom and a Certificate in Management (CIM). He is a member of the Institution of Engineering and Technology.

## MATTHEW JONATHAN GARNER

*Executive Director*

Mr Matthew Jonathan Garner was appointed Executive Director on 30 April 2014.

Mr Garner is the Chief Financial Officer of the Company and is also a director of another group subsidiary. He is responsible for managing the Company's finance functions and oversees accounting, finance, planning, tax, corporate development, investor relations and compliance matters. Mr Garner has extensive financial and commercial management experience of over 26 years. Prior to joining the Company, he was the Finance Director for over 8 years of the United Kingdom Sales and Manufacturing sites for a United States corporation, listed on the New York Stock Exchange, that provides inter-connected solutions for the Military, Aerospace, Industrial and Mass Transit sectors.

Mr Garner holds an Honours degree in Law from the University of Liverpool from 1987. He has been certified as an Associate Chartered Management Accountant since 1996.

## JOHN LIM YEW KONG

*Lead Independent Director*

Mr John Lim Yew Kong was appointed Independent Director on 13 September 2010. He is the Chairman of the Audit and Risk Committee, Lead Independent Director and a member of the Nominating Committee and Remuneration Committee.

Mr Lim is currently a director of Point Hope Pte Ltd, a Singapore-incorporated company involved in providing investment advisory services to a private equity fund management company. Prior to this, he was a director of AXIA Equity Pte Ltd, a Singapore-incorporated corporate advisory company. Between 1991 and 2005, Mr Lim was involved extensively in private equity investments, having worked in two private equity funds covering the ASEAN region. Mr Lim worked in Dowell Schlumberger in the United Kingdom and Arthur Andersen & Co,

# BOARD OF DIRECTORS

London between 1984 and 1991. He is also currently an Independent Non-Executive Director of Karin Technology Holdings Limited and North Asia Resources Holdings Limited. The companies are listed on the Singapore Exchange and Hong Kong Stock Exchange, respectively.

Mr Lim graduated with a Bachelor's degree in Economics from the London School of Economics and Political Science in the United Kingdom. He is a Chartered Accountant from the Institute of Chartered Accountants in England and Wales.

## BASIL CHAN

*Independent Director*

Mr Basil Chan was appointed Independent Director on 25 April 2012. He is currently the Chairman of the Remuneration Committee and member of the Audit and Risk Committee and Nominating Committee.

Mr Chan is the Founder and Managing Director of MBE Corporate Advisory Pte Ltd. He currently sits on the boards of several listed companies in Singapore. He was a Council Member and Board Director of the Singapore Institute of Directors from 2002 to 2013, and a member of the Corporate Governance Committee in 2001 that developed the Singapore Code. He was previously a member of the Accounting Standards Committee of the Institute of Certified Public Accountants in Singapore ("ICPAS") and was formerly a member of the Auditing and Assurance Standards Committee of the Institute of Singapore Chartered Accountants ("ISCA", formerly known as "ICPAS"). He is currently a member of the Corporate Governance Committee of ISCA. Mr Chan has more than 33 years of audit, financial and general management experience having held senior financial positions in both private and public companies.

He holds a Bachelor of Science (Economics) Honours degree majoring in Business Administration from the University of Wales Institute of Science and Technology, United Kingdom and is a member of the Institute of Chartered Accountants in England and Wales as well as a member of ISCA. He is a Fellow Member of the Singapore Institute of Directors.

## COSIMO BORRELLI

*Independent Director*

Mr Cosimo Borrelli was appointed Non-Executive Director on 4 December 2009. He was the Chairman of the Board of Directors from 4 December 2009 to 25 October 2010. Following the completion of the acquisition of Global Invacom Holdings Limited, Mr Borrelli was re-designated as an Independent Director on 8 August 2012. He is the Chairman of the Nominating Committee and member of the Audit and Risk Committee and Remuneration Committee.

Mr Borrelli is a Chartered Accountant with over 25 years of experience in formal and informal corporate restructuring, forensic accounting and financial investigations. This experience has included being appointed by courts, lenders and financiers, distressed companies, secured and unsecured creditors, investors and other interested parties. He has a track record in establishing and delivering restructuring and corporate advisory arrangements in industries including financial services, property, telecommunications, retail, manufacturing and professional services.

Mr Borrelli holds a Bachelor's degree in Economics from the University of Adelaide, Australia. He is a member of the Institute of Chartered Accountants in Australia, member of the Institute of Certified Public Accountants and Institute of Certified Public Accountants Insolvency Interest Group of Hong Kong and a member of the Insolvency Practitioners Association of Australia.

# KEY MANAGEMENT

## ANDREW SCOTT MARTIN

*Financial Controller*

Mr Andrew Scott Martin is the Financial Controller of Global Invacom Limited ("GIL") and is responsible for the overall financial management of the Company's operations in United Kingdom and Israel. Mr Martin has extensive manufacturing experience and has spent 18 years working for a United States manufacturer in the military and aerospace sectors listed on the New York Stock Exchange, the last 10 years of which he was the Financial Accounting Manager at its main United Kingdom operation before he joined the Company in January 2015.

Mr Martin holds a Diploma in Accounting from the Association of Accounting Technicians (AAT).

## DAVID GERALD SMITH

*Technical Director*

Mr David Gerald Smith is the Technical Director of Global Invacom Limited ("GIL") and is responsible for the development of low noise block ("LNB") and very small aperture terminal ("VSAT") products. He has been with Invacom Limited and GIL for more than a decade. Mr Smith was a director of the Global Invacom Holdings Limited and other group subsidiaries, Founding Director of Invacom Limited and the original designer of early key LNB products. He was previously a Microwave Design Engineer at Marconi Instruments Ltd as well as a Senior Radio Frequency ("RF") Design Engineer at Northern Telecom Europe Ltd. He was also a Senior RF Design Engineer for a year at Symbionics Ltd before joining Marconi Electronics Ltd as Chief Engineer.

Mr Smith graduated with Honours degree from the University of Leeds in 1988 with a Bachelor's degree in Electronic and Electrical Engineering.

## DAVID JONATHAN WREN FUGEMAN

*Sales & Marketing Director*

Mr David Jonathan Wren Fugeman is the Sales & Marketing Director of Global Invacom Limited ("GIL") and is responsible for all Global Invacom's Satellite Communication sales to Pay TV providers, broadband by satellite providers and major Original Equipment Manufacturers. He has been with GIL for over 24 years. Prior to this, he played a managerial role as a Technician Engineer in the test department manager at English Electric Valve. He was quickly promoted to Sales and Production Manager and oversaw all of the then Global Communications production and sales activity before joining the newly formed board as Sales and Marketing Director in 1999.

## GORDON BLAIKIE

*Group Operations Director*

Mr Gordon Blaikie is the Group Operations Director of Global Invacom Limited ("GIL"). He joined GIL in July 2012 and is responsible for the Group's operations in Accrington, Malaysia and Shanghai. He has 31 years of experience in manufacturing and operations and was previously the Operations Manager for the online retail world leader, Amazon. Prior to joining the Group, he was the Operations Director for Amphenol, the world's leader in connector manufacturing in both Aerospace and Military products.

Mr Blaikie holds a Diploma in Production and Inventory Management Control.

## JAN ULRICH TREIBER

*Head of Strategic Marketing*

Mr Jan Treiber is Head of Strategic Marketing, responsible for the Group's strategy, internal or external intelligence and special strategic projects. He has been working with the Group since March 2014 in this function. Mr Treiber has extensive international experience in the satellite communications and broadcasting industry. Prior to joining Global Invacom he was working for SES, a global satellite operator, in various strategic and commercial functions after completing the Company's leadership development program. Previously he also worked for Canal+, a French Pay TV operator, on services and product innovation and for ND Satcom, a part of the Airbus group, in a satellite communications engineering capacity.

Mr Treiber holds a Master's degree in Telecommunications Engineering from Karlsruhe Institute of Technology (KIT) in Germany and a Master of Business Administration from Collège des Ingénieurs in France.

## WENDY ISABEL WONG PEI FERN

*Group Financial Controller*

Ms Wendy Isabel Wong Pei Fern is the Group Financial Controller of the Company and is responsible for the overall financial, accounting, tax, treasury, corporate finance and compliance matters of the Group. She has been with the Company since 2007. She is a director of Global Invacom Manufacturing Pte Ltd and other group subsidiaries. Ms Wong has been in the finance and accounting field for more than 19 years. She has held various management positions in multinational and listed companies in the information technology, computer and telecommunications industries.

Ms Wong holds a Bachelor's degree in Accountancy from Nanyang Technological University, Singapore. She was admitted as a member of the Institute of Singapore Chartered Accountants ("ISCA", formerly known as "ICPAS") in 1998 and has been a Chartered Accountant since 2001.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

| | |
|---|---|
| Anthony Brian Taylor | *Executive Chairman* |
| Malcolm John Burrell | *Executive Director* |
| Matthew Jonathan Garner | *Executive Director* |
| John Lim Yew Kong | *Lead Independent Director* |
| Basil Chan | *Independent Director* |
| Cosimo Borrelli | *Independent Director* |

## AUDIT AND RISK COMMITTEE

| | |
|---|---|
| John Lim Yew Kong | *Chairman* |
| Basil Chan | |
| Cosimo Borrelli | |

## NOMINATING COMMITTEE

| | |
|---|---|
| Cosimo Borrelli | *Chairman* |
| Basil Chan | |
| John Lim Yew Kong | |
| Anthony Brian Taylor | |

## REMUNERATION COMMITTEE

| | |
|---|---|
| Basil Chan | *Chairman* |
| Cosimo Borrelli | |
| John Lim Yew Kong | |

## COMPANY SECRETARY

Gwendolin Lee Soo Fern

## REGISTERED OFFICE

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## AUDIT PARTNER-IN-CHARGE

Neo Keng Jin
Appointed with effect from financial year ended
31 December 2013

## SHARE REGISTRAR

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# REPORT ON CORPORATE GOVERNANCE

The Board of Directors (the "Board") of Global Invacom Group Limited (the "Company") believes in maintaining high standards of corporate governance, and is committed to ensure that effective self-regulatory corporate practices are in place to protect the interests of its shareholders. The Company fully supports the recommendations of the 2012 Code of Corporate Governance (the "Code").

The Company is pleased to disclose below a description of its corporate governance processes and activities with specific reference to the Code. Other than the specific deviations or alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code that are explained in this report, the Company has complied with the principles and guidelines of the Code.

## Principle 1: Board's Conduct of its Affairs

The Board oversees the business and corporate affairs of the Company and its subsidiaries (collectively the "Group") and is collectively responsible for its success. The Board sets the overall strategy of the Group and sets policies on matters relating to financial control, financial performance and risk management procedures.

The Board objectively discharges their duties and responsibilities at all times as fiduciaries in the best interests of the Company.

The Board comprises members with a broad range of knowledge, expertise and experience such as accounting, finance, business and management.

Management, together with the Board Committees, including the Audit and Risk Committee ("ARC"), Nominating Committee ("NC") and Remuneration Committee ("RC") support the Board in discharging its responsibilities. To facilitate effective management, certain functions have been delegated to various Board Committees, each of which has its own written terms of reference ("TOR"). The TOR are reviewed on a regular basis to ensure their continued relevance. The TOR of the respective Board Committees have also been updated to be in line with the Code.

The roles and powers of the Board Committees are set out separately in this report.

The Board conducts regular scheduled meetings at least three times yearly and as warranted by particular circumstances. The Company's Articles of Association provides for Directors to convene meetings by way of telephone conferencing or any other electronic means of communication. When a physical Board meeting is not possible, timely communication between members of the Board can be achieved through electronic means or via circular of written resolutions for approval by the Board.

Details of Board and Board Committees' meetings held for the financial year ended 31 December 2014 ("FY2014") are disclosed in the table below:

| | Board | ARC | NC | RC |
|---|---|---|---|---|
| **Total No. of Meetings Held** | **7** | **4** | **1** | **2** |
| Anthony Brian Taylor | 7 | – | 1 | – |
| Malcolm John Burrell | 7 | – | – | – |
| Matthew Jonathan Garner(1) | 5 | – | – | – |
| John Lim Yew Kong(2) | 5 | 4 | 1 | 2 |
| Basil Chan(2) | 5 | 4 | 1 | 2 |
| Cosimo Borrelli(2) | 3 | 4 | 1 | 2 |

**Notes:**

(1) Mr Matthew Jonathan Garner was appointed on 30 April 2014.

(2) Messrs John Lim Yew Kong, Basil Chan and Cosimo Borrelli had provided Power of Attorneys to the Executive Directors to act on their behalf for the two meetings which were held in London in relation to the AIM Listing.

# REPORT ON CORPORATE GOVERNANCE

**Principle 1: Board's Conduct of its Affairs** (cont'd)

The Board has adopted a set of internal guidelines specifying matters requiring the Board's approval. Board approval is required for matters such as corporate restructuring, mergers and acquisition, major investments and divestments, acquisitions and disposal of assets, major corporate policies on key areas of operations, acceptance of bank facilities, release of the Group's financial results and interested person transactions of a material nature.

Directors are kept informed of the relevant laws, regulations and challenging commercial risks from time to time. Relevant updates, news releases issued by the SGX-ST and the Accounting and Corporate Regulatory Authority ("ACRA") are circulated to the Board for information.

Newly appointed directors are provided with information on the Group's business and are briefed on the business activities and the strategic direction of the Group. Directors also have the opportunity to meet with management to gain a better understanding of the Group's business operations.

Upon appointment, Directors would be provided a formal letter, setting out their duties and obligations as Directors.

To keep abreast with changes/developments in rules, regulations and the business environment, Directors are encouraged to attend relevant training courses/seminars at the Company's expense.

**Principle 2: Board Composition and Guidance**

The Board comprises:

| | |
|---|---|
| **Executive Directors** | |
| Anthony Brian Taylor | (Chairman) |
| Malcolm John Burrell | |
| Matthew Jonathan Garner | |
| | |
| **Non-Executive Directors** | |
| John Lim Yew Kong | (Lead Independent Director) |
| Basil Chan | (Independent Director) |
| Cosimo Borrelli | (Independent Director) |

The Board currently has a total of six members, half of whom are Independent Directors, providing the Board with a strong element of independence. The Board therefore satisfies the requirements of the Code whereby Independent Directors make up at least half of the Board where the Chairman is not an Independent Director.

The size and composition of the Board are reviewed on an annual basis by the NC to ensure that it has the appropriate mix of core expertise and experience consistent with the nature, size and complexities of the Group's business and its operating environment.

The NC considers the current Board size of six members appropriate, having regard to the nature and scope of the Group's operations. The diversity of the Directors' experiences allows for the useful exchange of ideas and views.

The Non-Executive Directors contribute to the Board process by monitoring and reviewing management's performance against goals and objectives. Their views and opinions provide alternative perspectives to the Group's business. When challenging management's proposals or decisions, they bring independent judgement to bear on business activities and transactions involving conflict of interests and other complexities.

The NC determines on an annual basis whether or not a Director is independent, taking into account the Code's definition of independence. Independence is taken to mean that Directors have no relationship with the Company, or its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement.

# REPORT ON CORPORATE GOVERNANCE

**Principle 2: Board Composition and Guidance** (cont'd)

None of the Company's Directors had served on the Board for beyond 9 years.

For the year under review, the NC had assessed the independence of each Director and is of the opinion that Messrs John Lim Yew Kong, Basil Chan and Cosimo Borrelli continue to be independent. Each member of the NC had abstained from deliberations in respect of the assessment on his own independence.

**Principle 3: Role of Chairman and Chief Executive Officer**

Mr Anthony Brian Taylor is the Executive Chairman of the Board. His main responsibilities include leading the Board to ensure its effectiveness on various aspects of its role, assisting in ensuring compliance with the Group's guidelines on corporate governance and ensuring that the Directors are provided with complete, adequate and timely information. The Company Secretary assists the Chairman in scheduling Board and Board Committees' meetings and prepares agenda papers in consultation with the Executive Chairman.

Mr Taylor also functions as the Chief Executive Officer ("CEO") of the Company. As CEO, Mr Taylor manages and oversees the Group's day-to-day operations and implementation of the Group's strategies, plans and policies to achieve the planned corporate performance and financial goals.

Although this deviates from the recommendations set out in the Code, the Board believes that vesting the roles of both Chairman and CEO on the same person who is knowledgeable in the business of the Group provides the Group with a strong and consistent leadership and allows for more effective planning and execution of long term business strategies. Mr Taylor's dual role as Executive Chairman and CEO will enable the Group to conduct its business more efficiently and to ensure that the decision making process of the Group would not be unnecessarily hindered.

The Board believes that there are adequate safeguards and checks in place to ensure that the process of decision making by the Board is independent and based on collective decision making without Mr Taylor exercising any undue influence on any decision made by the Board.

The NC will from time to time review the need to separate the roles of Chairman and CEO and make its recommendations, as appropriate.

Mr John Lim Yew Kong, who is the Lead Independent Director of the Company, would address the concerns, if any, of the Company's shareholders on issues that cannot be appropriately dealt with by the Chairman/CEO.

Where appropriate and necessary, the Independent Directors would meet without the presence of the other Directors, for the Lead Independent Director to provide any feedback to the Chairman.

**Principle 4: Board Membership**

The NC comprises a majority of Non-Executive Directors. The Chairman of the NC, Mr Cosimo Borrelli, an Independent Director, is not associated with any substantial shareholders. The Lead Independent Director, Mr John Lim Yew Kong is also a member of the NC. The members of the NC are:

Cosimo Borrelli (Chairman)
Basil Chan
John Lim Yew Kong
Anthony Brian Taylor

Under its TOR, the NC is responsible for reviewing the Board's composition, the effectiveness of the Board as a whole, determining whether Directors possess the requisite qualifications and expertise, and whether the independence of Directors is compromised.

# REPORT ON CORPORATE GOVERNANCE

**Principle 4: Board Membership** (cont'd)

The NC also reviews Board succession plans for Directors, in particular, the Chairman and/or the CEO, developing an appropriate process for the evaluation of the Board's performance and reviewing the training and professional development programmes for the Board, where required.

The NC also makes recommendation to the Board on all nominations for appointment and re-appointment to the Board, and the Board Committees.

The NC, in recommending the nomination of any Director for re-election, considers the contribution of each Director, which includes his attendance record, overall participation, expertise, strategic vision, business judgement and sense of accountability.

Pursuant to the Company's Articles of Association, an election of Directors shall take place each year. All Directors shall retire at least every three years but shall be eligible for re-election at the Annual General Meeting ("AGM").

Messrs Basil Chan and Cosimo Borrelli who are retiring under Article 105 of the Company's Articles of Association, at the forthcoming AGM have offered themselves for re-election. The Board has accepted the NC's recommendation and the abovenamed Directors will be offering themselves for re-election at the Company's forthcoming AGM.

Each member of the NC had abstained from voting on any resolutions and making any recommendations/participating in any deliberations of the NC in respect of his own re-nomination as Director.

The NC also considered, and is of the opinion that the multiple board representations held by Directors of the Company do not impede their performance in carrying out their duties to the Company.

The Company did not appoint any alternate Director.

The NC has adopted a process for selection and appointment of new directors. This provides the procedure for identification of potential candidates, evaluation of candidates' skills, knowledge and experience, assessment of candidates' suitability and recommendation for nomination to the Board. The Board approves the appointment upon recommendation by the NC.

Set out below are the names, dates of appointment and last re-election of each Director:

| Name | Position | Date of Appointment | Date of Last Election/ Re-election |
|---|---|---|---|
| Anthony Brian Taylor | Executive Chairman | 18 August 2010 | 30 April 2014 |
| Malcolm John Burrell | Executive Director | 18 August 2010 | 30 April 2013 |
| Matthew Jonathan Garner | Executive Director | 30 April 2014 | – |
| John Lim Yew Kong | Lead Independent Director | 13 September 2010 | 30 April 2014 |
| Basil Chan | Independent Director | 25 April 2012 | 25 April 2012 |
| Cosimo Borrelli | Independent Director | 4 December 2009 | 30 April 2013 |

# REPORT ON CORPORATE GOVERNANCE

**Principle 4: Board Membership** (cont'd)

The details on the Directors' directorships or chairmanships in other listed companies, directorships or chairmanship held over the preceding three years in other listed companies and other principal commitments are set out in the table below:

| Name | Present Directorships/ Chairmanship in listed companies (as at March 2015) | Past Directorships/ Chairmanship in listed companies held over the preceding three years (from March 2012 to March 2015) | Other Principal Commitments |
|---|---|---|---|
| Anthony Brian Taylor | • Global Invacom Group Limited (Chairman) | • Nil | • Nil |
| Malcolm John Burrell | • Global Invacom Group Limited (Director) | • Nil | • Nil |
| Matthew Jonathan Garner | • Global Invacom Group Limited (Director) | • Nil | • Nil |
| John Lim Yew Kong | • Global Invacom Group Limited (Director)<br>• Karin Technology Holdings Limited (Director)<br>• ZICO Holdings Inc. (Director) | • North Asia Resources Holdings Limited (Director) | • Point Hope Pte Ltd |
| Basil Chan | • Global Invacom Group Limited (Director)<br>• AEM Holdings Limited (Director)<br>• YOMA Strategic Holdings Ltd (Director)<br>• Grand Banks Yachts Limited (Director)<br>• Singapore eDevelopment Ltd (Chairman)<br>• SBI Offshore Limited (Director) | • Seroja Investment Limited (Director)<br>• Teledata (Singapore) Limited (Director) | • MBE Corporate Advisory Pte Ltd |
| Cosimo Borrelli | • Global Invacom Group Limited (Director)<br>• ARC Capital Holdings Ltd (Director)<br>• PT Berlian Laju Tanker Tbk (Director) | • Jaya Holdings Limited (Director) | • Borrelli Walsh Limited |

The details of Messrs Anthony Brian Taylor, Malcolm John Burrell, John Lim Yew Kong and Basil Chan's shareholdings can be found on page 29 of this Annual Report.

Key information regarding the Directors' academic and professional qualifications is provided on pages 10 to 11 of this Annual Report.

# REPORT ON CORPORATE GOVERNANCE

**Principle 5: Board Performance**

The NC evaluates the Board's performance annually based on established criteria.

The Board has, through the NC, implemented an annual evaluation process to assess the effectiveness of the Board as a whole. The evaluation process is undertaken as an internal exercise and involves Board members completing a questionnaire covering areas relating to:

- Board composition
- Information to the Board
- Board procedures
- Board accountability
- Communication with CEO and Key Executives
- Succession planning of Key Executives
- Standards of conduct by the Board

The evaluation process takes into account the views of each Board member and provides an opportunity for Directors to provide constructive feedback on the workings of the Board including its procedures and processes and if these may be improved upon.

An evaluation exercise was carried out in the financial year under review.

Led by the NC Chairman, this collective assessment was conducted by means of a confidential questionnaire completed by each Director, which is collated, analysed and discussed with the NC and the Board with comparatives from the previous year. Recommendations to further enhance the effectiveness of the Board are implemented, as appropriate.

The NC had conducted a performance evaluation of the Board for FY2014 and determined that all Directors had contributed effectively and had demonstrated full commitment to their roles.

No external facilitator had been engaged by the Board for this purpose.

Given the current size of the Board, the NC was of the view that the performance evaluation of the Board as a whole would suffice and that performance evaluation of the ARC, NC and RC and individual performance evaluation of each Director is not necessary at this juncture. The NC would consider carrying out the aforesaid performance evaluations, in the future, should the need arises.

Succession planning is an important part of the governance process. As part of the annual review, the NC has also reviewed the succession and leadership development plans for key management personnel[1].

**Principle 6: Access to Information**

The Board is provided with management reports containing complete, adequate and timely information prior to Board meetings and on an on-going basis.

Information provided to Directors includes board papers and related materials, background or explanatory information relating to matters to be brought before the Board, and copies of disclosure documents, budgets, forecasts and quarterly internal financial statements. In respect of budgets, any material variance between the projections and actual results are also be disclosed and explained by Management.

The Directors interact with and are provided with the contact details of the Company's key management personnel and the Company Secretary to facilitate direct, separate and independent access.

[1] *key management personnel means the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the Group.*

# REPORT ON CORPORATE GOVERNANCE

**Principle 6: Access to Information** (cont'd)

The Company Secretary is responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. Under the direction of the Chairman, the Company Secretary is also tasked with ensuring good information flows within the Board and its Board committees and between Management and Non-Executive Directors, advising the Board on all governance matters, as well as facilitating orientation and assisting with professional development as required. The Company Secretary and/or her representative attends all Board meetings and meetings of the Board committees and prepares minutes of Board proceedings.

The Articles of Association of the Company provides that the appointment and removal of Company Secretary shall be a matter to be reviewed by the Board.

Should the Directors, whether as a group or individually, require independent professional advice to fulfil their duties, the cost of such professional advice is borne by the Company.

**Principle 7: Procedures for Developing Remuneration Policies**

The RC comprises all Independent Non-Executive Directors. The members of the RC are:

| | |
|---|---|
| Basil Chan | (Chairman) |
| Cosimo Borrelli | |
| John Lim Yew Kong | |

The RC's principal function is to ensure that a formal and transparent procedure is in place for fixing the remuneration packages of the Directors as well as key management personnel. It is at liberty to seek independent professional advice as appropriate.

Under its TOR, the RC is responsible for reviewing and recommending to the Board:

(a) the remuneration packages of the Executive Directors and key management personnel of the Group;

(b) Directors' fees for all Directors, taking into factors such as work undertaken, time spent and their responsibilities; and

(c) long term incentive schemes which may be set up from time to time.

The RC administers the Global Invacom Share Option Scheme 2013 (the "2013 Scheme") and the Global Invacom Performance Share Plan 2013 (the "Global Invacom PSP"). Details of the Global Invacom PSP, the 2013 Scheme and the options granted are as disclosed in Notes 5 and 6 of the Report of the Directors on pages 30 to 33 of this Annual Report.

In setting remuneration packages for the Executive Directors and key management personnel of the Group, the pay and employment conditions within the industry and in comparable companies are taken into account to maintain an appropriate and competitive level of remuneration that will attract, retain and motivate key management personnel.

The RC is assisted by the Group's human resource department. The RC may from time to time seek external professional advice on remuneration matters, if required. The RC had in 2013 appointed Freshwater Advisers Pte Ltd, an independent compensation specialist to review the remuneration framework of the Group and benchmarking of remuneration of key management personnel was carried out. The RC had also recommended that the remuneration framework and benchmarking exercise be updated before 2016.

# REPORT ON CORPORATE GOVERNANCE

**Principle 7: Procedures for Developing Remuneration Policies** (cont'd)

Directors' fees take into account the relevant Directors' level of contribution and responsibilities. The RC has adopted a framework for Directors' fees which comprised a basic fee, additional fees for appointment to and chairing of Board Committees since FY2011. The Directors' fees for FY2014 paid quarterly in arrears amounted to S$294,000. The general framework for the foregoing fees is as follows:

| Board Committee | Appointment | Amount (S$) |
|---|---|---|
| **Board** | Board Member | 52,500 |
| **Audit and Risk Committee** | Committee Chairman | 31,500 |
| | Committee Member | 15,750 |
| **Nominating Committee** | Committee Chairman | 15,750 |
| | Committee Member | 10,500 |
| **Remuneration Committee** | Committee Chairman | 15,750 |
| | Committee Member | 10,500 |

The framework for Directors' fees for the financial year ending 31 December 2015 remains unchanged, an amount of S$294,000 was proposed to be paid, quarterly in arrears. The Board will table the recommendation of Directors' fees at the Company's forthcoming AGM for shareholders' approval.

No Director was involved in determining his own remuneration.

Messrs Anthony Brian Taylor, Malcolm John Burrell and Matthew Jonathan Garner, as Executive Directors, do not receive any Directors' fees.

**Principle 8: Level and Mix of Remuneration**

The Group has in place a remuneration policy for Executive Directors and key management personnel which comprises a fixed component and a variable component. The fixed component is in the form of a base salary. The variable component is in the form of a variable bonus that is linked to the Company and individual performance. Executive Directors' and key management personnel's appraisals are conducted on an annual basis.

The Group has in placed the 2013 Scheme and the Global Invacom PSP, which are long-term incentive schemes based on participants achieving pre-set operating unit financial goals, individual performance, as well as achieving corporate financial goals. The purpose of these plans is to increase the Company's flexibility and effectiveness in its continuing efforts to reward, retain and motivate the Group's key management personnel. The schemes are also designed to align the interest of these Executives with those of shareholders.

The remuneration of Non-Executive Directors is set appropriate to the level of their contribution, taking into account factors such as effort and time spent, and responsibilities of the Directors. Non-Executive Directors of the Company are not overly-compensated to the extent that would compromise their independence.

The RC noted the Code's recommendation to consider the use of contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The RC would consider the inclusion of such a clause in exceptional circumstances in Executive Directors and key management personnel's employment terms, should the need arise.

# REPORT ON CORPORATE GOVERNANCE

**Principle 9: Disclosure of Remuneration**

The remuneration of Executive Directors and the CEO are disclosed in bands of S$250,000. Although the disclosure is not in compliance with the recommendation of the Code, the Board is of the view that given confidentiality and commercial sensitivity attached to remuneration matters, the aggregate remuneration paid to the Executive Directors, CEO and the Company's top six key management personnel (who are not Directors and the CEO) will not be provided.

The details of the remuneration paid to the Executive Directors and key management personnel for FY2014 are as shown:

| Name of Executive Directors and Key Management Personnel | Remuneration Band[1] | Base/Fixed Salary | Variable or Performance Related Income/ Bonus | Benefits in Kind | Total |
|---|---|---|---|---|---|
| | | (%) | (%) | (%) | (%) |
| **Executive Directors** | | | | | |
| Anthony Brian Taylor | 2 | 99.7 | 0.0 | 0.3 | 100.0 |
| Malcolm John Burrell | 2 | 99.4 | 0.0 | 0.6 | 100.0 |
| Matthew Jonathan Garner | 2 | 99.5 | 0.0 | 0.5 | 100.0 |
| **Key Management Personnel** | | | | | |
| Andrew Scott Martin[2] | – | – | – | – | – |
| David Gerald Smith | 2 | 99.5 | 0.0 | 0.5 | 100.0 |
| David Jonathan Wren Fugeman | 3 | 99.3 | 0.0 | 0.7 | 100.0 |
| Gordon Blaikie | 2 | 99.5 | 0.0 | 0.5 | 100.0 |
| Jan Ulrich Treiber | 3 | 99.7 | 0.0 | 0.3 | 100.0 |
| Wendy Isabel Wong Pei Fern | 3 | 93.3 | 6.7 | 0.0 | 100.0 |

**Notes:**

(1) Remuneration Band
1 S$500,000 to below S$750,000
2 S$250,000 to below S$500,000
3 Below S$250,000

(2) Mr Andrew Scott Martin joined the Group in January 2015.

Details of share options granted to Directors are set out in Notes 5 and 6 of the Report of the Directors on pages 30 to 33 of this Annual Report.

The fees paid to the independent Non-Executive Directors for FY2014 are set out below:

| Independent Directors | Directors' Fees (S$) | Share Awards (S$) | Total (S$) |
|---|---|---|---|
| John Lim Yew Kong[1] | 105,000 | 8,025 | 113,025 |
| Basil Chan[1] | 94,500 | 8,025 | 102,525 |
| Cosimo Borrelli | 94,500 | – | 94,500 |
| Total | 294,000 | 16,050 | 310,050 |

[1] Messrs John Lim Yew Kong and Basil Chan were granted share awards of 15,000 shares on 23 June 2014 at a market price of S$0.535 per ordinary share.

There are no employees of the Group who are immediate family members of a Director or the CEO whose remuneration exceeds S$50,000 during FY2014.

# REPORT ON CORPORATE GOVERNANCE

**Principle 9: Disclosure of Remuneration** (cont'd)

The important terms of the share schemes are provided on pages 30 to 33 of this Annual Report.

The RC noted the Code's recommendation for the disclosure of information on the link between remuneration paid to the Executive Directors and key management personnel, and performance. Due to reasons of sensitivity and confidentiality of remuneration matters, the Board is of the view that detailed disclosure of performance conditions/targets should not be disclosed.

**Principle 10: Accountability**

Management is accountable to the Board and provides the Board with appropriately detailed management accounts of the Group's performance, position and prospects on a regular basis. In the discharge of its duties to shareholders, the Board, when presenting annual financial statements and announcements, seek to provide shareholders with detailed analysis, explanation and assessment of the Group's financial position and prospects.

The Board takes adequate steps to ensure compliance with legislative and regulatory requirements, where appropriate.

Management provides the Board with management accounts and such explanation and information relating to the Group's performance on a quarterly basis and as the Board may require from time to time, to enable the Board in understanding and making a balanced and informed assessment of the Group's performance, position and prospects.

**Principle 11: Risk Management and Internal Controls**

The Group's internal control systems are designed to ensure the reliability and integrity of financial information and to safeguard the assets of the Group. During FY2014, management, with the assistance of the Internal Auditors, carried out an exercise to review and consolidate the Group's risk register which identifies key risks facing the Group and the internal controls in place to manage or mitigate those risks.

The Board had during the year reviewed the adequacy and effectiveness of the Company's risk management systems and internal control systems, including financial, operational, compliance and information technology controls.

The Board, with the concurrence of the ARC, is of the opinion that the Group's internal controls and risk management systems are adequate and effective in addressing financial risks, operational risks, compliance risks (including information technology risks), in the Group's current business environment based on:

(a) reviews of internal controls established and maintained by the Group;

(b) management's annual undertaking confirming their responsibilities for and effectiveness of the internal controls;

(c) reviews and assessment of risks; and

(d) reports issued by the internal and external auditors.

The Board had also received written confirmation from the CEO and the Chief Financial Officer that (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and (b) that the Company's risk management and internal control systems are effective.

# REPORT ON CORPORATE GOVERNANCE

**Principle 12: Audit and Risk Committee**

The ARC assists the Board in discharging its responsibility for the governance of risks in line with the recommendation of the Code. The ARC comprises all Independent Non-Executive Directors. The members of the ARC are:

John Lim Yew Kong (Chairman)
Basil Chan
Cosimo Borrelli

The Board is satisfied that the members of the ARC are appropriately qualified to discharge their responsibilities. All ARC members possess extensive business and financial management experience and that at least two ARC members (including the ARC Chairman) possess recent and relevant accounting and financial management expertise and experience.

The ARC meets at least four times a year and as and when necessary to carry out its functions which are set out in Note 7 of the Report of the Directors on page 34 of this Annual Report.

The ARC should have explicit authority to investigate any matter within its TOR and has full access to and the co-operation of management. The ARC also has full discretion to invite any Director or Executive Officer to attend its meetings and has been given adequate resources to enable it to discharge its functions.

The ARC is guided by its TOR which have been amended in line with the recommendations of the Code. The ARC performs the following key functions:

1. Reviews the audit plans of both the external and internal auditors;

2. Reviews the result of the internal auditors' examination and evaluation of internal controls of the Company and its subsidiaries, to determine overall effectiveness of the Company's internal audit functions;

3. Reviews the Group's financial and operating results and accounting policies;

4. Reviews the financial statements of the Company, the consolidated financial statements and external auditors' report on those financial statements, before submission to the Board for approval;

5. Reviews the half-year and full-year results announcements and financial position of the Group and the Company before submission to the Board for approval;

6. Reviews transactions with interested persons and related parties;

7. Reviews the co-operation and assistance given by Management to the Group's external and internal auditors and determines that no restrictions were imposed on the scope of the external and internal auditors' examination;

8. Reviews the actions taken by the Management in response to the internal auditors' recommendations;

9. Reviews the suitability of external auditors appointed for the Group's significant foreign-incorporated subsidiaries and associate companies;

10. Reviews and recommends the nomination of the appointment and re-appointment of external auditors; and

11. Review of whistle-blowing reports (if any).

# REPORT ON CORPORATE GOVERNANCE

**Principle 12: Audit and Risk Committee** (cont'd)

The ARC meets with the external and internal auditors, without the presence of management, at least once a year and to confirm that the external and internal auditors have had full co-operation of management in carrying out the audit.

The audited financial statements of the Company and its subsidiaries are audited by Moore Stephens LLP, an auditing firm registered with the ACRA. The Company is therefore in compliance with Rules 712 and 715 of the SGX-ST Listing Manual in respect of the suitability of the auditing firm.

The ARC has reviewed the non-audit service provided by the external auditors and is satisfied that this non-audit service would not affect the independence and objectivity of the external auditors and has recommended the re-appointment of Moore Stephens LLP as external auditors for the ensuing year. The aggregate amount of fees paid to external auditors, as well as their fees for non-audit services is disclosed on page 62 of this Annual Report.

The "Whistle-Blowing Policy" programme provides an avenue for staff of the Group to raise concerns about possible improprieties in matters of financial reporting or other matters and ensures that arrangements are in place for the independent investigation of such matters and appropriate follow-up actions to be taken. No reports of whistle-blowing incidents were recorded in FY2014.

The ARC has been briefed by the external auditors on the new accounting standards. There is no impact on the financial position or the financial performance of the Group.

**Principle 13: Internal Audit**

The Group's internal audit function is outsourced to BDO LLP. The Internal Auditor reports directly to the Chairman of the ARC on audit matters and the CEO on administrative matters. The ARC approves the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting/auditing firm or corporation to which the internal audit function is outsourced. BDO LLP has unfettered access to all the Company's documents, records, properties and personnel, including access to the ARC.

The ARC also ensures that the internal audit function is adequately resourced and has appropriate standing within the Company. The internal audit function is also adequately staffed with persons with the relevant qualifications and experience.

The internal audit function is carried out accordingly based on the BDO Global Internal Audit methodology which is consistent with the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The ARC, on an annual basis, assesses the effectiveness of the internal audit by examining the scope of the internal audit work and results of the areas reviewed, the Internal Auditor's reports and recommendations, and Management's implementation of such recommendations.

# REPORT ON CORPORATE GOVERNANCE

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

In line with its continuous disclosure obligations, the Group is committed to maintaining regular and proactive communication with shareholders. It is the Board's policy that shareholders are informed of all major developments that impact the Group, on a timely basis.

Information is communicated to shareholders on a timely basis and is made through:

(a) annual reports that are prepared and issued to all shareholders;

(b) financial statements containing a summary of the financial information and affairs of the Group for the year published through the SGXNet and the AIM Regulatory News Service ("RNS");

(c) notices of and explanatory memoranda for annual and extraordinary general meetings;

(d) press releases on major developments of the Group; and

(e) the Company's website which provides, *inter alia*, corporate announcements, press releases, annual reports and profile of the Group at www.globalinvacom.com.

At the AGM, shareholders will be given the opportunity to voice their views and seek clarifications.

The Chairmen of the ARC, RC and NC and the external auditors are normally available at the AGM to answer shareholders' queries.

To better understand the views of shareholders and investors, the Company conducts meetings with the investment community from time to time to discuss the Company's financial performance and corporate developments. To encourage communication with investors, the Company's annual reports provide Investor Relations contact information (email address and telephone number) as channels to address inquiries from shareholders and investors.

The Company does not have a fixed dividend policy. The form, frequency, and/or amount of dividends will depend on the Company's cash, earnings, gearings, financial performance and position, project capital expenditure, future investment plans, funding requirements and any other factor that the Directors considers relevant. The Company will communicate any dividend pay-outs to shareholders via announcements released to SGX-ST via SGXNET and the AIM Market via AIM RNS.

**Securities Transactions**

The Group has adopted an internal compliance code of conduct which provides guidance to Directors and officers with regards to dealing in the Company's securities. Directors and officers are reminded not to deal directly or indirectly in the Company's securities on short-term considerations and to be mindful of the law on insider trading. In addition, Directors and officers are prohibited from dealing in securities of the Company two months before the release of the half year and full year results and at all times whilst in possession of price-sensitive information. The Group confirms that it has adhered to its policy for securities transactions for FY2014.

**Interested Person Transactions**

The Company has established procedures to ensure that all transactions with interested persons are submitted in a timely manner to the ARC for review and approval, and that all such transactions are conducted at arm's length basis.

There were no transactions with interested persons falling within the definition of Chapter 9 of the Listing Manual of the SGX-ST.

# REPORT ON CORPORATE GOVERNANCE

**Material Contracts**

No material contracts, not being contracts entered into in the ordinary course of business, had been entered into by the Company and its subsidiaries involving the interest of any Executive Director, Director or controlling shareholder of the Company during FY2014.

**Risk Management**

Enterprise Risk Management ("ERM") is a process of systematically identifying major risks that confront an organisation, estimating the significance of those risks in business processes, addressing the risks in a consistent and structured manner, and identifying key individuals responsible for managing critical risks within the scope of their responsibilities.

With the help of the internal auditor, BDO LLP, the Group has completed the entity wide implementation of the ERM programme except for the recently acquired subsidiary company in Israel, Foxcom. With the introduction of the ERM programme, detailed policies and procedures for the ERM process have now been established for the Group. Risks that might affect each subsidiary are listed in detailed risk registers which are updated annually. Changes to the risk registers are consolidated by the Chief Risk Officer ("CRO") and reported to the ARC. This process helps to provide an ongoing process of identifying existing and emerging risks and assigning specific personnel as risk owners.

Going forward, the ERM process will be developed to identify and report on the key risk indicators and the countermeasures being taken to address individual risks.

The Group's financial risk management is described under Note 31 of the Notes to the Financial Statements on pages 91 to 98 of this Annual Report.

**Corporate Social Responsibility Statement**

The Group views the principles of Corporate Social Responsibility ("CSR") as an essential part of our business. The Group believes that all people are entitled to free, safe and healthy living and working environments. This commitment extends beyond the Group's employees and the communities in which the Group operates, to the Group's suppliers, business partners and customers. The Group works with its suppliers and business partners to ensure a safe working environment for the employees.

As a fully integrated satellite equipment and electronics manufacturing service provider, the Group seeks to be a sustainable and profitable organisation besides protecting the environment and society with like-minded business partners. As the Group further develops its business, it strives to continue to contribute to a sustainable and better world by focusing on the environment and the well-being of the community that it serves.

**Use of Proceeds from AIM Listing**

The Company completed the listing of the Company's shares on the AIM Market of the London Stock Exchange on 2 July 2014 which raised net proceeds of approximately US$12.9 million. As at 31 December 2014, the net proceeds has been utilised as follows:

(a) the net proceeds of US$3.5 million to pay for the cash consideration less the retention in relation to the acquisition of OnePath Networks Limited.

The above utilisation of the net proceeds is in accordance with the stated use and in accordance with the amount and percentage allocated to such utilisation in the admission document dated 27 June 2014.

# REPORT OF THE DIRECTORS

31 December 2014

The directors are pleased to present their report to the members together with the audited consolidated financial statements of Global Invacom Group Limited (the "Company") and its subsidiaries (collectively the "Group") for the financial year ended 31 December 2014 and the statement of financial position of the Company as at 31 December 2014.

## 1 DIRECTORS

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

| | | |
|---|---|---|
| Anthony Brian Taylor | Executive Chairman | |
| Malcolm John Burrell | Executive Director | |
| Matthew Jonathan Garner | Executive Director | (Appointed on 30 April 2014) |
| John Lim Yew Kong | Lead Independent Director | |
| Basil Chan | Independent Director | |
| Cosimo Borrelli | Independent Director | |

## 2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Except for the Global Invacom Share Option Scheme 2013 (the "2013 Scheme"), neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

## 3 DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

(a) As recorded in the register of directors' shareholdings under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), none of the directors holding office at the end of the financial year had any interest in the shares of the Company and its related corporations, except as follows:

| | Direct Interest | | Deemed Interest | |
|---|---|---|---|---|
| | 1.1.14 | 31.12.14 | 1.1.14 | 31.12.14 |
| The Company | | | | |
| (No. of ordinary shares) | | | | |
| Anthony Brian Taylor | 11,139,702 | 11,139,702 | – | – |
| Malcolm John Burrell | 11,139,702 | 11,139,702 | – | – |
| Basil Chan | – | 15,000 | – | – |
| John Lim Yew Kong | – | 15,000 | – | – |

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2015.

(b) According to the register of directors' shareholdings, the following director holding office at the end of the financial year had options to subscribe for ordinary shares of the Company granted pursuant to the 2013 Scheme as set out below and as in Note 5 of this report.

| | Number of unissued ordinary shares under options held by director | | |
|---|---|---|---|
| | 1.1.14 | 31.12.14 | 21.1.15 |
| Anthony Brian Taylor | 1,890,000 | 1,890,000 | 1,890,000 |

For details, please refer to "Share Options - Global Invacom Share Option Scheme 2013" in Note 5 of this report.

# REPORT OF THE DIRECTORS

31 December 2014

## 4 DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in the notes to the financial statements.

## 5 SHARE OPTIONS - GLOBAL INVACOM SHARE OPTION SCHEME 2013

The Global Invacom Share Option Scheme 2013 (the "2013 Scheme") was approved and adopted by the shareholders at an Extraordinary General Meeting held on 17 September 2013 and renewed at an Annual General Meeting on 30 April 2014. The 2013 Scheme replaced the Global Invacom Group Employee Share Option Scheme of the Group which was adopted on 15 June 2012 (the "2012 Scheme") and the Enterprise Management Incentive Share Option Scheme (the "EMI Scheme").

The Remuneration Committee administering the 2013 Scheme comprises directors, Messrs Basil Chan (Chairman of the Remuneration Committee), Cosimo Borrelli and John Lim Yew Kong.

The 2013 Scheme forms an integral and important component of the employee compensation plan, which is designed to primarily reward and retain executive directors, non-executive directors and employees of the Group whose services are integral to the success and the continued growth of the Group.

Principal Terms of the 2013 Scheme

**(a) Participants**

Under the rules of the 2013 Scheme, executive and non-executive directors (including independent directors) and employees of the Group, who are not controlling shareholders or their associates, are eligible to participate in the 2013 Scheme.

**(b) Size of the 2013 Scheme**

The aggregate number of shares over which the Remuneration Committee may grant options on any date, when added to the number of shares issued and issuable in respect of all options granted under the 2013 Scheme, shall not exceed 15% of the issued shares of the Company on the day preceding that date.

**(c) Options, Exercise Period and Exercise Price**

The options that are granted under the 2013 Scheme may have exercise prices that are, at the Remuneration Committee's discretion, set at a price (the "Market Price") equal to the weighted average share price of the shares for the three consecutive Market Days immediately preceding the relevant date of grant of the option or at a discount to the Market Price (subject to a maximum discount of 20%). Options which are fixed at the Market Price ("Market Price Option") may be exercised after the first anniversary of the date of grant of that option while options exercisable at a discount to the Market Price ("Discounted Option") may only be exercised after the second anniversary from the date of grant of the options. Options granted under the 2013 Scheme to all employees (including executive directors) and non-executive directors will have a life span of 10 and 5 years respectively.

## 5 SHARE OPTIONS - GLOBAL INVACOM SHARE OPTION SCHEME 2013 (CONT'D)

Principal Terms of the 2013 Scheme (cont'd)

**(d) Grant of Options**

Under the rules of the 2013 Scheme, there are no fixed periods for the grant of options during the options life span. As such, offers for the grant of options may be made at any time from time to time at the discretion of the Remuneration Committee.

In addition, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, offers may only be made after the second market day from the date on which the aforesaid announcement is made.

**(e) Termination of Options**

Special provisions in the rules of the 2013 Scheme deal with the lapse or earlier exercise of options in circumstances which include the termination of the participant's employment by the Group, the bankruptcy of the participant, the death of the participant, a take-over of the Company and the winding-up of the Company.

**(f) Acceptance of Options**

The grant of options shall be accepted within 30 days from the date of offer. Offers of options made to grantees, if not accepted before the closing date, will lapse. Upon acceptance of the offer, the grantee must pay the Company a consideration of S$1.00.

**(g) Duration of the 2013 Scheme**

The 2013 Scheme shall continue in operation for a maximum duration of 10 years and may be continued for any further period thereafter with the approval of shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

Options Granted

No options were granted during the financial year ended 31 December 2014. At the end of the financial year, the details of the options granted pursuant to the 2013 Scheme are as follows:

| Date of grant of options | Exercise price S$ | Options outstanding as at 1.1.14 | Options granted | Options exercised | Options lapsed | Options outstanding as at 31.12.14 | Number of option holders as at 31.12.14 | Exercising period |
|---|---|---|---|---|---|---|---|---|
| 7.7.13 | 0.17 | 1,942,000 | – | – | – | 1,942,000 | 6 | (1) |
| 7.7.13 | 0.17 | 1,942,000 | – | – | – | 1,942,000 | 6 | (2) |
| 21.8.13 | 0.20 | 230,000 | – | – | – | 230,000 | 1 | (3) |
| 21.8.13 | 0.20 | 230,000 | – | – | – | 230,000 | 1 | (4) |

(1) The options granted to employees, including a director, have an exercising period of 7 years commencing from 7 July 2016 to 6 July 2023.

(2) The options granted to employees, including a director, have an exercising period of 6 years commencing from 7 July 2017 to 6 July 2023.

(3) The options granted to an employee have an exercising period of 7 years commencing from 21 August 2016 to 20 August 2023.

(4) The options granted to an employee have an exercising period of 6 years commencing from 21 August 2017 to 20 August 2023.

# REPORT OF THE DIRECTORS

31 December 2014

## 5 SHARE OPTIONS - GLOBAL INVACOM SHARE OPTION SCHEME 2013 (CONT'D)

Options Granted (cont'd)

The above options granted under the 2012 Scheme continue to be effective and exercisable according to the terms and conditions of the 2013 Scheme.

Except as disclosed, there were:

(a) no options granted to take up unissued shares of the Company or its subsidiaries during the financial year;

(b) no shares of the Company and its subsidiaries issued by virtue of the exercise of options to take up unissued shares of the Company and its subsidiaries during the financial year; and

(c) no unissued shares of the Company or its subsidiaries under options at the end of the financial year.

Details of options granted to the director of the Company are as follows:

| | Options granted for the financial year ended 31.12.14 | Aggregate granted since commencement of the 2013 Scheme to 31.12.14 | Aggregate exercised since commencement of the 2013 Scheme to 31.12.14 | Aggregate options outstanding as at 31.12.14 |
|---|---|---|---|---|
| Anthony Brian Taylor | - | 1,890,000 | - | 1,890,000 |

Except as disclosed, no share options have been granted to the controlling shareholders of the Company or their associates and its subsidiaries and no other participant has received 5% or more of the total number of share options available under the 2013 Scheme.

## 6 PERFORMANCE SHARE PLAN - GLOBAL INVACOM PERFORMANCE SHARE PLAN 2013

The Global Invacom Performance Share Plan 2013 (the "Global Invacom PSP") was approved and adopted by the shareholders at an Extraordinary General Meeting held on 17 September 2013 and renewed at an Annual General Meeting on 30 April 2014. The primary objectives of the Global Invacom PSP are to increase the Group's flexibility and effectiveness in its continuing efforts to reward, retain and motivate key staff.

The Remuneration Committee administering the Global Invacom PSP comprises directors, Messrs Basil Chan (Chairman of the Remuneration Committee), Cosimo Borrelli and John Lim Yew Kong. The Global Invacom PSP shall continue in force, at the discretion of the Remuneration Committee, subject to a maximum of 10 years commencing from 17 September 2013. Any awards of shares granted pursuant to the rules of the Global Invacom PSP ("Award") made to participants prior to such expiry or termination will continue to remain valid.

## 6 PERFORMANCE SHARE PLAN - GLOBAL INVACOM PERFORMANCE SHARE PLAN 2013 (CONT'D)

Principal Terms of the Global Invacom PSP

**(a) Participants**

Under the rules of the Global Invacom PSP, executive and non-executive directors (including independent directors) and employees of the Group, who are not controlling shareholders or their associates, are eligible to participate.

**(b) Size of the Global Invacom PSP**

The aggregate number of shares over which Awards may be granted under the Global Invacom PSP, when added to the number of shares issued and/or issuable in respect of (i) all Awards granted thereunder; (ii) all options granted under the 2013 Scheme; and (iii) all Awards/options granted under any other schemes implemented by the Company (if any) shall not exceed 15% of the total issued share capital of the Company (excluding treasury shares) on the day preceding the relevant Award date.

**(c) Grant of Awards**

Under the rules of the Global Invacom PSP, there are no fixed periods for the grant of Awards. As such, offers for the Awards may be made at any time from time to time at the discretion of the Remuneration Committee. In considering an award to be granted to a participant, the Remuneration Committee may take into account, *inter alia*, the participant's performance and/or contribution to the Company.

**(d) Vesting Period**

Awards will typically vest only after the satisfactory completion of performance-related award conditions and/or other conditions such as vesting period(s) applicable for the release of the Awards. No minimum vesting periods are prescribed under the Global Invacom PSP, and the length of the vesting period(s) in respect of each Award will be determined on a case-by-case basis.

**(e) Termination of the Global Invacom PSP**

Special provisions in the rules of the Global Invacom PSP deal with the lapse or earlier vesting of the Awards in circumstances which include the termination of the participant's employment by the Group, the bankruptcy of the participant, the death of the participant, a take-over of the Company and the winding-up of the Company.

**(f) Duration of the Global Invacom PSP**

The Global Invacom PSP shall continue in operation for a maximum duration of 10 years and may be continued for any further period thereafter with the approval of shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

Share Awards Granted

Details of share awards granted to the directors of the Company during the financial year are as follows:

| | Shares awarded for the financial year ended 31.12.14 | Aggregate shares awarded since commencement of the Global Invacom PSP to 31.12.14 |
|---|---|---|
| Basil Chan | 15,000 | 15,000 |
| John Lim Yew Kong | 15,000 | 15,000 |

# REPORT OF THE DIRECTORS

31 December 2014

## 7 AUDIT AND RISK COMMITTEE

The Audit and Risk Committee (the "ARC") comprises all non-executive directors. The members of the ARC are:

John Lim Yew Kong (Chairman)
Basil Chan
Cosimo Borrelli

The ARC carried out its functions in accordance with Section 201B(5) of the Act, the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual and the revised Code of Corporate Governance, which includes the following:

(a) Reviews the audit plans of the external and internal auditors of the Company, and reviews the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Company's management to the external and internal auditors;

(b) Reviews the half-yearly announcement on financial performance, annual financial statements and the auditors' report on the annual financial statements of the Company before their submission to the Board of Directors;

(c) Reviews the effectiveness of the Company's material internal controls, including financial, operational and compliance controls via reviews carried out by the internal auditors;

(d) Meets with the external auditors, other committees and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the ARC;

(e) Reviews legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

(f) Reviews the cost effectiveness and the independence and objectivity of the external auditors;

(g) Reviews the nature and extent of non-audit services provided by the external auditors;

(h) Recommends to the Board of Directors the external auditors to be nominated, and reviews the scope and results of the audit;

(i) Reports actions and minutes of the ARC to the Board of Directors with such recommendations as the ARC considers appropriate;

(j) Reviews interested person transactions in accordance with the requirements of the SGX-ST Listing Manual;

(k) Reviews the risks identified by the Enterprise Risk Management process and the effectiveness of the Company's management of risks; and

(l) Undertakes such other functions and duties as may be agreed to by the ARC and the Board of Directors.

Further details regarding the ARC are disclosed in the Report on Corporate Governance included in the Company's Annual Report.

The ARC has recommended to the Board of Directors the nomination of Moore Stephens LLP for their appointment as independent auditors of the Company at the forthcoming Annual General Meeting.

# REPORT OF THE DIRECTORS

31 December 2014

## 8 INDEPENDENT AUDITORS

The auditors, Moore Stephens LLP, Public Accountants and Chartered Accountants, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors

ANTHONY BRIAN TAYLOR
Director

MATTHEW JONATHAN GARNER
Director

Singapore
31 March 2015

# STATEMENT BY DIRECTORS

31 December 2014

In the opinion of the directors:

(a) the accompanying consolidated financial statements of the Group and the statement of financial position of the Company together with the notes thereto, as set out on pages 38 to 98, are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results, changes in equity and cash flows of the Group for the year ended on that date; and

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

On behalf of the Board of Directors

ANTHONY BRIAN TAYLOR
Director

MATTHEW JONATHAN GARNER
Director

Singapore
31 March 2015

# INDEPENDENT AUDITORS' REPORT

To the Members of Global Invacom Group Limited

We have audited the accompanying financial statements of Global Invacom Group Limited (the "Company") and its subsidiaries (collectively the "Group"), as set out on pages 38 to 98, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2014, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year ended 31 December 2014, and a summary of significant accounting policies and other explanatory information.

## MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and International Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

## AUDITORS' RESPONSIBILITY

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

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

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

## OPINION

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

**Moore Stephens LLP**
Public Accountants and
Chartered Accountants

Singapore
31 March 2015

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year ended 31 December 2014

| | Note | Group 2014 US$'000 | Group 2013 US$'000 |
|---|---|---|---|
| **Revenue** | 5 | 134,135 | 115,750 |
| Cost of sales | | (102,344) | (86,546) |
| Gross profit | | 31,791 | 29,204 |
| Other income | | 195 | 702 |
| Distribution costs | | (221) | (205) |
| Administrative expenses | | (25,533) | (20,460) |
| Other operating expenses | | (767) | - |
| Finance income | 6 | 63 | 40 |
| Finance costs | 7 | (15) | (7) |
| **Profit before income tax** | 8 | 5,513 | 9,274 |
| Income tax expense | 9 | (411) | (1,236) |
| **Profit after income tax attributable to equity holders of the Company** | | 5,102 | 8,038 |
| **Other comprehensive (loss)/income:** | | | |
| Items that may be reclassified subsequently to profit or loss | | | |
| – Exchange differences on translation of foreign subsidiaries | | (1,023) | (255) |
| – Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity on loss of control of subsidiary | | 208 | - |
| | | (815) | (255) |
| Items that may not be reclassified subsequently to profit or loss | | - | - |
| **Other comprehensive loss for the year, net of tax** | | (815) | (255) |
| **Total comprehensive income for the year attributable to equity holders of the Company** | | 4,287 | 7,783 |
| **Earnings per share (cents)** | 10 | | |
| – Basic | | 2.02 | 3.42 |
| – Diluted | | 2.00 | 3.41 |

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

# STATEMENTS OF FINANCIAL POSITION

As at 31 December 2014

| | Note | Group 2014 US$'000 | Group 2013 US$'000 | Company 2014 US$'000 | Company 2013 US$'000 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non-current Assets** | | | | | |
| Property, plant and equipment | 11 | 11,082 | 10,800 | 7 | 14 |
| Investments in subsidiaries | 12 | – | – | 47,446 | 49,459 |
| Goodwill | 13 | 4,153 | 3,260 | – | – |
| Intangible assets | 14 | 4,456 | 3,124 | – | 65 |
| Available-for-sale financial assets | 15 | 8 | 8 | – | – |
| Deferred tax assets | 16 | 743 | – | – | – |
| Other receivables and prepayments | 20 | – | – | 8,283 | 8,391 |
| | | 20,442 | 17,192 | 55,736 | 57,929 |
| **Current Assets** | | | | | |
| Due from subsidiaries | 17 | – | – | 1,099 | 2,789 |
| Inventories | 18 | 27,010 | 25,833 | – | – |
| Trade receivables | 19 | 15,406 | 19,156 | – | – |
| Other receivables and prepayments | 20 | 2,669 | 2,499 | 5,541 | 1,970 |
| Cash and cash equivalents | 21 | 21,202 | 14,662 | 7,331 | 492 |
| | | 66,287 | 62,150 | 13,971 | 5,251 |
| **Total assets** | | 86,729 | 79,342 | 69,707 | 63,180 |
| **EQUITY AND LIABILITIES** | | | | | |
| **Share Capital and Reserves** | | | | | |
| Share capital | 22 | 60,423 | 46,116 | 74,240 | 59,933 |
| Treasury shares | 22 | (3,421) | (955) | (3,421) | (955) |
| Reserves | 23 | 3,081 | (369) | (9,201) | (6,778) |
| **Total equity** | | 60,083 | 44,792 | 61,618 | 52,200 |
| **Non-current Liabilities** | | | | | |
| Other payables | 24 | 433 | 5,367 | – | 5,367 |
| Deferred tax liabilities | 16 | 538 | 621 | – | – |
| | | 971 | 5,988 | – | 5,367 |
| **Current Liabilities** | | | | | |
| Due to subsidiaries | 17 | – | – | 2,556 | – |
| Trade payables | | 14,499 | 16,204 | – | – |
| Other payables | 24 | 10,571 | 11,217 | 5,459 | 5,535 |
| Borrowings | 25 | – | 128 | – | – |
| Provision for income tax | | 605 | 1,013 | 74 | 78 |
| | | 25,675 | 28,562 | 8,089 | 5,613 |
| **Total liabilities** | | 26,646 | 34,550 | 8,089 | 10,980 |
| **Total equity and liabilities** | | 86,729 | 79,342 | 69,707 | 63,180 |

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year ended 31 December 2014

| | Note | Share capital US$'000 | Treasury shares US$'000 | Merger reserves US$'000 | Capital redemption reserves US$'000 | Share options reserve US$'000 | Capital reserve US$'000 | Foreign currency translation reserve US$'000 | Retained profits US$'000 | Total US$'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | | | |
| Balance as at 1 Jan 2014 | | 46,116 | (955) | (10,150) | 6 | 43 | 555 | 455 | 8,722 | 44,792 |
| Share awards | 22 | – | 5 | – | – | – | – | – | – | 5 |
| Issuance of shares | 22 | 15,060 | – | – | – | – | – | – | – | 15,060 |
| Expenses on issuance of shares | 22 | (753) | – | – | – | – | – | – | – | (753) |
| Purchase of treasury shares | 22 | – | (2,471) | – | – | – | – | – | – | (2,471) |
| Share-based payments | | – | – | – | – | 88 | – | – | – | 88 |
| Payment of dividends | | – | – | – | – | – | – | – | (925) | (925) |
| Transfer to capital reserve in accordance with statutory requirements | | – | – | – | – | – | 87 | – | (87) | – |
| Profit for the year | | – | – | – | – | – | – | – | 5,102 | 5,102 |
| Other comprehensive (loss)/income: | | | | | | | | | | |
| Exchange differences on translating foreign operations | | – | – | – | – | – | – | (1,023) | – | (1,023) |
| Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity on loss of control of subsidiary | | – | – | – | – | – | – | 208 | – | 208 |
| Total other comprehensive income for the year | | – | – | – | – | – | – | (815) | 5,102 | 4,287 |
| Balance as at 31 Dec 2014 | | 60,423 | (3,421) | (10,150) | 6 | 131 | 642 | (360) | 12,812 | 60,083 |
| | | | | | | | | | | |
| Balance as at 1 Jan 2013 | | 44,174 | – | (10,150) | 6 | – | 555 | 710 | 684 | 35,979 |
| Issuance of shares | 22 | 1,942 | – | – | – | – | – | – | – | 1,942 |
| Purchase of treasury shares | 22 | – | (955) | – | – | – | – | – | – | (955) |
| Share-based payments | | – | – | – | – | 43 | – | – | – | 43 |
| Profit for the year | | – | – | – | – | – | – | – | 8,038 | 8,038 |
| Other comprehensive loss: | | | | | | | | | | |
| Exchange differences on translating foreign operations | | – | – | – | – | – | – | (255) | – | (255) |
| Total other comprehensive income for the year | | – | – | – | – | – | – | (255) | 8,038 | 7,783 |
| Balance as at 31 Dec 2013 | | 46,116 | (955) | (10,150) | 6 | 43 | 555 | 455 | 8,722 | 44,792 |

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year ended 31 December 2014

| | Note | Group 2014 US$'000 | Group 2013 US$'000 |
|---|---|---|---|
| **Cash Flows from Operating Activities** | | | |
| Profit before income tax | | 5,513 | 9,274 |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment | | 1,728 | 1,435 |
| Amortisation of intangible assets | | 381 | 6 |
| Loss on de-registration of subsidiary | | 208 | – |
| Gain on disposal of property, plant and equipment | | (18) | (91) |
| Gain on disposal of intangible assets | | (14) | – |
| Allowance for inventory obsolescence | | 120 | 7 |
| Write-back of inventory obsolescence | | – | (308) |
| Provision for litigation | | 389 | – |
| Impairment of trade receivables | | 8 | – |
| Unrealised exchange loss/(gain) | | 499 | (817) |
| Interest income | | (63) | (40) |
| Interest expense | | 15 | 7 |
| Share-based payments | | 88 | 43 |
| Impairment of intangible assets | | – | 16 |
| Share awards | | 5 | – |
| Operating cash flow before working capital changes | | 8,859 | 9,532 |
| Changes in working capital: | | | |
| Inventories | | (158) | (5,393) |
| Trade receivables | | 4,048 | 286 |
| Other receivables and prepayments | | (467) | (897) |
| Trade and other payables | | (2,787) | 3,381 |
| **Cash generated from operating activities** | | 9,495 | 6,909 |
| Interest paid | | (15) | (7) |
| Income tax (paid)/refunded | | (1,667) | 756 |
| **Net cash generated from operating activities** | | 7,813 | 7,658 |
| **Cash Flows from Investing Activities** | | | |
| Interest received | | 63 | 40 |
| Purchase of property, plant and equipment | 11 | (1,982) | (2,403) |
| Proceeds from disposal of property, plant and equipment | | 18 | 93 |
| Proceeds from disposal of intangible assets | | 38 | – |
| Increased in capitalised development cost | 14 | (1,778) | (962) |
| Acquisition of subsidiary, net of cash acquired | 13 | (2,156) | (2,310) |
| Cash consideration paid for reverse acquisition | 24 | (5,500) | (7,500) |
| Decrease in restricted cash | 21 | 263 | 2,023 |
| **Net cash used in investing activities** | | (11,034) | (11,019) |
| **Cash Flows from Financing Activities** | | | |
| Proceeds from borrowings | | 1,972 | 527 |
| Repayment of borrowings | | (2,100) | (1,014) |
| Issuance of shares | 22 | 15,060 | – |
| Expenses on issuance of shares | 22 | (753) | – |
| Treasury shares | 22 | (2,471) | (955) |
| Dividends paid | | (925) | – |
| **Net cash generated from financing activities** | | 10,783 | (1,442) |
| **Net increase/(decrease) in cash and cash equivalents** | | 7,562 | (4,803) |
| **Cash and cash equivalents at the beginning of the year** | | 13,752 | 17,902 |
| Effect of foreign exchange rate changes on the balance of cash held in foreign currencies | | (759) | 653 |
| **Cash and cash equivalents at the end of the year** | 21 | 20,555 | 13,752 |

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

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

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

## 1 GENERAL

Global Invacom Group Limited (the "Company") is a public limited company incorporated and domiciled in Singapore and is listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The registered address of the Company and the principal place of business is at 8 Temasek Boulevard, #20-03 Suntec Tower Three, Singapore 038988.

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiary companies are set out in Note 12.

The financial statements for the financial year ended 31 December 2014 were authorised for issue in accordance with a resolution of the directors on the date of the Statement by Directors.

## 2 ADMISSION TO TRADING ON THE AIM MARKET OF THE LONDON STOCK EXCHANGE

On 2 July 2014, the Company completed its admission to the AIM Market of the London Stock Exchange in the United Kingdom ("U.K."). The Company has raised gross proceeds of US$15.0 million (approximately S$18.7 million) from a placing of 44,600,000 new ordinary shares at a price of 19.75 U.K. pence (approximately S$0.42) per share in conjunction with the AIM listing.

## 3 SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Preparation

The financial statements for the Company and its subsidiaries (collectively the "Group") for the financial year ended 31 December 2014 and its comparatives have been prepared in accordance with International Financial Reporting Standards ("IFRS"). IFRS comprise International Financial Reporting Standards; International Accounting Standards ("IAS"); and Interpretations ("IFRIC") issued by the International Accounting Standards Board ("ISAB").

The financial statements, which are expressed in United States Dollar ("US$"), are rounded to the nearest thousand (US$'000), except as otherwise indicated. The financial statements have been prepared on a historical cost basis, except as disclosed in the accounting policies below.

*Adoption of New/Revised IFRS which are effective*

On 1 January 2014, the Group and the Company adopted the following new/amended standards that are mandatory for annual financial periods beginning on or after 1 January 2014:

Amendments to IFRS 10, IFRS 12 and IAS 27 *"Investment Entities"*

The amendments would require investment entities (as defined by these amendments) to measure their investments in controlled investees at fair value through profit or loss in accordance with IAS 39 *Financial Instruments*, rather than consolidating those investments. The application of these amendments has not had any material impact on the financial performance of the Group and financial positions of the Group and of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (a) Basis of Preparation (cont'd)

*Adoption of New/Revised IFRS which are effective* (cont'd)

Amendments to IAS 32 *"Offsetting of Financial Assets and Financial Liabilities"*

The amendments to IAS 32 clarify that the right of set-off must be available today – that is, it is not contingent on a future event. It also must be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. It also clarifies that gross settlement mechanisms (such as through a clearing house) with features that both (i) eliminate credit and liquidity risk and (ii) process receivables and payables in a single settlement process, are effectively equivalent to net settlement; they would therefore satisfy the IAS 32 *Financial Instruments: Presentation* criterion in these instances.

Amendments to IAS 36 *"Recoverable Amount Disclosure for Non-Financial Assets"*

The amendments to IAS 36 restrict the requirement to disclose the recoverable amount of an asset or Cash-Generating Unit ("CGU") to periods in which an impairment loss has been recognised or reversed. The amendments also expand and clarify the disclosure requirements applicable when an asset or CGU's recoverable amount has been determined on the basis of fair value less costs of disposal. As this is a disclosure standard, it has not had any material impact on the financial performance of the Group and financial positions of the Group and of the Company.

*New/Revised IFRS issued but not yet effective*

At the date of these financial statements, the following new or revised standards have been issued and are relevant to the Group but not yet effective:

| | | Effective for accounting periods beginning on or after |
|---|---|---|
| IFRS 2 | *Share-based Payments** | 1 July 2014 |
| IFRS 3 | *Business Combinations*^* | 1 July 2014 |
| Amendments to IFRS 8 | *Operating Segments** | 1 July 2014 |
| Amendments to IAS 24 | *Related Party Disclosures** | 1 July 2014 |
| Amendments to IFRS 13 | *Fair Value Measurement** | 1 July 2014 |
| Amendments to IAS 16 and IAS 38 | *Clarification of Acceptable Methods of Depreciation and Amortisation* | 1 January 2016 |
| Amendments to IAS 27 | *Equity Method in Separate Financial Statements* | 1 January 2016 |
| IFRS 15 | *Revenue from Contracts with Customers* | 1 January 2017 |
| IFRS 9 | *Financial Instruments* | 1 January 2018 |

* *Under the Annual Improvements to IFRSs 2010 – 2012 Cycle*
^ *Under the Annual Improvements to IFRSs 2011 – 2013 Cycle*

The directors expected the adoption of the above new or revised standards will have no significant effect on the Group's financial statements on application.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (a) Basis of Preparation (cont'd)

*New/Revised IFRS issued but not yet effective* (cont'd)

IFRS 2 *Share-based Payment*

The amendment changes the definitions of 'vesting conditions' and 'market condition' and add the definitions of 'performance condition' and 'service condition' to clarify various issues, including: (i) a performance condition must contain a service condition; (ii) a performance target must be met while the counterparty is rendering a service; (iii) a performance target may relate to the operations or activities of an entity, or those of another entity in the same group; (iv) a performance condition may be a market or non-market condition; and (v) if the counterparty, regardless of the reason, ceases to provide a service during the vesting period, the service condition is not satisfied. The amendment is effective prospectively for which the grant date of the share-based transaction is on or after 1 July 2014. The Group is in the process of assessing the impact on the financial statements.

IFRS 3 *Business Combinations*

The amendment clarifies that contingent consideration of an acquirer in a business combination shall be measured at fair value at each reporting date and change in fair value shall be recognised in profit or loss in accordance with IAS 39. This amendment is effectively prospectively to business combinations for which the acquisition date is on or after 1 July 2014. The Group is in the process of assessing the impact on the financial statements.

IFRS 8 *Operating Segments*

The amendment requires an entity to disclose the judgement made by management in applying the aggregation criteria to operating segments and clarifies that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly. The amendment is effective for annual periods beginning on or after 1 July 2014. As this is a disclosure standard, it has no impact on the financial position or the financial performance of the Group.

IAS 24 *Related Party Disclosures*

The amendment clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity. In addition, an entity that uses a management entity is required to disclose the expense incurred for management services. The amendment is effective for annual periods beginning on or after 1 July 2014. As this is a disclosure standard, it has no impact on the financial position or the financial performance of the Group.

IFRS 13 *Fair Value Measurement*

The amendments clarifies that the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with IAS 39. These contracts need not meet the definitions of financial assets or financial liabilities in IAS 32.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (a) Basis of Preparation (cont'd)

*New/Revised IFRS issued but not yet effective* (cont'd)

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 sets out the requirements for recognising revenue that apply to all contracts with customers (except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments). IFRS 15 replaces the previous revenue Standards: IAS 18 Revenue and IAS 11 Construction Contracts, and the related interpretations on revenue recognition; IFRIC 15 Agreements for the Construction of Real Estate; IFRIC 18 Transfers of Assets from Customers; and SIC 31 Revenue – Barter Transactions Involving Advertising Services. It is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The Group is in the process of assessing the impact on the financial statements.

Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*

Amendments to IAS 16 and IAS 38 clarify the principle in IAS 16 and IAS 18 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

Amendments to IAS 27 *Equity Method in Separate Financial Statements*

The amendment will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in the entities' separate financial statements. This is in addition to the accounting policy choice to account for such investments at cost less impairment, or fair value (in accordance with IAS 39), which currently exists and will continue to be available. The standard is effective for annual periods beginning on or after 1 January 2016. The Group is in the process of assessing the impact on the financial statements.

IFRS 9 *Financial Instruments*

IFRS 9 was introduced to replace IFRS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 changes the classification and measurement requirements for financial assets and liabilities, and also introduces a three-stage impairment model that will impair financial assets based on expected losses regardless of whether objective indicators of impairment have occurred. This standard also provides a simplified hedge accounting model that will align more closely with the entity's risk management strategies. The standard is effective for annual period beginning on or after 1 January 2018. The Group is in the process of assessing the impact on the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (b) Group Accounting

*Consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

Subsidiaries are entities over which any of the Group companies have control. The Group companies control an entity if and only if they have power over the entity and when they are exposed to, or have rights to variable returns from their involvement with the entity, and have the ability to use their power over the entity to affect those returns. The Group will re-assess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are fully consolidated from the date on which control is transferred to the Group companies and are deconsolidated from the date that control ceases.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's 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 recognised directly in equity and attributed to owners of the Group.

When the Group loses control of a subsidiary, a gain or loss is recognised 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 interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when the control is lost is regarded as the fair value on the initial recognition for subsequent accounting under IFRS 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

*Acquisition of businesses*

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

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

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

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (b) Group Accounting (cont'd)

*Acquisition of businesses* (cont'd)

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity in the consolidated statement of financial position, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Acquisition-related costs are expensed as incurred.

For non-controlling interests that present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on a transaction-by-transaction basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in other standards.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill on the statement of financial position. The accounting policy for goodwill is set out in Note 3(e). In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

*Disposals of subsidiaries or businesses*

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

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

### (c) Functional and Foreign Currencies

*Functional and presentation currency*

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The functional currency of the Company is Singapore Dollar ("S$"). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in United States Dollar ("US$"), which is the presentation currency for the consolidated financial statements. All values are rounded to the nearest thousand (US$'000), except as otherwise indicated.

# NOTES TO THE FINANCIAL STATEMENTS
31 December 2014

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (c) Functional and Foreign Currencies (cont'd)

*Transactions and balances*

In preparing the financial statements of the individual group entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss, unless they arise from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations. Those currency translation differences are recognised in the currency translation reserve in the consolidated financial statements and transferred to profit or loss as part of the gain or loss on disposal of the foreign operation.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

*Translation of group entities' financial statements*

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

– assets and liabilities are translated at the closing exchange rates at the date of that statement of financial position;

– income or expense for each statement presenting profit or loss and other comprehensive income (i.e. including comparatives) shall be translated at exchange rates at the dates of the transactions; and

– all resulting exchange differences are recognised in other comprehensive income and accumulated in the currency translation reserve.

On the disposal of a foreign operation, all of the accumulated currency translation differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any currency translation differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (d) Property, Plant and Equipment

All items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Property, plant and equipment acquired with individual values under S$1,000 are not capitalised, they are recognised as an expense in the statement of comprehensive income.

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

Depreciation is calculated on the straight-line basis to write off the cost of property, plant and equipment over the estimated useful lives of the assets as follows:

| | | |
|---|---|---|
| Freehold property | – | 20 years |
| Machinery and equipment | – | 3 to 10 years |
| Furniture, fittings and equipment | – | 3 to 10 years |
| Motor vehicles | – | 3 to 10 years |
| Renovations | – | 1 to 5 years |

Included in freehold property is freehold land of approximately US$2,825,000 (2013: US$2,825,000) which has an unlimited useful life and therefore is not depreciated.

The projected cost of dismantlement, removal or restoration is also recognised as part of the cost of property, plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of either acquiring the asset or using the asset.

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed annually to ensure that the method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The 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 recognised in profit or loss.

### (e) Goodwill on Consolidation

Goodwill represents the excess of the cost of an acquisition of a subsidiary over the fair value of the Group's share of their identifiable net assets, including contingent liabilities, at the date of acquisition. Following initial recognition, goodwill is measured at cost less any impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount (including the goodwill), an impairment loss is recognised. The recoverable amount of a cash-generating unit is the higher of the cash-generating unit's fair value less cost to sell and value-in-use. Impairment loss on goodwill is not reversed in a subsequent period.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (f) Intangible Assets

*Club membership*

Acquired club membership is shown at historical cost. The club membership is assessed as having an indefinite life as the contract is open ended and there is no foreseeable limit to the period over which the membership is expected to generate cash to the Group. The club membership is tested for impairment annually and carried at cost less any accumulated impairment losses.

*Research and development expenditure*

Research expenditure is recognised in operating expenses in profit or loss as the expenditure is incurred. Development expenditure (relating to the application of research knowledge to plan or design new or substantially improved products for sale or use within the business) is recognised as an intangible asset from the point at which it is probable that the Group has the ability to generate future economic benefits from the development expenditure, that the development is technically feasible and that the subsequent expenditure can be measured reliably. Any other development expenditure is recognised in operating expenses as incurred.

*Capitalised development costs*

Development costs that are directly attributable to the design and testing of identifiable and unique products controlled by the Group are capitalised as intangible assets only when the following criteria are met: (i) it is technically feasible to complete the product so that it will be available for use; (ii) management intends to complete the product and use it; (iii) there is an ability to use the product; (iv) it can be demonstrated how the product will generate probable future economic benefits; (v) adequate technical, financial and other resources to complete the development and use the product are available; and (vi) the expenditure attributable to the product during its development can be measured reliably.

Directly attributable costs that are capitalised include relevant employee costs. Capitalised development costs are amortised on a straight line basis over a period of 5 years from the date that the product is brought into first use. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses.

*Trading name*

Trading name is measured initially at cost. Following initial recognition, trading name is measured at cost less any impairment losses. Trading name is assessed as having an indefinite useful life as there is no foreseeable limit to the period over which the trading name is expected to generate economic benefits to the Group, including market presence and trading contacts. The indefinite useful life is reviewed annually to ensure the useful life assessment continues to be supportable.

Trading name is reviewed for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the trading name relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. Impairment loss on trading name is not reversed in a subsequent period.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (f) Intangible Assets (cont'd)

*Intellectual property rights*

Intellectual property rights (comprising granted patents and patents pending) are measured initially at cost. Following initial recognition, intellectual property rights are measured at cost less accumulated amortisation and any accumulated impairment losses. Intellectual property rights are amortised on a straight line basis over a period of 10 years from the date that the patent is granted.

The useful life and amortisation method are reviewed annually to ensure that the method and period of amortisation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the intellectual property rights.

### (g) Investments in subsidiaries

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

### (h) Inventories

Inventories are stated at the lower of cost and net realisable value.

For satellite communications inventories which consist of finished goods held for sale, cost is determined on a first-in, first-out (FIFO) basis. For contract manufacturing inventories, cost is determined on a weighted average basis, which include the actual cost of materials and incidentals in bringing the inventories into store and for manufactured inventories, the cost of work-in-progress and finished goods comprises raw materials, direct labour and related production overheads.

Net realisable value represents the estimated selling price in the ordinary course of business less all estimated costs of completion and costs necessary to make the sale. Allowance is made for obsolete and slow-moving items.

### (i) Financial Assets

i. Classification

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as “trade receivables”, “other receivables”, “cash and cash equivalents” and “due from subsidiaries” on the statement of financial position.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (i) Financial Assets (cont'd)

i. Classification (cont'd)

*Financial assets, available-for-sale*

Financial assets, available-for-sale, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless management intends to dispose of the assets within 12 months after the balance sheet date.

ii. Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of an available-for-sale financial asset, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had previously been recognised directly in other comprehensive income is recognised in profit and loss.

Available-for-sale financial assets are included in non-current assets unless the carrying value is expected to be recovered principally through sale rather than continuing use, in which case they are included within current assets.

iii. Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

iv. Subsequent measurement

*Loans and receivables*

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

*Financial assets, available-for-sale*

Available-for-sale financial assets are subsequently carried at fair value, where this can be reliably measured, with movements in fair value recognised directly in other comprehensive income. Gains or losses on available-for-sale financial assets are recognised in other comprehensive income until the investment is sold, collected or otherwise disposed of, or until the financial asset is determined to be impaired, at which time the cumulative gain or loss previously reported in other comprehensive income is included in profit and loss. Equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recorded at cost less impairment.

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (i) Financial Assets (cont'd)

v. Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

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

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

Any impairment losses on equity investments classified as an available-for-sale financial asset are recognised in profit and loss.

### (j) Impairment of Non-financial Assets

Non-financial assets (excluding goodwill and intangible assets with indefinite useful lives) are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial 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 (if any), on an individual asset.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (j) Impairment of Non-financial Assets (cont'd)

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

### (k) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, bank balances and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above less bank deposits pledged as security.

### (l) Trade and Other Payables

Trade and other payables, which are normally settled on 30 to 90 day terms, are initially recognised at fair value, and subsequently measured at amortised cost using the effective interest rate method. They are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in consolidated income statement.

### (m) Share Capital

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

### (n) Dividends to Company's Shareholders

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

### (o) Treasury Shares

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the consideration paid including any directly attributable incremental cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or re-issued.

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

When treasury shares are subsequently sold or re-issued pursuant to the employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or re-issue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (p) Offsetting Financial Assets and Financial Liabilities

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### (q) Provisions

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

The amount recognised as 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. Where 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 (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

### (r) Borrowings

Borrowings, are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date.

### (s) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period using the effective interest method in which they are incurred.

### (t) Financial Guarantees

The Company has issued corporate guarantees to banks for borrowings and facilities of its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (t) Financial Guarantees (cont'd)

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Financial guarantees are subsequently amortised to profit or loss over the period of the subsidiaries' borrowings, unless it is probable that the Company will reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the bank in the Company's balance sheet.

### (u) Revenue Recognition

Revenue for the Group comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of business, net of goods and services/value-added tax, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectibility of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

*Sale of goods*

Revenue on the sale of goods is recognised when the significant risks and rewards of ownership of the goods have been transferred to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

*Interest income*

Interest income is recognised on a time proportion basis using the effective interest method.

*Dividend income*

Dividend income is recognised when the right to receive payment is established.

### (v) Employee Benefits

*Defined contribution plans*

Defined contribution plans (including state-managed retirement benefit schemes) are post-employment benefit plans under which the Group pays fixed contributions into separate entities on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. Contributions to defined contributions plans are recognised as an expense in profit or loss as they fall due.

*Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The undiscounted liability for leave expected to be settled wholly before 12 months after the end of the annual reporting period is recognised for services rendered by employees up at the end of the reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (v) Employee Benefits (cont'd)

*Employee share options*

– *Equity-settled share options*

The cost of equity-settled share options with employees is measured by reference to the fair value at the date on which the share options are granted. In valuing the share options, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company.

The fair value determined at the grant date of the equity-settled options is recognised as an expense of employee share options in profit or loss with a corresponding increase in the share options reserve over the vesting period, based on the Company's estimate of shares that will eventually vest. Where the vesting conditions of a share-based compensation plan is not met, it shall be considered as forfeiture. The expense shall be revised to reflect the best available estimate of the number of equity instruments expected to vest. The employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

– *Cash-settled share options*

The cost of cash-settled share options is measured initially at fair value at the grant date taking into account the terms and conditions upon which the options were granted. This fair value is expensed over the vesting period with the recognition of a corresponding liability. Until the liability is settled, it is remeasured at each reporting date with changes in fair value recognised in profit or loss.

– *Group cash-settled share-based payment transactions*

If an entity in the Group is settling a share-based payment transaction, when another entity in the Group receives the goods or services, it shall recognise the transaction as an equity-settled share-based payment transaction only when it is settled in the entity's own equity instruments. Otherwise, the share-based payment transaction shall be recognised as a cash-settled share-based payment transaction.

### (w) Operating Leases

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

Contingent rents are recognised as an expense in profit or loss when incurred.

### (x) Segment Reporting

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

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (y) Income Tax

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax is provided using the liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are recognised for all temporary differences, except:

– where the deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction affects neither the accounting profit nor taxable profit or loss;

– in respect of temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future; and

– in respect of deductible temporary differences and carry-forward of unutilised tax credits and tax losses, if it is not probable that taxable profits will be available against which those deductible temporary differences and carry-forward of unutilised tax credits and tax losses can be utilised.

Unrecognised deferred tax assets are reassessed at each statement of financial position date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted at the statement of financial position date.

Current and deferred income taxes are recognised as income or expenses in the consolidated income statement for the financial period, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

## 4 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to exercise its judgement in the process of applying the Group's accounting policies, as set out in Note 3, based on historical experience and other factors considered to be relevant.

The preparation of financial statements also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

## 4 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

*Judgements made in applying accounting policies*

In the process of applying the Group's accounting policies, the application of judgements that are expected to have a significant effect on the amounts recognised in the financial statements are discussed below.

(i) Allowance for inventory obsolescence

Reviews are made periodically by management in respect of inventories for excess inventories, obsolescence and decline in net realisable value below cost. Allowances are recorded against the inventories for any such declines based on historical obsolescence and slow-moving experiences.

During the current financial year, no allowance was written back (2013: US$308,000) for inventory obsolescence (Note 8). The Group has made an allowance for inventory obsolescence for the financial year ended 31 December 2014 of US$120,000 (2013: US$7,000) (Note 8). The carrying amount of the Group's inventories as at 31 December 2014 was US$27,010,000 (2013: US$25,833,000) (Note 18).

(ii) Impairment of trade receivables

Management reviews trade receivables for objective evidence of impairment on a periodic basis. Significant financial difficulties of the debtor, the probability that the debtors will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management makes judgements as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant adverse changes in the technology, market, economic or legal environment in which the debtor operates. Where there is objective evidence of impairment, management judges whether an impairment loss should be recorded against the receivable.

During the financial year ended 31 December 2014, the Group made an impairment of trade receivables of US$8,000 (2013: Nil) (Note 8). The carrying amount of the Group's trade receivables was US$15,406,000 (2013: US$19,156,000) (Note 19).

(iii) Capitalised development costs

Management determines the amount of development costs to be recognised as intangible assets at each reporting date. In making their judgement, management has considered the progress of each project and whether there is sufficient certainty that the product under development will be economically viable and that economic benefits will flow to the Group in accordance with the Group's accounting policy stated in Note 3(f).

The carrying amount of the Group's capitalised development costs as at 31 December 2014 was US$4,229,000 (2013: US$2,826,000) (Note 14).

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 4 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

*Key sources of estimation uncertainty*

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the financial year that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Useful lives of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be within 1 to 20 years. The carrying amount of the Group's property, plant and equipment as at 31 December 2014 was US$11,082,000 (2013: US$10,800,000) (Note 11). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual value of these property, plant and equipment, which management assesses annually and if the expectation differs from the original estimate, such difference will impact the depreciation in the period in which such an estimate has been changed.

If depreciation on property, plant and equipment increases/decreases by 10% from management's estimate, the Group's profit for the year will decrease/increase by approximately US$172,800 (2013: US$143,500).

(ii) Impairment of goodwill

Goodwill arising from acquisition of subsidiaries is tested for impairment at least on an annual basis. This requires an estimation of the value in use of the cash-generating units ("CGU") to which the goodwill is allocated. Estimating the value in use requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the goodwill on consolidation as at 31 December 2014 was US$4,153,000 (2013: US$3,260,000) (Note 13).

No impairment loss was recognised for the goodwill arising from acquisition of subsidiaries assessed as at 31 December 2014 (2013: Nil) as the relevant recoverable amounts were in excess of the respective carrying amounts.

If the management's estimated pre-tax discount rates applied to the discounted cash flows for the CGUs as at 31 December 2014 is increased by 1% (2013: 1%), the relevant recoverable amounts are still in excess of the respective carrying amounts of the goodwill.

## 4 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

*Key sources of estimation uncertainty* (cont'd)

(iii) Income taxes

The Group has exposure to income taxes in numerous jurisdictions. In determining the income tax liabilities, management is required to estimate the amount of capital allowances and the deductibility of certain expenses at each tax jurisdiction. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Group has recognised an income tax expense of US$411,000 for the financial year ended 31 December 2014 (2013: US$1,236,000) (Note 9). The carrying amounts of the Group's current income tax liabilities were US$605,000 (2013: US$1,013,000) and deferred income tax assets and liabilities were US$743,000 and US$538,000, respectively, (2013: Nil and US$621,000) (Note 16) as at 31 December 2014.

(iv) Provision for litigation

The Group has recognised provision for litigation which will be settled after 12 months from the financial year of the Group as disclosed in Note 24 to the financial statements. In determining the amount of provision, assumptions and estimates are made in relation to the probability of a successful suit, estimated cost to settle the litigation and expected timing of settlement.

The Group has recognised a provision of US$389,000 (2013: Nil) (Note 8) for litigation during the financial year (Note 24).

If the provision for litigation used had been 10% higher than management's estimate, the carrying amount of the provision would have been US$38,900 (2013: Nil) higher.

## 5 REVENUE

| | Group | |
|---|---|---|
| | 2014 US$'000 | 2013 US$'000 |
| Sale of goods | 134,135 | 115,750 |

## 6 FINANCE INCOME

| | Group | |
|---|---|---|
| | 2014 US$'000 | 2013 US$'000 |
| Interest income on fixed deposits | 63 | 40 |

# NOTES TO THE FINANCIAL STATEMENTS
31 December 2014

## 7 FINANCE COSTS

| | Group | |
|---|---|---|
| | 2014 | 2013 |
| | US$'000 | US$'000 |
| Interest expense on borrowings | 15 | 7 |

## 8 PROFIT BEFORE INCOME TAX

| | Group | |
|---|---|---|
| | 2014 | 2013 |
| | US$'000 | US$'000 |
| This is arrived at after charging/(crediting): | | |
| Cost of inventories recognised as an expense (included in cost of sales) | 102,344 | 86,546 |
| Amortisation of intangible assets | 381 | 6 |
| Depreciation of property, plant and equipment included in: | | |
| – cost of sales | 884 | 689 |
| – administrative expenses | 844 | 746 |
| Audit fees – Company's auditors | 94 | 153 |
| – Other auditors | 241 | 194 |
| Non-audit fees – Company's auditors | – | – |
| – Other auditors | 253 | 30 |
| Gain on disposal of property, plant and equipment (included in other income) | (18) | (91) |
| Gain on disposal of intangible asset (included in other income) | (14) | – |
| Operating lease expense | 1,703 | 1,762 |
| Write-back of inventory obsolescence (Note 18) | – | (308) |
| Allowance for inventory obsolescence (Note 18) | 120 | 7 |
| Provision for litigation (included in administrative expenses) | 389 | – |
| Impairment of trade receivables (Note 31(b)(ii)) | 8 | – |
| Loss/(Gain) on foreign exchange (included in other operating expenses/other income) | 559 | (458) |
| Loss on de-registration of subsidiary (included in other operating expenses) | 208 | – |
| Research and development expense (included in administrative expenses) | 477 | 357 |
| Impairment of intangible assets | – | 16 |

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 9 INCOME TAX EXPENSE

| | Group | |
|---|---|---|
| | **2014** | **2013** |
| | **US$'000** | **US$'000** |
| Income tax expense attributable to the results is made up of: | | |
| Current income tax | | |
| – current year | 1,448 | 903 |
| – (over)/under provision in prior year | (213) | 35 |
| | 1,235 | 938 |
| Deferred tax (Note 16) | (862) | 266 |
| Withholding tax | | |
| – current year | 38 | 32 |
| | 411 | 1,236 |

The income tax expense on the profit before income tax varies from the amount of income tax expense determined by applying the applicable tax rates in each jurisdiction the Group operates due to the following factors:

| | Group | |
|---|---|---|
| | **2014** | **2013** |
| | **US$'000** | **US$'000** |
| Profit before income tax | 5,513 | 9,274 |
| Income tax expense calculated at applicable tax rates | 1,378 | 2,130 |
| Non-deductible expenses | 976 | 541 |
| Non-taxable income | (121) | (225) |
| Utilisation of unrecognised deferred tax assets | (325) | (1,063) |
| Research and development credits | (260) | (214) |
| (Over)/Under provision of income tax in prior year | (213) | 35 |
| Recognition of losses to be utilised in future periods (Note 16) | (1,062) | – |
| Withholding tax | | |
| – current year | 38 | 32 |
| | 411 | 1,236 |

The applicable tax rates used for the reconciliations above are the corporate tax rates payable by entities on taxable profits under tax law in the following jurisdictions:

| | **2014** | **2013** |
|---|---|---|
| Singapore | 17% | 17% |
| England and Wales | 21.5% | 23.25% |
| Malaysia | 25% | 25% |
| People's Republic of China | 25% | 25% |
| Israel | 26.5% | N.A. |

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 9 INCOME TAX EXPENSE (CONT'D)

The remaining entities of the Group operating in jurisdictions other than the above have either no taxable income or are not material.

Expenses not deductible for tax purpose comprise mainly exchange loss arising from revaluation of non-trade balances and certain non-deductible professional and administrative expenses.

According to a joint circular of the Ministry of Finance and the State Administration of Taxation, Cai Shui [2008] No. 1, only the profits earned by a foreign-investment enterprise prior to 1 January 2008, when distributed to foreign investors, can be exempted from withholding tax. Whereas, dividends distributed out of the profit generated thereafter, shall be subject to EIT at 10% (or at the concessionary rate of 5%, if applicable) and withheld by the PRC entity, pursuant to Articles 3 and 27 of the EIT Law and Article 91 of its Details Implementation Rules.

As at 31 December 2014, withholding tax on the portion of the undistributed earnings derived by the Group's subsidiaries in the PRC which is expected to be distributed out as dividends in the foreseeable future amounted to approximately US$38,000 (2013: US$32,000), has been accrued to the Group's financial statements.

## 10 EARNINGS PER SHARE

### (a) Basic Earnings Per Share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue (excluding treasury shares) during the financial year as follows:

| | 2014 | 2013 |
|---|---|---|
| Net profit for the year attributable to equity holders of the Company (US$'000) | 5,102 | 8,038 |
| Weighted average number of ordinary shares outstanding for basic earnings per share computation ('000) | 252,121 | 235,347 |
| Basic earnings per share (US cents) | 2.02 | 3.42 |

### (b) Diluted Earnings Per Share

For the purpose of calculating diluted earnings per share, the total number of ordinary shares is adjusted for the effects of all dilutive potential ordinary shares, being the share options granted and remained outstanding, if any, as at the date of financial position.

For the share options, a calculation is done to determine the number of ordinary shares that could have been acquired at fair value (determined as the average annual market share price of the Company's ordinary shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of ordinary shares calculated is compared with the number of ordinary shares that would have been issued assuming the exercise of the share options. The difference is added to the denominator as an issuance of ordinary shares for no consideration. No adjustment is made to the profit (numerator).

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 10 EARNINGS PER SHARE (CONT'D)

### (b) Diluted Earnings Per Share (cont'd)

The weighted average number of ordinary shares for the purposes of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

| | 2014 | 2013 |
|---|---|---|
| Weighted average number of ordinary shares used in the calculation of basic earnings per share ('000) | 252,121 | 235,347 |
| Shares deemed to be issued for no consideration in respect of: | | |
| Employee options ('000) | 2,626 | 253 |
| | 254,747 | 235,600 |

Diluted earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue (excluding treasury shares) during the financial year as follows:

| | 2014 | 2013 |
|---|---|---|
| Net profit for the year attributable to equity holders of the Company (US$'000) | 5,102 | 8,038 |
| Weighted average number of ordinary shares outstanding for diluted earnings per share computation ('000) | 254,747 | 235,600 |
| Diluted earnings per share (US cents) | 2.00 | 3.41 |

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 11 PROPERTY, PLANT AND EQUIPMENT

| | Freehold property US$'000 | Machinery & equipment US$'000 | Furniture, fittings & equipment US$'000 | Motor vehicles US$'000 | Renovations US$'000 | Total US$'000 |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| **2014** | | | | | | |
| Cost | | | | | | |
| Balance as at 1 January | 2,863 | 15,845 | 7,023 | 279 | 1,185 | 27,195 |
| Currency realignment | (9) | (148) | 24 | – | (5) | (138) |
| Additions | – | 1,689 | 293 | – | – | 1,982 |
| Acquired through business combinations (Note 13) | – | 173 | – | – | – | 173 |
| Disposals | – | (15) | (3) | (25) | – | (43) |
| Balance as at 31 December | 2,854 | 17,544 | 7,337 | 254 | 1,180 | 29,169 |
| Accumulated depreciation | | | | | | |
| Balance as at 1 January | 6 | 10,308 | 4,903 | 165 | 1,013 | 16,395 |
| Currency realignment | – | 2 | 3 | 2 | (2) | 5 |
| Depreciation charge | 42 | 1,149 | 457 | 35 | 45 | 1,728 |
| Disposals | – | (13) | (3) | (25) | – | (41) |
| Balance as at 31 December | 48 | 11,446 | 5,360 | 177 | 1,056 | 18,087 |
| Net book value | | | | | | |
| Balance as at 31 December | 2,806 | 6,098 | 1,977 | 77 | 124 | 11,082 |
| **2013** | | | | | | |
| Cost | | | | | | |
| Balance as at 1 January | 519 | 13,121 | 6,960 | 290 | 1,114 | 22,004 |
| Currency realignment | – | (8) | (1) | – | (3) | (12) |
| Additions | – | 2,135 | 110 | 84 | 74 | 2,403 |
| Acquired through business combinations (Note 13) | 2,344 | 967 | – | – | – | 3,311 |
| Disposals | – | (370) | (46) | (95) | – | (511) |
| Balance as at 31 December | 2,863 | 15,845 | 7,023 | 279 | 1,185 | 27,195 |
| Accumulated depreciation | | | | | | |
| Balance as at 1 January | 1 | 9,840 | 4,485 | 230 | 943 | 15,499 |
| Currency realignment | – | (28) | – | – | (2) | (30) |
| Depreciation charge | 5 | 867 | 462 | 29 | 72 | 1,435 |
| Disposals | – | (371) | (44) | (94) | – | (509) |
| Balance as at 31 December | 6 | 10,308 | 4,903 | 165 | 1,013 | 16,395 |
| Net book value | | | | | | |
| Balance as at 31 December | 2,857 | 5,537 | 2,120 | 114 | 172 | 10,800 |

The Group holds a freehold factory based in Accrington in the United Kingdom, for the manufacture of satellite dishes and a freehold machine shop and leasehold factory site with a lease expiring in September 2016, both based in Newton Abbot in the United Kingdom for the manufacture of flexible and rigid waveguides.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 11 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| | Furniture, fittings & equipment US$'000 | Renovations US$'000 | Total US$'000 |
|---|---|---|---|
| **Company** | | | |
| **2014** | | | |
| Cost | | | |
| Balance as at 1 January | 36 | 79 | 115 |
| Currency realignment | (1) | (3) | (4) |
| Additions | 1 | – | 1 |
| Balance as at 31 December | 36 | 76 | 112 |
| Accumulated depreciation | | | |
| Balance as at 1 January | 22 | 79 | 101 |
| Currency realignment | (1) | (3) | (4) |
| Depreciation charge | 8 | – | 8 |
| Balance as at 31 December | 29 | 76 | 105 |
| Net book value | | | |
| Balance as at 31 December | 7 | – | 7 |
| **2013** | | | |
| Cost | | | |
| Balance as at 1 January | 21 | 82 | 103 |
| Currency realignment | (1) | (3) | (4) |
| Additions | 16 | – | 16 |
| Balance as at 31 December | 36 | 79 | 115 |
| Accumulated depreciation | | | |
| Balance as at 1 January | 15 | 44 | 59 |
| Currency realignment | – | (2) | (2) |
| Depreciation charge | 7 | 37 | 44 |
| Balance as at 31 December | 22 | 79 | 101 |
| Net book value | | | |
| Balance as at 31 December | 14 | – | 14 |

## 12 INVESTMENTS IN SUBSIDIARIES

| | Company | |
|---|---|---|
| | 2014 US$'000 | 2013 US$'000 |
| Unquoted equity shares, at cost | 43,458 | 44,148 |
| Accounting for employee share options | 131 | 43 |
| Currency realignment | 3,857 | 6,059 |
| Less: Impairment in investment in subsidiaries | – | (791) |
| | 47,446 | 49,459 |

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 12 INVESTMENTS IN SUBSIDIARIES (CONT'D)

| | Company 2014 US$'000 | Company 2013 US$'000 |
|---|---|---|
| Movements in the allowance for impairment loss of investments in subsidiaries: | | |
| Balance at beginning of the year | 791 | 31,768 |
| Allowance for impairment loss | | |
| – Reversal during the year | – | (29,898) |
| – Written off during the year | (791) | – |
| Currency realignment | – | (1,079) |
| Balance at end of the year | – | 791 |

The write off of US$791,000 was made in relation to Sino-Brilliant Energy Pte Ltd which has been struck off during the current financial year.

In the previous financial year, the reversal of impairment of US$29,898,000 was recognised for the Company's investment in its main operating subsidiaries with the increase in the recoverable amount as a result of higher certainties in the sustainability of the operating cash flows of the subsidiaries.

Details of the subsidiaries as at the end of the financial year are as follows:

| Name of subsidiaries and country of incorporation | Principal activities and place of business | Percentage of equity held by the Company 2014 % | Percentage of equity held by the Company 2013 % | Cost of investment by the Company 2014 US$'000 | Cost of investment by the Company 2013 US$'000 |
|---|---|---|---|---|---|
| ***Held by the Company*** | | | | | |
| Global Invacom Holdings Limited(1) England and Wales | Investment holding England and Wales | 100 | 100 | 30,500 | 30,500 |
| Global Invacom Sdn Bhd(2) Malaysia | Trading and manufacturing Malaysia | 100 | 100 | 33 | 33 |
| Global Invacom Manufacturing Pte Ltd(3) Singapore | Trading and investment holding Singapore | 100 | 100 | 10,000 | 10,000 |
| Radiance Cayman Ltd(4) Cayman Islands | Marketing and promotion Cayman Islands | 100 | 100 | # | # |
| Radiance Electronics (Shenzhen) Co., Ltd(11) PRC | Electronics manufacturing services PRC | 100 | 100 | 2,925 | 2,925 |
| Sino-Brilliant Energy Pte Ltd(3) Singapore | Investment holding Singapore | – | 100 | – | 690 |
| | | | | 43,458 | 44,148 |

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 12 INVESTMENTS IN SUBSIDIARIES (CONT'D)

| Name of subsidiaries and country of incorporation | Principal activities and place of business | Percentage of equity held by the Group 2014 % | 2013 % |
|---|---|---|---|
| ***Held by Subsidiary*** | | | |
| Global Invacom Manufacturing (Shanghai) Co., Ltd[6][11] PRC | Electronics manufacturing services PRC | 100 | 100 |
| Global Invacom Limited[1][7] England and Wales | Design of products for reception and transmission of satellite signals England and Wales | 100 | 100 |
| GI Provision Limited[1][7] England and Wales | Design and sales of HD video transmission and reception technology England and Wales | 100 | 100 |
| Invacom Holdings Limited[1][8] England and Wales | Dormant England and Wales | 100 | 100 |
| Invacom Limited[1][9] England and Wales | Dormant England and Wales | 100 | 100 |
| Invacom Systems Limited[1][9] England and Wales | Dormant England and Wales | 100 | 100 |
| The Waveguide Solution Limited[1][7] England and Wales | Design and manufacture of microwave waveguide components and applications England and Wales | 100 | 100 |
| Global Invacom Manufacturing (UK) Limited[1][7] England and Wales | Manufacture and supply of antennas and related products England and Wales | 100 | 100 |
| OnePath Networks Limited[5][7] Israel | Design and manufacture of product in Radio Frequency over fibre technology Israel | 100 | – |
| OnePath Networks Inc.[5][10] United States of America | Sales and marketing United States of America | 100 | – |
| Foxcom Fiber Optics (PTY) Limited[5][10] South Africa | Dormant South Africa | 100 | – |

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 12 INVESTMENTS IN SUBSIDIARIES (CONT'D)

(1) Audited by Moore Stephens LLP, London.
(2) Audited by Moore Stephens Associates & Co., Malaysia.
(3) Audited by Moore Stephens LLP, Singapore.
(4) Not required to be audited by law in its country of incorporation. However, the financial statements were reviewed in accordance with IFRS for consolidation purposes by Moore Stephens LLP, Singapore.
(5) Audited by KPMG, Israel.
(6) Wholly-owned subsidiary of Global Invacom Manufacturing Pte Ltd.
(7) Wholly-owned subsidiary of Global Invacom Holdings Limited.
(8) Wholly-owned subsidiary of Global Invacom Limited.
(9) Wholly-owned subsidiary of Invacom Holdings Limited.
(10) Wholly-owned subsidiary of OnePath Networks Limited.
(11) The financial statements were audited in accordance with IFRS for consolidation purposes by Moore Stephens LLP, Singapore.
# denotes less than US$1,000

## 13 GOODWILL

| | | Group | |
|---|---|---|---|
| | | 2014 US$'000 | 2013 US$'000 |
| **Cost** | | | |
| At beginning of the financial year | | 3,260 | 3,260 |
| Acquisition of subsidiaries | (a) | 893 | – |
| At the end of the financial year | | 4,153 | 3,260 |

### (a) Acquisition of Subsidiaries

(i) Acquisition of OnePath Networks Limited ("OPN")

On 10 November 2014, the Company's wholly owned subsidiary, Global Invacom Holdings Limited ("GIHL"), completed the acquisition of the entire equity interest in OPN, a company registered in Israel with the principal activities of the design and manufacture of product for in-building wireless coverage, multi-family housing TV distribution, Distributed Antenna Systems and satellite ground station connectivity. The acquisition has been accounted for using the acquisition method of accounting. The fair values of assets and liabilities arising from the acquisition of OPN have been determined to be approximately its carrying amount as at acquisition date. The consolidated financial statements include the results of OPN from the acquisition date.

The identifiable assets and liabilities arising from the acquisition were as follows:

| | Fair value recognised on acquisition US$'000 | Acquiree's carrying amount US$'000 |
|---|---|---|
| Property, plant and equipment (Note 11) | 173 | 173 |
| Inventories | 1,150 | 1,150 |
| Trade and other receivables | 867 | 867 |
| Cash and cash equivalents | 1,344 | 1,344 |
| | 3,534 | 3,534 |
| Trade and other payables | (927) | (927) |
| | (927) | (927) |
| Net assets | 2,607 | 2,607 |

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 13 GOODWILL (CONT'D)

### (a) Acquisition of Subsidiaries (cont'd)

(i) Acquisition of OnePath Networks Limited ("OPN") (cont'd)

The total cost of business combination was US$3,500,000. The consideration was settled fully in cash and arrived at after arm's length negotiations, on a "willing buyer willing seller" basis, taking into account the net asset value together with historical and projected earnings.

Acquisition costs of US$449,000 have been excluded from the consideration above and recognised as an expense in the current year within the line "administrative expenses" in the statement of comprehensive income.

*Goodwill arising from acquisition*

| | 2014<br>US$'000 |
|---|---|
| Fair value of net identifiable assets | 2,607 |
| Goodwill on acquisition | 893 |
| Cost of business combination | 3,500 |

*Impact of acquisition on the cash flows of the Group*

The effect of the acquisition of the subsidiary on the cash flows is as follows:

| | 2014<br>US$'000 |
|---|---|
| Purchase consideration for acquisition of subsidiary | (3,500) |
| Cash and cash equivalents of the subsidiary acquired | 1,344 |
| Net cash outflow on acquisition | (2,156) |

*Impact of acquisition on the results of the Group*

From the date of acquisition, OPN contributed total revenue of approximately US$846,000 and net profit for the year of approximately US$85,000 to the Group's result. If the acquisition had occurred on 1 January 2014, the consolidated revenue and net profit for the current financial year would have been US$138,206,000 and US$4,852,000, respectively.

(ii) Acquisition of Global Invacom Manufacturing (UK) Limited ("GIML")

On 27 November 2013, the Company completed the acquisition of the entire equity interest in GIML (formerly known as Raven Manufacturing Limited), a company registered in England and Wales with the principal activities of the manufacture and supply of antennas and related products for the satellite industry and manufacture of metal pressings and sub assemblies for the UK automotive industry. The acquisition has been accounted for using the acquisition method of accounting. The fair values of assets and liabilities arising from the acquisition of GIML have been determined to be approximately its carrying amount as at acquisition date. The consolidated financial statements include the results of GIML from the acquisition date.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 13 GOODWILL (CONT'D)

### (a) Acquisition of Subsidiaries (cont'd)

(ii) Acquisition of Global Invacom Manufacturing (UK) Limited ("GIML") (cont'd)

The identifiable assets and liabilities arising from the acquisition were as follows:

| | Fair value recognised on acquisition US$'000 | Acquiree's carrying amount US$'000 |
|---|---|---|
| Property, plant and equipment (Note 11) | 3,311 | 3,311 |
| Inventories | 1,139 | 1,139 |
| Trade and other receivables | 1,080 | 1,080 |
| | 5,530 | 5,530 |
| Trade and other payables | (2,533) | (2,533) |
| Bank overdraft | (584) | (584) |
| | (3,117) | (3,117) |
| Net assets | 2,413 | 2,413 |

The total cost of business combination was US$2,413,000 (equivalent to £1,492,000). The consideration is to be fully satisfied by way of cash, with the understanding that £148,367 be deposited in an escrow account until its release in accordance with the Sale and Purchase agreement entered into on 26 November 2013. The consideration was arrived at after arm's length negotiations, on a "willing buyer willing seller" basis, based on the estimated net asset value of GIML as at the completion date.

Acquisition costs of US$485,000 have been excluded from the consideration above and recognised as an expense in the current year within the line "administrative expenses" in the statement of comprehensive income.

*Goodwill arising from acquisition*

| | 2013 US$'000 |
|---|---|
| Fair value of net identifiable assets | 2,413 |
| Goodwill on acquisition | – |
| Cost of business combination | 2,413 |

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 13 GOODWILL (CONT'D)

### (a) Acquisition of Subsidiaries (cont'd)

(ii) Acquisition of Global Invacom Manufacturing (UK) Limited ("GIML") (cont'd)

*Impact of acquisition on the cash flows of the Group*

The effect of the acquisition of the subsidiary on the cash flows is as follows:

| | **2013** **US$'000** |
|---|---|
| Purchase consideration for acquisition of subsidiary | (2,413) |
| Add: Repayment of invoice financing facility | 687 |
| Bank overdraft of the subsidiary acquired | (584) |
| Net cash outflow on acquisition | (2,310) |

*Impact of acquisition on the results of the Group*

From the date of acquisition, GIML contributed total revenue of approximately US$1,156,000 and loss for the year of approximately US$336,000 to the Group's result. If the acquisition had occurred on 1 January 2013, the consolidated revenue and net profit for the financial year would have been US$127,362,000 and US$7,098,000, respectively.

### (b) Impairment Test of Goodwill

Allocation of goodwill

Goodwill has been allocated to the Group's cash generating unit ("CGU") identified according to the business segment as follows:

| | **Group** | |
|---|---|---|
| | **2014** **US$'000** | **2013** **US$'000** |
| Satellite Communications | | |
| – The Waveguide Solution Limited ("TWS") – England and Wales | 3,260 | 3,260 |
| – OPN – Israel | 893 | – |
| | 4,153 | 3,260 |

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 13 GOODWILL (CONT'D)

### (b) Impairment Test of Goodwill (cont'd)

The Group assessed the recoverable amount of goodwill based on value in use calculations which uses cash flow projections based on financial forecast provided by management covering a 5-year period. The key assumptions for the value in use calculations are as follows:

| | | 2014 | | 2013 |
|---|---|---|---|---|
| | | **OPN** | **TWS** | **TWS** |
| (i) | Estimated discount rates using pre-tax rates that reflect current market assessments of the risks specific to the CGUs | 7.0% | 7.0% | 7.1% |
| (ii) | Growth rates used to calculate the terminal value based on industry growth forecasts | – | – | – |
| (iii) | Cash flow forecasts derived from the most recent financial budgets approved by management | 5 years | 5 years | 5 years |
| (iv) | Gross margin | 53% | 37% | 38% |

These assumptions were used for the analysis of the CGUs. Management recognises the speed of technological change and the possibility of new entrants that can have a significant impact on the growth rate assumptions. The effect of new entrants is not expected to have a significant adverse impact on the forecasts included in the budget. The budgeted gross margin is based on past performance and expectations of market development.

*Sensitivity analysis*

Management considered the possibility of an increase or decrease in the estimated growth rate and increase in the discount rate used. A 1% increase in the estimated discount rate used would not result in a recoverable amount lower than the carrying amount of goodwill in the CGUs.

Management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of goodwill to exceed its recoverable amount. Based on management's review of the recoverable amounts of the CGUs, no impairment on goodwill was required during the financial year ended 31 December 2014 (2013: Nil).

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 14 INTANGIBLE ASSETS

| | Trading name US$'000 | Intellectual property rights US$'000 | Capitalised development costs US$'000 | Club membership US$'000 | Total US$'000 |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **2014** | | | | | |
| Cost | | | | | |
| Balance as at 1 January | 16 | 249 | 2,826 | 65 | 3,156 |
| Additions | – | – | 1,778 | – | 1,778 |
| Disposals | – | – | – | (63) | (63) |
| Currency realignment | – | – | – | (2) | (2) |
| Balance as at 31 December | 16 | 249 | 4,604 | – | 4,869 |
| Amortisation and impairment | | | | | |
| Balance as at 1 January | 16 | 16 | – | – | 32 |
| Amortisation charge | – | 6 | 375 | – | 381 |
| Balance as at 31 December | 16 | 22 | 375 | – | 413 |
| Net book value | | | | | |
| Balance as at 31 December | – | 227 | 4,229 | – | 4,456 |
| **2013** | | | | | |
| Cost | | | | | |
| Balance as at 1 January | 16 | 249 | 1,864 | 67 | 2,196 |
| Additions | – | – | 962 | – | 962 |
| Currency realignment | – | – | – | (2) | (2) |
| Balance as at 31 December | 16 | 249 | 2,826 | 65 | 3,156 |
| Amortisation and impairment | | | | | |
| Balance as at 1 January | – | 10 | – | – | 10 |
| Amortisation charge | – | 6 | – | – | 6 |
| Impairment | 16 | – | – | – | 16 |
| Balance as at 31 December | 16 | 16 | – | – | 32 |
| Net book value | | | | | |
| Balance as at 31 December | – | 233 | 2,826 | 65 | 3,124 |

# NOTES TO THE FINANCIAL STATEMENTS
31 December 2014

## 14 INTANGIBLE ASSETS (CONT'D)

The Group has additional capitalised development costs amounting to US$1,778,000 (2013: US$962,000), including employee costs of US$1,407,000 (2013: US$383,000) during the financial year ended 31 December 2014, which relate to the development of wireless transmission of high definition (HD) TV.

| | Club membership | |
|---|---|---|
| | 2014 US$'000 | 2013 US$'000 |
| **Company** | | |
| Cost | | |
| Balance as at 1 January | 65 | 67 |
| Disposal | (63) | – |
| Currency realignment | (2) | (2) |
| Balance as 31 December | – | 65 |

## 15 AVAILABLE-FOR-SALE FINANCIAL ASSETS

| | Group | |
|---|---|---|
| | 2014 US$'000 | 2013 US$'000 |
| Unlisted equity securities, at cost | 8 | 397 |
| Less: Allowance for impairment losses | – | (389) |
| | 8 | 8 |
| Analysis of allowance for impairment losses: | | |
| Balance as at 1 January and 31 December | – | 389 |

The above unlisted equity securities are carried at cost less impairment.

(a) The Group acquired a 16% interest in the issued share capital of Provision Communications, a company incorporated in England and Wales, with a total investment amounting to £250,000, equivalent to US$389,000. Provision Communications develops AXAR technology delivering wireless, end-to-end streaming of HDTV throughout every room in a home, or other buildings. In April 2011, Provision Communications went into liquidation and the carrying amount of the investment has been fully impaired during the year ended 31 December 2011 and subsequently fully written off in the current financial year.

(b) The Group acquired an available-for-sale financial asset – Fibre TV to Home Ltd ("FTTH"), a company incorporated in England and Wales, for US$7,955 in 2009. Fibre TV provides end to end TV Services, Digital Terrestrial TV and Digital Audio Broadcast Radio Digital TV and radio solutions for housing developments, apartment blocks and offices.

The activities of FTTH are at an early stage and the Group considers their investment in FTTH is not significant.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 16 DEFERRED TAX ASSETS/(LIABILITIES)

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

| | Group | |
|---|---|---|
| | 2014 US$'000 | 2013 US$'000 |
| Deferred income tax assets to be recovered after 1 year | 743 | – |
| Deferred income tax liabilities to be settled after 1 year | (538) | (621) |

The movements in the deferred income tax account are as follows:

| | Group | |
|---|---|---|
| | 2014 US$'000 | 2013 US$'000 |
| Balance as at the beginning of the year | (621) | (339) |
| Credit/(Charge) for the year (Note 9) | 862 | (266) |
| Currency realignment | (36) | (16) |
| Balance at the end of the year | 205 | (621) |

The components and movements of deferred tax assets and liabilities during the year prior to offsetting are as follows:

| | Deferred tax liabilities – Property, plant and equipment US$'000 | Deferred tax assets – Unused tax losses and unabsorbed capital allowances US$'000 | Total US$'000 |
|---|---|---|---|
| Balance as at 1 January 2013 | (339) | – | (339) |
| Currency realignment | (16) | – | (16) |
| Charge for the year | (266) | – | (266) |
| Balance as at 31 December 2013 | (621) | – | (621) |
| Currency realignment | 7 | (43) | (36) |
| (Charge)/Credit for the year (Note 9) | (200) | 1,062 | 862 |
| Deferred tax liability in subsidiary offset against deferred tax asset | 276 | (276) | – |
| Balance as at 31 December 2014 | (538) | 743 | 205 |

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 16 DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

*Unrecognised tax losses*

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable.

As at 31 December 2014, the Group has unutilised tax losses of approximately US$12,044,000 (2013: US$18,400,000) which can be carried forward and used to offset against future taxable income of those Group entities in which the losses arose, subject to the agreement of the tax authorities and compliance with the relevant provisions of the tax legislation of the respective countries in which they operate. Deferred tax assets arising from these unutilised tax losses carried forward have not been recognised in accordance with the Group's accounting policy stated in Note 3(y). The deferred tax assets not recognised are estimated to be US$2,238,000 (2013: US$3,625,000).

During the current financial year, deferred tax assets amounting to US$1,062,000 (2013: Nil) were recognised based on the anticipated future use of tax losses carried forward by Group's wholly owned subsidiary, GIML, as GIML has become profitable in the current financial year.

## 17 DUE FROM/(TO) SUBSIDIARIES

| | Company | |
|---|---|---|
| | **2014** | **2013** |
| | **US$'000** | **US$'000** |
| Due from subsidiaries | 1,099 | 2,789 |
| Due (to) a subsidiary | (2,556) | – |
| Due (to)/from subsidiaries, net | (1,457) | 2,789 |

As at 31 December 2013, the amounts due from subsidiaries were non-trade in nature, unsecured, interest-free and repayable on demand.

The non-trade amount due from a subsidiary was unsecured, interest-free and was set off against the non-trade amount due to the subsidiary following an offsetting agreement entered into during the current financial year.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 17 DUE FROM/(TO) SUBSIDIARIES (CONT'D)

Financial assets and financial liabilities that are offset in the Company's balance sheet as at 31 December 2014 are as follows:

| | Gross amounts of recognised financial assets/ (liabilities) US$'000 | Gross amounts of recognised financial assets/ (liabilities) offset in the balance sheet US$'000 | Net amounts of financial assets/ (liabilities) presented in the balance sheet US$'000 |
|---|---|---|---|
| **2014** | | | |
| **Types of financial assets** | | | |
| Amount due from a subsidiary | | | |
| – Non-trade | 2,169 | (1,070) | 1,099 |
| **Types of financial liabilities** | | | |
| Amount due to a subsidiary | | | |
| – Non-trade | (3,626) | 1,070 | (2,556) |

## 18 INVENTORIES

| | Group 2014 US$'000 | Group 2013 US$'000 |
|---|---|---|
| Finished products | 16,753 | 14,253 |
| Work-in-progress | 2,385 | 2,755 |
| Raw materials | 7,872 | 8,825 |
| | 27,010 | 25,833 |
| Analysis of allowance for inventory obsolescence: | | |
| Balance at the beginning of the year | 2,059 | 2,296 |
| Currency realignment | (49) | 64 |
| Allowance for stock obsolescence | 120 | 7 |
| Write-back for the year | – | (308) |
| Balance at the end of the year | 2,130 | 2,059 |

During the previous year, the Group wrote-back allowance for inventory obsolescence amounted to approximately US$308,000, as a result of a change in the estimate of the future demand of the Group's products based on a review carried out by the Board of Directors as at the year end.

## 19 TRADE RECEIVABLES

| | Group 2014 US$'000 | Group 2013 US$'000 |
|---|---|---|
| Trade receivables | 19,233 | 22,975 |
| Less: Impairment of trade receivables (Note 31(b)(ii)) | (3,827) | (3,819) |
| | 15,406 | 19,156 |

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 20 OTHER RECEIVABLES AND PREPAYMENTS

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2014 | 2013 | 2014 | 2013 |
| | | US$'000 | US$'000 | US$'000 | US$'000 |
| Other receivables | | | | | |
| Deposits | | 376 | 384 | 59 | 59 |
| Advanced payments | | 193 | 505 | – | – |
| GST receivables | | 994 | 650 | – | 3 |
| Other debtors | | 465 | 325 | 38 | – |
| Loans to subsidiaries | (a) | – | – | 13,670 | 10,219 |
| | | 2,028 | 1,864 | 13,767 | 10,281 |
| Prepaid expenses | | 641 | 635 | 57 | 80 |
| | | 2,669 | 2,499 | 13,824 | 10,361 |
| Presented as: | | | | | |
| Non-current | | – | – | 8,283 | 8,391 |
| Current | | 2,669 | 2,499 | 5,541 | 1,970 |
| | | 2,669 | 2,499 | 13,824 | 10,361 |
| Loans to subsidiaries | | | | | |
| Non-current | | – | – | 8,283 | 8,391 |
| Current | | – | – | 5,387 | 1,828 |
| | | – | – | 13,670 | 10,219 |

### (a) Loans to subsidiaries

(i) Loan from the Company to GIHL

On 10 November 2014, the Company advanced a loan of US$3,500,000 to GIHL at an interest rate equivalent to 4% per annum above the base rate of the Bank of England, with the loan repayable immediately upon notice from either lender or borrower, to finance the acquisition of the entire issues share capital of OPN. The funds were raised during the listing of the Company's shares on the AIM market of the London Stock Exchange and were earmarked for mergers and acquisitions. Interest accrued from the date of drawdown to the reporting date is US$22,000.

(ii) Loan Note issued to the Company by GIHL

On 24 August 2012, GIHL issued loan notes to the Company in respect of the purchase of 100% of the issued and paid up share capital of The Waveguide Solution Limited ("TWS"). The nominal value of the loan notes is £6,000,000 at a subscription price of £4,750,000 (approximately US$7,396,000) due for redemption 5 years after the date of issue. Interest accrues at a compound interest rate of approximately 4.78% over the 5-year period with early redemption provisions applicable. Interest accrued from the date of issue to the reporting date is £569,209 (approximately US$887,000) (2013: £326,396 (approximately US$540,000)).

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 20 OTHER RECEIVABLES AND PREPAYMENTS (CONT'D)

### (a) Loans to subsidiaries (cont'd)

(iii) Loan from the Company to Global Invacom Limited ("GIL")

On 31 October 2012, the Company advanced a loan of £1,007,542 (approximately US$1,569,000) to GIL at an interest rate equivalent to 8% per annum, with the loan repayable immediately upon notice from either lender or borrower, for carrying out Research & Development ("R&D") activities. The funds were raised during the compliance placement of the newly formed group and were earmarked for R&D. Interest accrued from the date of drawdown to the reporting date is £190,044 (approximately US$296,000) (2013: £98,263 (approximately US$162,000)).

As at 31 December 2014, the fair value of non-current portion of the loans to subsidiaries approximates its carrying amount.

Other receivables and amounts due from/(to) subsidiaries (Note 17) in the current and prior periods are neither past due nor impaired.

## 21 CASH AND CASH EQUIVALENTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 US$'000 | 2013 US$'000 | 2014 US$'000 | 2013 US$'000 |
| Cash and bank balances | 19,909 | 13,752 | 7,270 | 492 |
| Fixed deposits | 1,293 | 910 | 61 | – |
| | 21,202 | 14,662 | 7,331 | 492 |

The fixed deposits mature on varying short-term periods and earned interest ranging from 0.08% to 2.80% per annum during the current financial year (2013: 0.05% to 0.80%).

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

| | Group | |
|---|---|---|
| | 2014 US$'000 | 2013 US$'000 |
| Cash and bank balances | 19,909 | 13,752 |
| Fixed deposits | 1,293 | 910 |
| | 21,202 | 14,662 |
| Less: Restricted cash | (647) | (910) |
| Cash and cash equivalents per the consolidated statement of cash flows | 20,555 | 13,752 |

Restricted cash includes fixed deposits amounted to US$400,000 (2013: US$900,000) and bank balance amounted to US$238,000 (2013: Nil) pledged with the banks for banker's guarantee and loans granted to the Group (Note 25).

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 22 SHARE CAPITAL AND TREASURY SHARES

| | Group | | Company | |
|---|---|---|---|---|
| | Number of ordinary shares '000 | Share capital US$'000 | Number of ordinary shares '000 | Share capital US$'000 |
| Issued and fully paid | | | | |
| Balance at 1 January 2013 | 229,997 | 44,174 | 229,997 | 57,991 |
| Issuance of shares | 7,805 | 1,942 | 7,805 | 1,942 |
| Balance at 31 December 2013 | 237,802 | 46,116 | 237,802 | 59,933 |
| Issuance of shares | 44,600 | 15,060 | 44,600 | 15,060 |
| Expenses on issuance of shares | – | (753) | – | (753) |
| Balance at 31 December 2014 | 282,402 | 60,423 | 282,402 | 74,240 |

Ordinary shares of the Company do not have any par value.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

Treasury Shares

| | Group and Company | | | |
|---|---|---|---|---|
| | 2014 | | 2013 | |
| | Number of ordinary shares '000 | Treasury shares US$'000 | Number of ordinary shares '000 | Treasury shares US$'000 |
| Balance at beginning of the year | 6,000 | 955 | – | – |
| Issuance of share awards | (30) | (5) | – | – |
| Purchase of treasury shares | 7,373 | 2,471 | 6,000 | 955 |
| Balance at end of the year | 13,343 | 3,421 | 6,000 | 955 |

The Group held 13,343,000 treasury shares at 31 December 2014 (2013: 6,000,000) in the Company.

The shareholders, by an ordinary resolution passed at an Extraordinary General Meeting held on 17 September 2013 and renewed at the Annual General Meeting on 30 April 2014, approved the Company's plan to repurchase its own ordinary shares for the adoption of the Global Invacom Share Option Scheme 2013.

During the financial year ended 31 December 2014, the Company repurchased 7,373,000 (2013: 6,000,000) of its issued ordinary shares, from the open market at an average price of S$0.42 (2013: S$0.20) per share. The total consideration paid for the repurchase was S$3,113,000 (equivalent to US$2,471,000) (2013: S$1,195,000 (equivalent to US$955,000)). The shares repurchased are being held as treasury shares in accordance with Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 23 RESERVES

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 US$'000 | 2013 US$'000 | 2014 US$'000 | 2013 US$'000 |
| Merger reserves | (10,150) | (10,150) | – | – |
| Capital redemption reserves | 6 | 6 | – | – |
| Share options reserve (Note 26(b)) | 131 | 43 | 131 | 43 |
| Capital reserve | 642 | 555 | – | – |
| Foreign currency translation reserve | (360) | 455 | 1,714 | 4,620 |
| Retained profits/(Accumulated losses) | 12,812 | 8,722 | (11,046) | (11,441) |
| | 3,081 | (369) | (9,201) | (6,778) |

Movements in reserves for the Group are set out in the consolidated statement of changes in equity.

*Merger reserve*

GIHL was incorporated on 7 November 2008 and on 23 February 2009 a management buyout took place of GIL whereby the entire issued share capital in GIL was transferred to GIHL. The consideration for the Group's restructuring involving the transfer of shares amounting to US$11,748,199 and was settled as follows:

- A share for share exchange with the shareholders of GIL whereby GIHL issued 354,542 ordinary £0.10 shares, with a corresponding value of US$3,802,527; and

- A payment of cash and issue of loan notes to various shareholders in GIL amounting to US$7,945,672.

Accordingly, the reorganisation is considered to be outside the scope of IFRS 3 and the Group has applied the pooling of interests method to prepare the consolidated financial statements. Assets, liabilities, income and expenditure have been brought together on a line by line basis.

Other share related transactions with entities in the Group prior to the restructuring taking place have also been reflected in the merger reserves.

*Capital reserve*

In accordance with the relevant laws and regulations of the PRC, the subsidiaries of the Group in the PRC are required to set aside a statutory reserve fund by way of appropriation of 10% of their profit after tax as reported in the PRC statutory financial statements each year.

The statutory reserve fund may be used to offset any accumulated losses or increase the registered capital of the subsidiaries, subject to approval from the relevant PRC authorities. The appropriation is required until the cumulative total of the statutory reserve fund reaches 50% of the subsidiary's registered capital. The statutory reserve is not available for dividend distribution to shareholders.

*Foreign currency translation reserve*

The foreign currency translation reserve is used to record foreign exchange differences arising from the translation of the financial statements of group entities whose functional currency is different from that of the Group's presentation currency.

*Retained profits/(Accumulated losses)*

On 22 May 2014, a dividend of 0.5 Singapore cent per ordinary share (total dividend of approximately US$925,000) was paid to shareholders of fully paid ordinary shares. No dividend was paid for the previous financial year.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 24 OTHER PAYABLES

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2014 US$'000 | 2013 US$'000 | 2014 US$'000 | 2013 US$'000 |
| Accrued operating expenses | | 3,424 | 3,755 | 230 | 164 |
| Provision for litigation | (a) | 389 | – | – | – |
| Customers advances received | | 296 | 206 | – | – |
| VAT payable | | 90 | 299 | – | – |
| Other creditors | | 1,665 | 1,589 | 89 | 3 |
| Cash consideration payable for reverse acquisition of GIHL | (b) | 5,140 | 10,735 | 5,140 | 10,735 |
| | | 11,004 | 16,584 | 5,459 | 10,902 |
| Presented as: | | | | | |
| Non-current | | 433 | 5,367 | – | 5,367 |
| Current | | 10,571 | 11,217 | 5,459 | 5,535 |
| | | 11,004 | 16,584 | 5,459 | 10,902 |
| Provision for litigation | | | | | |
| Balance as at 1 January | | – | – | – | – |
| Arose during the financial year | | 389 | – | – | – |
| Balance as at 31 December | | 389 | – | – | – |
| Cash consideration payable | | | | | |
| Non-current | | – | 5,367 | – | 5,367 |
| Current | | 5,140 | 5,368 | 5,140 | 5,368 |
| | | 5,140 | 10,735 | 5,140 | 10,735 |

(a) The Group has made provision for litigation in relation to a legal action brought by a former supplier in relation to an alleged breach of contract. The dispute with a former supplier is ongoing and management considers it would be prejudicial to the Group to disclose details of the timing of potential cash flows in the financial statements.

(b) The cash consideration shall be payable in the following manner:

(i) US$3.0 million (equivalent to S$3.7 million) shall be transferred into the Vendors' bank account no earlier than the 6-month anniversary of completion of the sale and purchase of the Sale Shares ("Completion") and no later than the first anniversary of Completion;

(ii) US$4.5 million (equivalent to S$5.5 million) shall be transferred into the Vendors' bank account on the first anniversary of Completion;

(iii) US$5.5 million (equivalent to S$6.8 million) shall be transferred into the Vendors' bank account on the second anniversary of Completion; and

(iv) US$5.5 million (equivalent to S$6.8 million) shall be transferred into the Vendors' bank account on the third anniversary of Completion;

for payment to the Vendors in direct proportion to each Vendor's percentage shareholding in the capital of GIHL at Completion.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 25 BORROWINGS

| | Group | |
|---|---|---|
| | 2014 | 2013 |
| | US$'000 | US$'000 |
| Bank loans – current | – | 128 |

The secured loans were repaid during the current financial year. Credit facilities were secured over the subsidiaries' bank deposit of US$400,000 (2013: US$900,000) and corporate guarantee (Note 29) provided by the Company. As at 31 December 2013, the tenure of the bank loans was between 1-3 months. Interest was charged at 2.21% to 4.15% (2013: 3.65% to 3.96%) per annum during the financial year.

## 26 EMPLOYEE BENEFITS

### (a) Staff Costs

| | Group | |
|---|---|---|
| | 2014 | 2013 |
| | US$'000 | US$'000 |
| Salaries, bonuses and related costs (including executive directors) | 25,348 | 21,687 |
| Defined contribution plans | 3,529 | 3,121 |
| Share-based payments | 88 | 43 |
| | 28,965 | 24,851 |

### (b) Employee Share Options

Pursuant to a resolution passed in the Extraordinary General Meeting held on 17 September 2013 and renewed at the Annual General Meeting on 30 April 2014, the Global Invacom Share Option Scheme 2013 (the "2013 Scheme") was adopted whereby it may grant options to executive and non-executive directors (including independent directors) and employees of the Group who have contributed significantly to the success and development of the Group to subscribe for shares of the Company. The 2013 Scheme replaced the Global Invacom Group Employee Share Option Scheme of the Group which was adopted on 15 June 2012 (the "2012 Scheme") and the Enterprise Management Incentive Share Option Scheme (the "EMI Scheme"). An expense of US$88,000 (2013: US$43,000) has been included in the administrative expenses for the year ended 31 December 2014 with a corresponding credit to the share option reserve (Note 23), and where it relates to key management, has been included in their remuneration disclosed in Note 26(a) above.

Details of the schemes are as follows:

(i) <u>2013 Scheme</u>

The maximum number of shares in respect of which options may be granted when added to the number of shares issued and issuable in respect of all options granted under the 2013 Scheme shall not exceed 15% of the issued share capital of the Company as set out in the circular of the Company dated 26 August 2013. Each employee share option converts into one ordinary share of the Company on exercise. Recipient shall pay S$1.00 as consideration or such other amounts as the administering committee may require on acceptance of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 26 EMPLOYEE BENEFITS (CONT'D)

### (b) Employee Share Options (cont'd)

(i) 2013 Scheme (cont'd)

No options were granted during the financial year ended 31 December 2014. At the end of the financial year, the details of the options granted pursuant to the 2013 Scheme are as follows:

| 1.1.2014 | Granted | Exercised/ (Lapsed) | 31.12.2014 | Exercise price | Exercise period |
|---|---|---|---|---|---|
| 1,942,000 | – | – | 1,942,000 | S$0.17 | 7 July 2016 to 6 July 2023 |
| 1,942,000 | – | – | 1,942,000 | S$0.17 | 7 July 2017 to 6 July 2023 |
| 230,000 | – | – | 230,000 | S$0.20 | 21 August 2016 to 20 August 2023 |
| 230,000 | – | – | 230,000 | S$0.20 | 21 August 2017 to 20 August 2023 |
| 4,344,000 | – | – | 4,344,000 | | |

The weighted average fair value of the share options granted during the previous financial year was S$0.088. Options were priced using a binomial option pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions, and behavioral considerations. Expected volatility is based on the competitors' historical share price volatility.

| | Outstanding options for the year ended 31 December 2014 | |
|---|---|---|
| Grant date | 7 July 2013 | 21 August 2013 |
| Vesting period (years) | 3 – 4 | 3 – 4 |
| Grant date share price (S$) | 0.161 | 0.191 |
| Exercise price (S$) | 0.170 | 0.200 |
| Expected volatility | 90% | 90% |
| Option life (years) | 6.85 | 6.86 |
| Expected dividend yield | 2.5% | 2.5% |
| Risk-free interest rate | 2.43% | 2.29% |

The following table lists the movements in the weighted average values as follows:

| | 2014 Number | Weighted average exercise price |
|---|---|---|
| Balance at the beginning and end of the year | 4,344,000 | S$0.17 |
| Weighted average remaining contractual life in years | 8.5 years | |

The above options which were granted under the 2012 Scheme continue to be effective and exercisable according to the terms and conditions of the 2013 Scheme. No share options were granted under the 2013 Scheme during the financial year ended 31 December 2014.

## 26 EMPLOYEE BENEFITS (CONT'D)

### (b) Employee Share Options (cont'd)

(ii) <u>2012 Scheme</u>

The maximum number of shares in respect of which options may be granted when added to the number of shares issued and issuable in respect of all options granted under this scheme shall not exceed 15% of the issued share capital of the Company as set out in the circular of the Company dated 16 May 2012. Each employee share option converts into one ordinary share of the Company on exercise. Recipient shall pay S$1.00 as consideration or such other amounts as the administering committee may require on acceptance of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The 2012 Scheme was terminated on 17 September 2013 and replaced by the 2013 Scheme.

### (c) Performance Share Plan

The Global Invacom Performance Share Plan 2013 (the "Global Invacom PSP") was approved by the members of the Company at an Extraordinary General Meeting held on 17 September 2013 and renewed at the Annual General Meeting on 30 April 2014. The primary objectives of the Global Invacom PSP are to increase the Group's flexibility and effectiveness in its continuing efforts to reward, retain and motivate key staff.

The Global Invacom PSP is administered by the Remuneration Committee ("RC") and shall continue to be in force at the discretion of the RC, subject to a maximum of 10 years commencing from 17 September 2013. Any awards of shares granted pursuant to the rules of the Global Invacom PSP ("Award") made to participants prior to such expiry or termination will continue to remain valid.

A participants' Award under the Global Invacom PSP will be determined at the sole discretion of the RC. In considering an Award to be granted to a participant, the RC may take into account, *inter alia*, the participant's performance and/or contribution to the Company.

Awards granted under the Global Invacom PSP will typically vest only after the satisfactory completion of performance-related award conditions and/or other conditions such as vesting period(s) applicable for the release of the Award. No minimum vesting periods are prescribed under the Global Invacom PSP, and the length of the vesting period(s) in respect of each Award will be determined on a case-by-case basis.

Details of share awards granted to the directors of the Company during the financial year are as follows:

| 1.1.2014 | Granted | Exercised/(Lapsed) | 31.12.2014 |
|---|---|---|---|
| – | 30,000 | – | 30,000 |

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 27 RELATED PARTY TRANSACTIONS

A related party is a person or entity that is related to the entity that is preparing its financial statements ("reporting entity").

Parties are considered to be related if (a) a person or a close member of that person's family is related to a reporting entity, if that person (i) has control or joint control over the reporting entity; (ii) has significant influence over the reporting entity; or (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity. (b) An entity is related to a reporting entity if (i) the entity and the reporting entity are members of the same group; (ii) one entity is an associate or joint venture of the other entity; (iii) both entities are joint ventures of the same third party; (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity; (v) the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity; (vi) the entity is controlled or jointly controlled by a person identified in (a); (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity.

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

*Compensation of directors and key management*

| | Group | |
|---|---|---|
| | 2014<br>US$'000 | 2013<br>US$'000 |
| Salaries, bonuses and related costs | 1,922 | 2,194 |
| Directors' fees | 232 | 224 |
| Defined contribution plans | 256 | 384 |
| Share-based payments | 55 | 25 |
| | 2,465 | 2,827 |
| Comprise amounts paid/payable to: | | |
| – Directors of the Company | 1,204 | 1,211 |
| – Key management | 1,261 | 1,616 |
| | 2,465 | 2,827 |

## 28 COMMITMENTS

*Operating lease commitment*

As at 31 December 2014, the Group had entered into several operating lease commitments for factory buildings and office premises. These leases have an average lease life of between 1 and 5 (2013: 1 and 5) years with no restrictions placed upon the Group by entering into these leases. The leases have varying terms, escalation clauses and renewal rights.

At the end of the financial year, the future minimum rentals payable under non-cancellable operating leases are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2014<br>US$'000 | 2013<br>US$'000 | 2014<br>US$'000 | 2013<br>US$'000 |
| Future minimum lease payments: | | | | |
| Within 1 year | 993 | 1,588 | 202 | 220 |
| Between 2 to 5 years | 927 | 1,605 | – | 211 |
| After 5 years | 280 | 410 | – | – |

## 29 FINANCIAL GUARANTEE

As disclosed in Note 25, the Company has provided corporate guarantees of US$8,100,000 and £5,000,000 (totalled equivalent to US$15,885,000) (2013: US$4,600,000 and £5,000,000 (totalled equivalent to US$12,865,000)) to banks for facilities and loans granted to the subsidiaries of the Group. There was no loan outstanding as at 31 December 2014 (2013: US$128,000).

The fair value of the above corporate guarantees has not been recognised in the financial statements of the Company, as the amount involved is, in the opinion of the Board of Directors, not material to the Company and has no impact on the consolidated financial statements of the Group.

## 30 SEGMENT INFORMATION

The business of the Group is organised into the following product segments:

- Satellite Communications ("Sat Comms")
- Contract Manufacturing ("CM")

For management purposes, the Group is organised into business segments based on their products as the Group's risks and rates of return are affected predominantly by differences in the products produced. Each product segment represents a strategic business unit and management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

The accounting policies of the reportable segments are the same as the Group's accounting policies discussed in Note 3. Segment results represent the profit earned by each segment without allocation of finance income/costs and taxation. Segment assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprised mainly corporate assets and liabilities, borrowings and income tax. Segment revenue includes transfers between operating segments. Such transfers are accounted for at competitive market prices charged to unaffiliated customers for similar goods. The transfers are eliminated on consolidation. No operating segments have been aggregated to form the following reportable operating segments.

### (a) Reportable Operating Segments

| | Sat Comms US$'000 | CM US$'000 | Group US$'000 |
|---|---|---|---|
| **2014** | | | |
| Revenue | 106,278 | 27,857 | 134,135 |
| Operating profit | 4,898 | 567 | 5,465 |
| Finance income | | | 63 |
| Finance costs | | | (15) |
| Income tax expense | | | (411) |
| **Profit for the year** | | | 5,102 |
| Amortisation of intangible assets | 381 | – | 381 |
| Depreciation of property, plant and equipment | 1,421 | 307 | 1,728 |
| Addition to property, plant and equipment | 1,866 | 116 | 1,982 |
| Addition to intangible assets | 1,778 | – | 1,778 |
| Allowance for inventory obsolescence | 48 | 72 | 120 |

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 30 SEGMENT INFORMATION (CONT'D)

### (a) Reportable Operating Segments (cont'd)

| | Sat Comms US$'000 | CM US$'000 | Group US$'000 |
|---|---|---|---|
| **2014** (cont'd) | | | |
| **Assets and liabilities** | | | |
| Segment assets | 61,066 | 12,550 | 73,616 |
| Unallocated assets | | | |
| – Non-current assets | | | 583 |
| – Other receivables | | | 2,082 |
| – Deferred tax assets | | | 743 |
| – Cash and cash equivalents | | | 9,705 |
| **Total assets** | | | 86,729 |
| Segment liabilities | 14,241 | 5,687 | 19,928 |
| Unallocated liabilities | | | |
| – Other payables | | | 5,575 |
| – Provision for income tax | | | 605 |
| – Deferred tax liabilities | | | 538 |
| **Total liabilities** | | | 26,646 |
| **2013** | | | |
| Revenue | 92,878 | 22,872 | 115,750 |
| Operating profit | 8,030 | 1,211 | 9,241 |
| Finance income | | | 40 |
| Finance costs | | | (7) |
| Income tax expense | | | (1,236) |
| **Profit for the year** | | | 8,038 |
| Amortisation of intangible assets | 6 | – | 6 |
| Impairment of intangible assets | 16 | – | 16 |
| Depreciation of property, plant and equipment | 1,205 | 230 | 1,435 |
| Addition to property, plant and equipment | 1,593 | 810 | 2,403 |
| Addition to intangible assets | 962 | – | 962 |
| Write-back of inventory obsolescence | (14) | (294) | (308) |
| Allowance for inventory obsolescence | 7 | – | 7 |
| **Assets and liabilities** | | | |
| Segment assets | 62,393 | 13,105 | 75,498 |
| Unallocated assets | | | |
| – Non-current assets | | | 79 |
| – Other receivables | | | 227 |
| – Cash and cash equivalents | | | 3,538 |
| **Total assets** | | | 79,342 |
| Segment liabilities | 16,415 | 5,411 | 21,826 |
| Unallocated liabilities | | | |
| – Other payables | | | 10,962 |
| – Borrowings | | | 128 |
| – Provision for income tax | | | 1,013 |
| – Deferred tax liabilities | | | 621 |
| **Total liabilities** | | | 34,550 |

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 30 SEGMENT INFORMATION (CONT'D)

### (b) Geographical Information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

| | America US$'000 | Europe US$'000 | Asia US$'000 | Rest of the World US$'000 | Group US$'000 |
|---|---|---|---|---|---|
| **2014** | | | | | |
| Total revenue from external customers | 73,230 | 35,628 | 22,127 | 3,150 | 134,135 |
| Non-current assets | – | 15,676 | 4,015 | – | 19,691 |
| **2013** | | | | | |
| Total revenue from external customers | 57,991 | 26,559 | 26,240 | 4,960 | 115,750 |
| Non-current assets | – | 13,546 | 3,638 | – | 17,184 |

### (c) Information about Major Customers

Included in revenue arising from the Sat Comms and CM segments are sales of approximately US$91,064,000 (2013: US$82,378,000) which are sales to the Group's 5 (2013: 5) largest customers (of which the largest single customer accounts for 46% (2013: 42%) of total revenue).

## 31 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. The Board of Directors of the Company is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Audit and Risk Committee provides independent oversight to the effectiveness of the risk management process.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

### (a) Market Risk

(i) Currency risk

Certain of the Group's transactions are denominated in foreign currencies such as Singapore Dollar ("SGD"), Renminbi ("RMB"), Hong Kong Dollar ("HKD"), Sterling Pounds ("Sterling") and Malaysia Ringgit ("MYR"). As a result, the Group is exposed to movements in foreign currency exchange rates. The Group does not use derivative financial instruments to hedge against the volatility associated with foreign currency transactions.

The Group is also exposed to currency translation risk arising from its net investments in foreign subsidiaries.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 31 FINANCIAL RISK MANAGEMENT (CONT'D)

### (a) Market Risk (cont'd)

#### (i) Currency risk (cont'd)

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

| | USD US$'000 | SGD US$'000 | RMB US$'000 | HKD US$'000 | Sterling US$'000 | MYR US$'000 | Others US$'000 | Total US$'000 |
|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | |
| **2014** | | | | | | | | |
| **Financial assets** | | | | | | | | |
| Cash and cash equivalents | 9,874 | 7,079 | 882 | 17 | 1,812 | 2,782 | 251 | 22,697 |
| Trade receivables | 9,190 | – | – | – | 4,336 | 1,735 | 145 | 15,406 |
| Other receivables | 430 | 97 | 49 | – | 197 | 68 | – | 841 |
| Due from subsidiaries | 28,889 | – | – | – | 10,148 | 1,002 | – | 40,039 |
| | 48,383 | 7,176 | 931 | 17 | 16,493 | 5,587 | 396 | 78,983 |
| **Financial liabilities** | | | | | | | | |
| Trade and other payables | (11,386) | (5,441) | (4,057) | (73) | (3,456) | (680) | (24) | (25,117) |
| Due to subsidiaries | (28,889) | – | – | – | (10,148) | (1,002) | – | (40,039) |
| | (40,275) | (5,441) | (4,057) | (73) | (13,604) | (1,682) | (24) | (65,156) |
| **Net financial assets/ (liabilities)** | 8,108 | 1,735 | (3,126) | (56) | 2,889 | 3,905 | 372 | 13,827 |
| Less: | | | | | | | | |
| Net financial assets denominated in the Group's entities functional currency | (14,855) | (1,655) | – | – | – | (3,905) | – | (20,415) |
| **Currency exposure** | (6,747) | 80 | (3,126) | (56) | 2,889 | – | 372 | (6,588) |
| **2013** | | | | | | | | |
| **Financial assets** | | | | | | | | |
| Cash and cash equivalents | 7,929 | 568 | 462 | 43 | 1,312 | 4,141 | 207 | 14,662 |
| Trade receivables | 13,636 | – | 15 | – | 3,953 | 1,539 | 13 | 19,156 |
| Other receivables | 164 | 58 | 213 | – | 227 | 41 | 6 | 709 |
| Due from subsidiaries | 32,117 | 2,089 | – | – | – | – | – | 34,206 |
| | 53,846 | 2,715 | 690 | 43 | 5,492 | 5,721 | 226 | 68,733 |
| **Financial liabilities** | | | | | | | | |
| Trade and other payables | (12,651) | (10,970) | (4,390) | (114) | (3,286) | (864) | (8) | (32,283) |
| Borrowings | (128) | – | – | – | – | – | – | (128) |
| Due to subsidiaries | (32,117) | (2,089) | – | – | – | – | – | (34,206) |
| | (44,896) | (13,059) | (4,390) | (114) | (3,286) | (864) | (8) | (66,617) |
| **Net financial assets/ (liabilities)** | 8,950 | (10,344) | (3,700) | (71) | 2,206 | 4,857 | 218 | 2,116 |
| Less: | | | | | | | | |
| Net financial assets/(liabilities) denominated in the Group's entities functional currency | (8,860) | 10,486 | – | – | – | (4,857) | – | (3,231) |
| **Currency exposure** | 90 | 142 | (3,700) | (71) | 2,206 | – | 218 | (1,115) |

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 31 FINANCIAL RISK MANAGEMENT (CONT'D)

### (a) Market Risk (cont'd)

(i) Currency risk (cont'd)

| | USD US$'000 | SGD US$'000 | Sterling US$'000 | MYR US$'000 | Total US$'000 |
|---|---|---|---|---|---|
| **Company** | | | | | |
| **2014** | | | | | |
| **Financial assets** | | | | | |
| Cash and cash equivalents | 139 | 6,999 | 193 | – | 7,331 |
| Due from subsidiaries | 97 | – | – | 1,002 | 1,099 |
| Other receivables | 3,522 | 97 | 10,148 | – | 13,767 |
| | 3,758 | 7,096 | 10,341 | 1,002 | 22,197 |
| **Financial liabilities** | | | | | |
| Due to subsidiaries | (2,556) | – | – | – | (2,556) |
| Other payables | – | (5,441) | (18) | – | (5,459) |
| | (2,556) | (5,441) | (18) | – | (8,015) |
| **Net financial assets** | 1,202 | 1,655 | 10,323 | 1,002 | 14,182 |
| Less: | | | | | |
| Net financial assets denominated in the Company's functional currency | – | (1,655) | – | – | (1,655) |
| **Currency exposure** | 1,202 | – | 10,323 | 1,002 | 12,527 |
| **2013** | | | | | |
| **Financial assets** | | | | | |
| Cash and cash equivalents | 133 | 359 | – | – | 492 |
| Other receivables | – | 59 | 10,219 | – | 10,278 |
| Due from subsidiaries | 1,999 | 790 | – | – | 2,789 |
| | 2,132 | 1,208 | 10,219 | – | 13,559 |
| **Financial liabilities** | | | | | |
| Other payables | – | (10,902) | – | – | (10,902) |
| | – | (10,902) | – | – | (10,902) |
| **Net financial assets/(liabilities)** | 2,132 | (9,694) | 10,219 | – | 2,657 |
| Less: | | | | | |
| Net financial liabilities denominated in the Company's functional currency | – | 9,694 | – | – | 9,694 |
| **Currency exposure** | 2,132 | – | 10,219 | – | 12,351 |

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 31 FINANCIAL RISK MANAGEMENT (CONT'D)

### (a) Market Risk (cont'd)

(i) Currency risk (cont'd)

If the SGD, RMB, HKD, Sterling and MYR changed against the USD by 5% with all other variables, including tax rates, being held constant, the effects arising from the net financial assets/liabilities position will be as follows:

| | Group Increase/(Decrease) | | Company Increase/(Decrease) | |
|---|---|---|---|---|
| | Profit after tax 2014 US$'000 | Profit after tax 2013 US$'000 | Profit after tax 2014 US$'000 | Profit after tax 2013 US$'000 |
| SGD against USD | | | | |
| – strengthened | 4 | 7 | – | – |
| – weakened | (4) | (7) | – | – |
| RMB against USD | | | | |
| – strengthened | (156) | (185) | – | – |
| – weakened | 156 | 185 | – | – |
| HKD against USD | | | | |
| – strengthened | (3) | (4) | – | – |
| – weakened | 3 | 4 | – | – |
| Sterling against USD | | | | |
| – strengthened | 144 | 110 | 516 | 511 |
| – weakened | (144) | (110) | (516) | (511) |
| MYR against USD | | | | |
| – strengthened | – | – | 50 | – |
| – weakened | – | – | (50) | – |

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its borrowings. Information relating to the Group's interest rate exposure is disclosed in Note 25 on the Group's borrowings.

The Group usually obtains additional financing through bank borrowings and its policy is to obtain the most favourable interest rates available. Surplus funds are placed with reputable banks for better yield returns than cash at banks and/or to satisfy conditions for banking facilities granted to the Group.

The sensitivity analysis to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit after tax has not been disclosed as the Group's exposure to changes in market interest rates is not significant.

## 31 FINANCIAL RISK MANAGEMENT (CONT'D)

### (b) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. For trade receivables, the Group adopts the policy of dealing only with customers with an appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the management based on an ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level and at the Group level by management. Where appropriate, the Group obtains advance payments from its major customers.

The Group has a significant concentration of credit risk from its trade receivables as approximately 59.1% (2013: 66.9%) of the trade receivables outstanding as at the end of the financial year are owing from not more than 5 (2013: not more than 5) customers.

As the Group does not hold any material collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

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

| | Group | |
|---|---|---|
| | 2014 | 2013 |
| | US$'000 | US$'000 |
| America | 5,187 | 7,609 |
| Europe | 4,256 | 6,108 |
| Asia | 4,488 | 3,622 |
| Rest of the World | 1,475 | 1,817 |
| | 15,406 | 19,156 |

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

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables of the Group and amounts due from subsidiaries of the Company that are neither past due nor impaired are substantially companies with a good collection track record with the Group and the Company. Trade receivables of the Group that are neither past due nor impaired are as follow:

| | Group | |
|---|---|---|
| | 2014 | 2013 |
| | US$'000 | US$'000 |
| Trade receivables: | | |
| – Not past due and not impaired | 10,310 | 12,929 |

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 31 FINANCIAL RISK MANAGEMENT (CONT'D)

### (b) Credit Risk (cont'd)

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

There is no other class of financial assets that is past due and/or impaired except for trade receivables. The age analysis of the Group's trade receivables past due as at the date of the statement of financial position but not impaired is as follows:

| | Group | |
|---|---|---|
| | **2014** | **2013** |
| | **US$'000** | **US$'000** |
| Trade receivables past due: | | |
| – 0 to 60 days | 4,482 | 5,414 |
| – Over 61 days | 614 | 813 |
| | 5,096 | 6,227 |

The Group's trade receivables that are impaired at the date of the statement of financial position and the movement of the allowance account used to record the impairment are as follows:

| | Group | |
|---|---|---|
| | **2014** | **2013** |
| | **US$'000** | **US$'000** |
| Trade receivables | 19,233 | 22,975 |
| Less: Allowance for impairment losses | (3,827) | (3,819) |
| | 15,406 | 19,156 |
| | | |
| Balance at the beginning of the year | 3,819 | 3,819 |
| Allowances made (Note 8) | 8 | – |
| Balance at the end of the year (Note 19) | 3,827 | 3,819 |

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in financial difficulties with one debtor filed for bankruptcy in prior financial year. This receivable is not secured by any collateral or credit enhancements.

### (c) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and financial liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. In the management of its liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 31 FINANCIAL RISK MANAGEMENT (CONT'D)

### (c) Liquidity Risk (cont'd)

The table below analyses the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted cash flows.

| | Carrying amount US$'000 | Contractual cash flows US$'000 | Less than 1 year US$'000 | Between 2 to 5 years US$'000 |
|---|---|---|---|---|
| **Group** | | | | |
| **2014** | | | | |
| Trade and other payables | 25,117 | 25,117 | 24,684 | 433 |
| **2013** | | | | |
| Trade and other payables | 32,283 | 32,283 | 26,916 | 5,367 |
| Borrowings | 128 | 128 | 128 | – |
| | 32,411 | 32,411 | 27,044 | 5,367 |
| **Company** | | | | |
| **2014** | | | | |
| Other payables | 5,459 | 5,459 | 5,459 | – |
| **2013** | | | | |
| Other payables | 10,902 | 10,902 | 5,535 | 5,367 |

The table below shows the contractual expiry by maturity of the Company's corporate guarantee. The maximum amount of the financial guarantee contract is allocated to the earliest period in which the guarantee could be called.

| | Less than 1 year | |
|---|---|---|
| | 2014 US$'000 | 2013 US$'000 |
| Financial guarantee (Note 29) | 15,885 | 12,865 |

### (d) Capital Risk

The Group and the Company's objectives when managing capital are to safeguard the Group and the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. The Group and the Company manage its capital structure, and make adjustment to it, in the light of changes in economic conditions. In order to maintain or achieve an optimal capital structure, the Group and the Company may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2014 and 2013.

As disclosed in Note 23, the Group's subsidiaries in the PRC are required to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the relevant subsidiaries for the financial years ended 31 December 2014 and 2013.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 31 FINANCIAL RISK MANAGEMENT (CONT'D)

### (d) Capital Risk (cont'd)

The Group and the Company monitor capital using a net-debt-to-equity ratio, which is net debt divided by total equity. In general, the Group's and the Company's policy is to keep the ratio within 50%. The Group and the Company include within net debt, borrowings, trade and other payables, less cash and cash equivalents. Capital includes equity attributable to the equity holders of the Company.

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 US$'000 | 2013 US$'000 | 2014 US$'000 | 2013 US$'000 |
| Borrowings | – | 128 | – | – |
| Trade and other payables | 25,503 | 32,788 | 5,459 | 10,902 |
| Less: Cash and cash equivalents | (21,202) | (14,662) | (7,331) | (492) |
| Net debt/(cash) | 4,301 | 18,254 | (1,872) | 10,410 |
| Equity attributable to the equity holders of the Company | 60,083 | 44,792 | 61,618 | 52,200 |
| Net-debt-to-equity ratio | 7.2% | 40.8% | N.M. | 19.9% |

## 32 FAIR VALUE FINANCIAL INSTRUMENTS

The carrying amounts of financial assets and liabilities with a maturity of less than 1 year, which include cash and cash equivalents, borrowings, receivables and payables are assumed to approximate their fair values due to their short-term maturities.

The carrying amount of non-current portion of loans to subsidiaries (Note 20) and non-current portion of other payables (Note 24) to the financial statements are reasonable approximation of their fair value.

## 33 DIVIDENDS

For the financial year ended 31 December 2014, the directors of the Company propose a final tax-exempt (one-tier) dividend of 0.525 Singapore cent per share to the shareholders (2013: 0.5 Singapore cent).

## 34 CONTINGENT LIABILITIES

### Alleged Payroll Tax Avoidance in England and Wales

TWS has an ongoing issue relating to employment taxes which arose via a scheme in place prior to the acquisition by the Group. Under the terms of the sale and purchase agreement between the previous owners of TWS and GIHL, any potential liabilities that arise relating to employment taxes will be reimbursed by the previous owners of TWS.

The directors are currently unable to quantify the potential tax liability for the Group in respect of this matter, in the event that amounts are not recovered from the previous owner. Under the terms of the sale and purchase agreement an amount was agreed to be held in escrow until the 6-month and 12-month anniversary of the completion of the purchase. However, the previous owners have agreed to the funds remaining in escrow until such time as the ongoing issue relating to employment taxes is resolved.

# SHAREHOLDERS' INFORMATION

As at 17 March 2015

| | | |
|---|---|---|
| Class of shares | : | Ordinary Shares |
| Issued and fully paid-up capital (including Treasury Shares) | : | S$100,338,013 |
| Issued and fully paid-up capital (excluding Treasury Shares) | : | S$91,488,385 |
| Number of issued shares (including Treasury Shares) | : | 282,402,299 |
| Number of issued shares (excluding Treasury Shares) | : | 257,449,299 |
| Number (Percentage) of Treasury Shares | : | 24,953,000 (9.6%) |
| Voting rights (excluding Treasury Shares) | : | One vote per share |

## DISTRIBUTION OF SHAREHOLDINGS

| Size of Shareholding | | | No. of Shareholders | % | No. of Shares | % |
|---|---|---|---|---|---|---|
| 1 | – | 99 | 18 | 1.78 | 812 | 0.00 |
| 100 | – | 1,000 | 117 | 11.55 | 42,635 | 0.02 |
| 1,001 | – | 10,000 | 337 | 33.27 | 2,005,375 | 0.78 |
| 10,001 | – | 1,000,000 | 520 | 51.33 | 43,015,936 | 16.71 |
| 1,000,001 | | and above | 21 | 2.07 | 212,384,541 | 82.49 |
| | | | 1,013 | 100.00 | 257,449,299 | 100.00 |

## SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

| Substantial Shareholders | Direct Interest | %(2) | Deemed Interest | %(2) | Total Interest | %(2) |
|---|---|---|---|---|---|---|
| Neo Chee Beng(1) | 7,000 | 0.002 | 23,231,000 | 9.02 | 23,238,000 | 9.02 |
| Investec Asset Management Ltd | 15,000,000 | 5.82 | – | – | 15,000,000 | 5.82 |
| River and Mercantile Funds ICVC | 14,250,000 | 5.53 | – | – | 14,250,000 | 5.53 |

**Notes:**

(1) Neo Chee Beng has 23,231,000 ordinary shares assigned to nominees.

(2) Percentage of shareholding is calculated based on 257,449,299 ordinary shares.

# SHAREHOLDERS' INFORMATION

As at 17 March 2015

## TWENTY LARGEST SHAREHOLDERS

| No. | Name of Shareholders | No. of Shares | % |
|---|---|---|---|
| 1. | OCBC Securities Private Ltd | 88,081,423 | 34.21 |
| 2. | Citibank Nominees Singapore Pte Ltd | 42,792,090 | 16.62 |
| 3. | RHB Securities Singapore Pte Ltd | 23,424,643 | 9.10 |
| 4. | Sing Investment & Finance Nominees Pte Ltd | 10,100,000 | 3.92 |
| 5. | KGI Fraser Securities Pte Ltd | 5,972,000 | 2.32 |
| 6. | Hong Leong Finance Nominees Pte Ltd | 5,868,206 | 2.28 |
| 7. | Hong Joo Co Pte Ltd | 4,000,000 | 1.55 |
| 8. | SBS Nominees Pte Ltd | 4,000,000 | 1.55 |
| 9. | CIMB Securities (Singapore) Pte Ltd | 3,641,050 | 1.42 |
| 10. | Ong Boon Tong | 3,066,300 | 1.19 |
| 11. | Maybank Kim Eng Securities Pte Ltd | 2,885,500 | 1.12 |
| 12. | Fugeman, David Jonathan Wren | 2,784,927 | 1.08 |
| 13. | Parfitt, John Stephen | 2,784,927 | 1.08 |
| 14. | DBS Nominees Pte Ltd | 2,489,675 | 0.97 |
| 15. | UOB Kay Hian Pte Ltd | 1,999,950 | 0.78 |
| 16. | United Overseas Bank Nominees Pte Ltd | 1,917,250 | 0.75 |
| 17. | DBS Vickers Securities (S) Pte Ltd | 1,526,000 | 0.59 |
| 18. | Sng Beng Hock Michael | 1,500,000 | 0.58 |
| 19. | Ang Kim Teong (Hong Qinzhong) | 1,231,100 | 0.48 |
| 20. | Singapore Nominees Pte Ltd | 1,224,500 | 0.48 |
| | Total | 211,289,541 | 82.07 |

## SHAREHOLDINGS HELD IN THE HAND OF PUBLIC

Based on information available and to the best knowledge of the Company, as at 17 March 2015, approximately 59.15% of the ordinary shares of the Company are held by public. Accordingly, the Company is therefore in compliance with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of GLOBAL INVACOM GROUP LIMITED (the "**Company**") will be held at The National University of Singapore Society, Suntec City Guild House, 3 Temasek Boulevard, #02-401/402 Suntec City Mall, Singapore 038983 on Wednesday, 29 April 2015 at 12.00 noon for the following purposes:

**AS ORDINARY BUSINESS**

1. To receive and adopt the Directors' Report and the Audited Financial Statements of the Company for the year ended 31 December 2014 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare final dividend of 0.525 Singapore cent per ordinary share (one-tier tax exempt) for the year ended 31 December 2014 (FY2013: 0.5 Singapore cent per ordinary share). **(Resolution 2)**

3. To re-elect the following Directors of the Company retiring pursuant to Article 105 of the Company's Articles of Association:

   Mr Basil Chan **(Resolution 3)**
   Mr Cosimo Borrelli **(Resolution 4)**

   *Mr Basil Chan will, upon re-election as a Director of the Company, remain as Independent Director, Chairman of the Remuneration Committee and as a member of the Audit & Risk and Nominating Committees. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").*

   *Mr Cosimo Borrelli will, upon re-election as a Director of the Company, remain as Independent Director, Chairman of the Nominating Committee and as a member of the Audit & Risk and Remuneration Committees. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.*

4. To approve the payment of Directors' fees of up to S$294,000 for the year ending 31 December 2015, to be paid quarterly in arrears (FY2014: S$294,000).
   *[See Explanatory Note (i)]* **(Resolution 5)**

5. To re-appoint Moore Stephens LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 6)**

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

# NOTICE OF ANNUAL GENERAL MEETING

**AS SPECIAL BUSINESS**

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

**7. Authority to Issue Shares**

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be authorised and empowered to:

(a) (i) issue shares in the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
*[See Explanatory Note (ii)]* **(Resolution 7)**

# NOTICE OF ANNUAL GENERAL MEETING

8. **Authority to Allot and Issue Shares Under the Global Invacom Share Option Scheme 2013**

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, the Directors be authorised and empowered to allot and issue Shares in the capital of the Company to all the holders of options granted by the Company, whether granted during the subsistence of this authority or otherwise, under the Global Invacom Share Option Scheme 2013 (the "**Scheme**") upon the exercise of such options and in accordance with the terms and conditions of the Scheme, provided always that the aggregate number of additional ordinary Shares to be allotted and issued pursuant to the Scheme shall not exceed fifteen percent (15%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company from time to time.
*[See Explanatory Note (iii)]* **(Resolution 8)**

9. **Renewal of Share Buyback Mandate**

That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company ("**Shares**") not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchases (each a "**Market Purchase**") on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") or any other stock exchange on which the Shares may for the time being be listed and quoted ("**Other Exchange**"); and/or

(ii) off-market purchases (each an "**Off-Market Purchase**") (if effected otherwise than on the SGX-ST or, as the case may be, Other Exchange) in accordance with any equal access schemes as may be determined or formulated by the Directors as they consider fit, which schemes shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST or, as the case may be, Other Exchange, as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buyback Mandate**");

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

(i) the date on which the next Annual General Meeting of the Company is held;

(ii) the date by which the next Annual General Meeting of the Company is required by law to be held; or

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

# NOTICE OF ANNUAL GENERAL MEETING

(c) in this Resolution:

"**Prescribed Limit**" means that number of Shares representing 10% of the issued Shares as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares);

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

(i) in the case of a Market Purchase of a Share, 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase of a Share, 120% of the Average Closing Price,

where:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five (5) market days on which the Shares were transacted on the SGX-ST or, as the case may be, Other Exchange, preceding the day of the Market Purchase or, as the case may be, the day of the making of the offer pursuant to an Off-Market Purchase, as deemed to be adjusted for any corporate action that occurs after the relevant five (5) market days period;

"**day of the making of the offer**" means the day on which the Company makes an offer for the purchase or acquisition of Shares from shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

"**market day**" means a day on which the SGX-ST is open for trading in securities; and

(d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.

*[See Explanatory Note (iv)]* **(Resolution 9)**

By Order of the Board

Gwendolin Lee Soo Fern
Company Secretary

Singapore
13 April 2015

# NOTICE OF ANNUAL GENERAL MEETING

**Explanatory Notes on Resolutions to be passed:**

(i) The Ordinary Resolution 5 proposed in item 4 above, is to approve the payment of Directors' fees during the financial year in which the fees are incurred, that is, in financial year ending 31 December 2015 ("**FY2015**"). The amount of the Directors' fees is computed based on the Directors' fees structure adopted by the Remuneration Committee. The proposed Directors' fees for FY2015 commensurate with the onerous responsibilities placed on the Directors and in particular, to better reflect the time and contribution of each Director towards the improved performance of the Company.

(ii) The Ordinary Resolution 7 proposed in item 7 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting ("AGM") of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed, and any subsequent bonus issue, consolidation or subdivision of shares.

(iii) The Ordinary Resolution 8 proposed in item 8 above, if passed, will empower the Directors of the Company, to allot and issue shares in the Company of up to a number not exceeding in total fifteen percent (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time pursuant to the exercise of the options under the Scheme.

(iv) The Ordinary Resolution 9 proposed in item 9 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held, or the date on which purchases and acquisitions of shares pursuant to the Share Buyback Mandate are carried out to the full extent mandated, whichever is the earlier, to repurchase ordinary shares of the Company by way of market purchases or off-market purchases of up to 10% of the total number of issued shares (excluding treasury shares) in the capital of the Company at the Maximum Price. Information relating to this proposed Resolution are set out in the Appendix attached to this Notice of AGM.

**Notes:**

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

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

3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 8 Temasek Boulevard, #20-03 Suntec Tower Three, Singapore 038988, not less than forty-eight (48) hours before the time appointed for holding the AGM.

# NOTICE OF ANNUAL GENERAL MEETING

**Personal Data Privacy:**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

# APPENDIX

**APPENDIX TO NOTICE OF ANNUAL GENERAL MEETING 2015 DATED 13 APRIL 2015**

This Appendix is circulated to Shareholders of Global Invacom Group Limited (the "**Company**") together with the Company's Annual Report. Its purpose is to provide Shareholders with the relevant information relating to, and to seek Shareholders' approval for the proposed renewal of the Share Buyback Mandate, to be tabled at the Annual General Meeting of the Company to be held at The National University of Singapore Society, Suntec City Guild House, 3 Temasek Boulevard, #02-401/402 Suntec City Mall, Singapore 038983 on Wednesday, 29 April 2015 at 12.00 noon.

If you are in any doubts as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your ordinary shares in the capital of the Company, you should immediately forward this Appendix together with the Notice of the Annual General Meeting and the accompanying Proxy Form to the purchaser or the transferee or to the stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited takes no responsibility for the correctness of any of the statements made, reports contained/referred to, or opinions expressed in this Appendix.

global invacom
completing the picture

## GLOBAL INVACOM GROUP LIMITED

(Company Registration Number: 200202428H)
(Incorporated in the Republic of Singapore)

**APPENDIX TO NOTICE OF ANNUAL GENERAL MEETING**

**in relation to:**

**THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE**

# APPENDIX

## DEFINITIONS

In this Appendix, the following definitions apply throughout unless otherwise stated:

| | |
|---|---|
| *AGM* | The annual general meeting of the Company |
| *Annual Report* | Annual Report of the Company for the financial year ended 31 December 2014 |
| *Approval Date* | The date on which the Share Buyback Mandate is approved by the Shareholders at the AGM |
| *Articles of Association* | The Articles of Association of the Company adopted on 26 June 2014 |
| *CDP* | The Central Depository (Pte) Limited |
| *Companies Act* | The Companies Act (Chapter 50) of Singapore, as amended, modified or supplemented from time to time |
| *Controlling shareholder* | A person who:<br>(a) holds directly or indirectly 15% or more of the total number of issued shares excluding treasury shares in the Company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or<br>(b) in fact exercises control over the Company |
| *Director(s)* | The director(s) of the Company as at the date of issue of this Appendix together with the Notice of AGM |
| *Group* | The Company, its subsidiaries and associated company |
| *Latest Practicable Date* | 30 March 2015, being the latest practicable date prior to the date of this Appendix |
| *Listing Manual* | The listing manual of the SGX-ST, as may be amended, modified or supplemented from time to time |
| *Market Day* | A day on which the SGX-ST is open for trading in securities |
| *Market Purchase* | Has the meaning ascribed to it in Section 2.3.3 of this Appendix |
| *Maximum Price* | Has the meaning ascribed to it in Section 2.3.4 of this Appendix |

# APPENDIX

| | |
|---|---|
| *Notice of AGM* | The notice of the AGM of the Company to be held at at The National University of Singapore Society, Suntec City Guild House, 3 Temasek Boulevard, #02-401/402 Suntec City Mall, Singapore 038983 on Wednesday, 29 April 2015 at 12.00 noon |
| *NTA* | Net tangible assets |
| *Off-Market Purchase* | Has the meaning ascribed to it in Section 2.3.3 of this Appendix |
| *Proxy Form* | The proxy form sent with the Notice of AGM |
| *Relevant Period* | The period commencing from the date when the last AGM was held or was required by law to be held before the resolution relating to the Share Buyback Mandate is passed, and expiring on the date when the next AGM is or required by law to be held, whichever is the earlier after the said resolution is passed |
| *Renewal of Share Buyback Mandate* | The proposed general mandate given by Shareholders to authorise the directors to purchase or otherwise acquire its Shares, the terms of which are set out in Section 2 of this Appendix |
| *S$ and cents* | Singapore dollars and cents respectively, being the lawful currency of Singapore |
| *SGX-ST* | Singapore Exchange Securities Trading Limited |
| *Share Buyback* | The purchase of Shares by the Company pursuant to the terms of the Share Buyback Mandate |
| *Share(s)* | Ordinary share(s) in the capital of the Company |
| *Shareholder(s)* | Registered holders of Shares in the register of members of the Company, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the depositors whose securities accounts maintained with CDP are credited with Shares |
| *Take-over Code* | The Singapore Code on Take-overs and Mergers, as modified and amended from time to time, and all practice notes, rules and guidelines thereafter, as may be issued or amended from time to time |
| *US$ and US cents* | United States dollars and cents respectively, being the lawful currency of the United States of America |

# APPENDIX

## GLOBAL INVACOM GROUP LIMITED

(Company Registration Number: 200202428H)
(Incorporated in the Republic of Singapore)

**Directors**

Anthony Brian Taylor (Executive Chairman)
Malcolm John Burrell (Executive Director)
Matthew Jonathan Garner (Executive Director)
John Lim Yew Kong (Lead Independent Director)
Basil Chan (Independent Director)
Cosimo Borrelli (Independent Director)

**Registered Office:**

8 Temasek Boulevard
#20-03 Suntec Tower Three
Singapore 038988

13 April 2015

To: The Shareholders

Dear Sir/Madam,

**APPENDIX RELATING TO THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE**

### 1. INTRODUCTION

The purpose of this Appendix is to provide Shareholders with the relevant information, and to seek Shareholders' approval at the AGM of the Company in relation to the renewal of the Share Buyback Mandate for the purchase or acquisition by the Company of its issued Shares.

### 2. PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

### 2.1 INTRODUCTION

Shareholders' approval is being sought at the AGM for the proposed renewal of the Share Buyback Mandate for the purchase or acquisition by the Company of its issued Shares. If approved, the Share Buyback Mandate will take effect from the Approval Date and continue in force until the date of the next AGM or such date as the next AGM is required by law to be held, unless prior thereto, Share Buybacks are carried out to the full extent mandated or the Share Buyback Mandate is revoked or varied by the Company in a general meeting. The Share Buyback Mandate will be put to Shareholders for renewal at each subsequent AGM of the Company.

Any purchase of Shares by the Company will have to be made in accordance with, and in the manner prescribed by, the Companies Act, the Articles of Association, the rules of the Listing Manual, and such other laws and regulations as may for the time being be applicable.

## 2.2 RATIONALE AND BENEFITS

The rationale for the Share Buyback Mandate is as follows:

(a) The Directors and management constantly seek to increase Shareholders' value and to improve, *inter alia*, the return on equity of the Group. A Share Buyback at the appropriate price level is one of the ways through which the return on equity of the Group may be enhanced.

(b) The Share Buyback Mandate provides the Company with an expedient and cost-effective mechanism to facilitate the return of surplus cash/funds over and above its ordinary capital requirements, which are in excess of the financial and possible investment needs of the Group, to its Shareholders.

(c) The Share Buyback Mandate allows the Directors to optimise the share capital structure of the Group as well as provide flexibility (i) to purchase Shares; and (ii) over its dividend policy.

(d) Short-term speculation may at times cause the market price of the Shares to be depressed below the true value of the Company and the Group. The Share Buyback Mandate provides the Directors with the means to restore investors' confidence and to protect existing Shareholders' investments in the Company in a depressed share-price situation through judicious Share Buybacks to enhance the EPS and/or the NAV per Share. The Share Buybacks enhance the NAV per Share if the share buybacks are made at a price below the NAV per Share.

(e) In addition, Shares purchased or acquired pursuant to the Share Buyback Mandate and which are held as treasury shares may be utilised by the Company to satisfy options or awards granted under any employee share scheme, thus giving the Company greater flexibility to select the most beneficial method of providing Shares to employees.

If and when circumstances permit, the Directors will decide whether (a) to effect the Share Buybacks via market purchases or off-market purchases; (b) to make the Share purchases using the capital and/or the profits of the Company; and (c) the Shares purchased should be held as treasury shares or cancelled, after taking into account the amount of surplus cash (if any) available, the prevailing market conditions and the most cost-effective and efficient approach.

The Directors only propose to carry out purchases or acquisitions of Shares pursuant to the Share Buyback Mandate as and when they consider it to be in the best interests of the Company and/or Shareholders and in circumstances which they believe will not result in a material adverse effect on the liquidity and/or the orderly trading of the Shares and/or financial position of the Group, or result in the Company being de-listed from the SGX-ST.

## 2.3 TERMS

The authority and limitations placed on purchases of Shares by the Company under the Share Buyback Mandate are summarised below:

# APPENDIX

### 2.3.1 Maximum Number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company.

The total number of Shares that may be purchased or acquired by the Company is limited to that number of Shares representing not more than 10% of the total number of Shares of the Company as at the Approval Date (unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the total number of Shares shall be taken to be the total number of Shares as altered (excluding any treasury shares that may be held by the Company from time to time)). For purposes of calculating the percentage of issued Shares above, any of the Shares which are held as treasury shares will be disregarded.

**For illustrative purposes only,** based on the existing issued and paid-up capital of the Company as at the Latest Practicable Date of S$91,488,385 comprising 257,449,299 Shares, and assuming that no further Shares are issued on or prior to the AGM, not more than 25,744,930 Shares (representing approximately 10% of the issued ordinary share capital of the Company as at that date) may be purchased or acquired by the Company pursuant to the Share Buyback Mandate.

### 2.3.2 Duration of Authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the Approval Date, up to the earlier of:

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

(ii) the date on which the Share Buybacks are carried out to the full extent mandated; or

(iii) the date on which the authority contained in the Share Buyback Mandate is varied or revoked.

### 2.3.3 Manner of Purchase of Shares

Purchases of Shares may be made by way of, *inter alia*:

(i) on-market purchases ("**Market Purchase**"), transacted on the SGX-ST or, as the case may be, any other securities exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

(ii) off-market purchases ("**Off-Market Purchase**") (if effected otherwise than on the SGX-ST) in accordance with an equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the following conditions:

  (a) offers for the purchase or acquisition of issued shares shall be made to every person who holds issued shares to purchase or acquire the same percentage of their issued Shares;

  (b) all of those persons shall be given a reasonable opportunity to accept the offers made; and

  (c) the terms of all the offers are the same, except that there shall be disregarded:

    (aa) differences in consideration attributable to the fact that offers may relate to shares with different accrued dividend entitlements;

(bb) (if applicable) differences in consideration attributable to the fact that offers relate to shares with different amounts remaining unpaid; and

(cc) differences in the offers introduced solely to ensure that each person is left with a whole number of shares.

In addition, the Listing Manual provides that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders which must contain at least the following information:

(a) the terms and conditions of the offer;

(b) the period and procedures for acceptances;

(c) the reasons for the proposed Share Buyback;

(d) the consequences, if any, of Share Buybacks by the Company that will arise under the Take-over Code or other applicable take-over rules;

(e) whether the Share Buyback, if made, would have any effect on the listing of the Shares on the SGX-ST;

(f) details of any Share Buyback made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and

(g) Whether the Shares purchased or acquired by the Company will be cancelled or kept as treasury shares.

**2.3.4 Maximum Purchase Price**

The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax, clearance fees and other related expenses) to be paid for the Shares will be determined by the Directors. However, the purchase price to be paid for a Share as determined by the Directors must not exceed:

(i) in the case of a Market Purchase, 105% of the Average Closing Price (as defined hereinafter); and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price

(the "**Maximum Price**") in either case, excluding related expenses of the purchase.

For the above purposes

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five Market Days on which transactions in the Shares were recorded on the SGX-ST immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer (as defined hereinafter) pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five day period;

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

# APPENDIX

## 2.4 STATUS OF PURCHASED SHARES

### 2.4.1 Cancellation of Shares

Any Share which is purchased or acquired by the Company shall, unless held as treasury shares to the extent permitted under the Companies Act (as set out below), be deemed cancelled immediately on purchase or acquisition, and all rights and privileges attached to that Share will expire on cancellation. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

All Shares purchased or acquired by the Company (other than treasury shares held by the Company to the extent permitted under the Companies Act) will be automatically delisted by the SGX-ST, and certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase or acquisition.

### 2.4.2 Treasury Shares

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below:

(a) Maximum Holdings

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares.

(b) Voting and Other Rights

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. A subdivision or consolidation of any treasury share into treasury shares of a smaller amount is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

(c) Disposal and Cancellation

Where Shares are held as treasury shares, the Company may at any time:

(i) sell the treasury shares for cash;

(ii) transfer the treasury shares for the purposes of or pursuant to an employees' share scheme;

(iii) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;

(iv) cancel the treasury shares; or

(v) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister of Finance of Singapore.

The Company will make immediate announcement of any sale, transfer, cancellation and/or usage of treasury shares in accordance with Rule 704(28) of the Listing Manual.

**2.5 SOURCES OF FUNDS**

In financing the Share Buyback, the Company may only apply funds legally available in accordance with its Memorandum and Articles and the applicable laws in Singapore.

The Company may not purchase or acquire its Shares on the SGX-ST for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the SGX-ST.

The Share Buyback by the Company shall be made out of the Company's capital and/or or distributable profits that are available for payment as dividends so long as the Company is solvent.

For the purposes of the Companies Act, the Company is solvent if it is able to pay its debts in full at the time of the payment for the Share Buyback and will be able to pay its debts as they fall due in the normal course of business during the period of 12 months immediately following the date of the payment. In addition, the value of the Company's assets must not be less than the value of its liabilities (including contingent liabilities) and will not after the Share Buyback, become less than the value of its liabilities (including contingent liabilities).

In determining that the Company is solvent, the Directors must have regard to the most recently audited financial statements and all other relevant circumstances, and may rely on valuations or estimates of assets or liabilities that are reasonable in the circumstances. In determining the value of contingent liabilities, the Directors may take into account the likelihood of the contingency occurring, as well as any claims that the Company is entitled to make and can reasonably expect to be met to reduce or extinguish the contingent liability.

The Company may use internal source of funds and/or external borrowings to finance purchases or acquisitions of its Shares pursuant to the Share Buyback Mandate.

The Directors do not propose to exercise the Share Buyback Mandate in a manner and to such extent that the liquidity and capital adequacy position of the Group would be materially adversely affected.

**2.6 FINANCIAL EFFECTS**

It is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions of Shares (excluding brokerage, commission, stamp duties, applicable goods and services tax, clearance fees and other related expenses) that may be made pursuant to the Share Buyback Mandate as the financial effects on the Company and the Group will depend on factors such as, *inter alia*, the aggregate number of Shares purchased or acquired, the purchase prices at the relevant time of purchase or acquisition, the amount (if any) borrowed by the Company to fund the Share Buyback, whether the purchase or acquisition is made out of profits or capital, and whether the Shares purchased or acquired are held in treasury or immediately cancelled on purchase or acquisition.

Where the purchased or acquired Shares are cancelled, the issued share capital of the Company will be reduced by the corresponding total purchase price of the Shares purchased or acquired by the Company. If, on the other hand, the purchased or acquired Shares are not cancelled but held in treasury, then there will be no change in the Company's issued capital.

Where the purchase of Shares is financed through internal resources, it will reduce the cash reserves of the Group and of the Company, and thus the current assets and shareholders' funds of the Group and the Company. This will result in an increase in the gearing ratios of the Group and the Company and a decline in the current ratios of the Group and the Company. The actual impact on the gearing and current ratios will depend on the number of Shares purchased or acquired and the prices at which the Shares are purchased or acquired.

# APPENDIX

Where the purchase or acquisition of Shares is financed through borrowings, there would be an increase in the gearing ratios of the Group and the Company and a decline in the current ratios of the Group and the Company, with the actual impact dependent on the number of Shares purchased or acquired and the prices at which the Shares are purchased or acquired.

**2.6.1 Purchase or Acquisition Out of Capital and/or Profits**

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital and/or profits so long as the Company is solvent.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (excluding brokerage, commission, stamp duties, applicable goods and services tax, clearance fees and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

In any case, no purchase or acquisition of Shares, whether out of capital and/or profits, will be made in circumstances which would have or may have a material adverse effect on the liquidity, working capital requirements and gearing of the Company or the liquidity and capital adequacy position of the Group as a whole.

**2.6.2 Number of Shares Acquired or Purchased**

Based on 257,449,299 issued Shares as at the Latest Practicable Date and on the assumptions set out in paragraph 2.3.1, the purchase by the Company of up to the maximum limit of 10% of its issued Shares will result in the purchase or acquisition of 25,744,930 Shares.

**2.6.2 Based on Maximum Price Paid for Shares Acquired or Purchased**

Assuming that the Company purchases or acquires 25,744,930 Shares (representing the maximum limit of 10% of its issued Shares) at the Maximum Price, the maximum amount of funds required is approximately:

(a) in the case of Market Purchases of Shares, S$9,577,114 based on S$0.372 for one Share (being the price equivalent to 5% above the Average Closing Price of the Shares traded on the SGX-ST for the 5 consecutive Market Days immediately preceding the Latest Practicable Date); and

(b) in the case of Off-Market Purchases of Shares, S$10,941,595 based on S$0.425 for one Share (being the price equivalent to 20% above the Average Closing Price of the Shares traded on the SGX-ST for the 5 consecutive Market Days immediately preceding the Latest Practicable Date).

The Average Closing Price of the Shares traded on the SGX-ST for the 5 consecutive Market Days immediately preceding the Latest Practicable Date was S$0.354 *(Source: Bloomberg)*.

# APPENDIX

**For illustrative purposes only**, on the basis of the assumptions set out above as well as the following:

(a) the Share Buyback Mandate had been effective on 1 January 2014;

(b) there was no issuance of Shares, whether pursuant to the exercise of share options and/or vesting of awards or otherwise, after the Latest Practicable Date;

(c) there was no usage and/or cancellation of treasury shares after the Latest Practicable Date; and

(d) such Share purchases are funded solely by internal resources and/or external borrowings,

the financial effects on the audited financial statements of the Company and the Group for the financial year ended 31 December 2014 would have been as set out below.

| | Market Purchase | | | |
|---|---|---|---|---|
| | Company | | Group | |
| | Before Share Purchase US$'000 | After Share Purchase US$'000 | Before Share Purchase US$'000 | After Share Purchase US$'000 |
| Total Equity | 61,618 | 54,624 | 60,083 | 53,089 |
| NTA | 61,618 | 54,624 | 51,474 | 44,480 |
| Current Assets | 13,971 | 6,977 | 66,287 | 59,293 |
| Current Liabilities | 8,089 | 8,089 | 25,675 | 25,675 |
| Working Capital | 5,882 | (1,112) | 40,612 | 33,618 |
| Net Debt/(Net Cash) | 684 | 7,678 | 4,301 | 11,295 |
| No. of Issued Shares (in Thousand) | 257,449 | 231,704 | 257,449 | 231,704 |
| **Financial Indicators** | | | | |
| NTA per Share (US cents) | 23.93 | 23.58 | 19.99 | 19.20 |
| Gearing (Net D/E) | 1.1% | 14.1% | 7.2% | 21.3% |
| Current Ratio (times) | 1.73 | 0.86 | 2.58 | 2.31 |
| Basic EPS (US cents) | 0.52 | 0.58 | 2.02 | 2.25 |

| | Off-Market Purchase | | | |
|---|---|---|---|---|
| | Company | | Group | |
| | Before Share Purchase US$'000 | After Share Purchase US$'000 | Before Share Purchase US$'000 | After Share Purchase US$'000 |
| Total Equity | 61,618 | 53,628 | 60,083 | 52,093 |
| NTA | 61,618 | 53,628 | 51,474 | 43,484 |
| Current Assets | 13,971 | 5,981 | 66,287 | 58,297 |
| Current Liabilities | 8,089 | 8,089 | 25,675 | 25,675 |
| Working Capital | 5,882 | (2,108) | 40,612 | 32,622 |
| Net Debt/(Net Cash) | 684 | 8,674 | 4,301 | 12,291 |
| No. of Issued Shares (in Thousand) | 257,449 | 231,704 | 257,449 | 231,704 |
| **Financial Indicators** | | | | |
| NTA per Share (US cents) | 23.93 | 23.14 | 19.99 | 18.77 |
| Gearing (Net D/E) | 1.1% | 16.2% | 7.2% | 23.6% |
| Current Ratio (times) | 1.73 | 0.74 | 2.58 | 2.27 |
| Basic EPS (US cents) | 0.52 | 0.58 | 2.02 | 2.25 |

# APPENDIX

Notes:

(1) NTA means Net Tangible Assets; Net D/E means Net Debt-to-Equity; EPS means Earnings Per Share

(2) The disclosed financial effects remain the same irrespective of whether:

a. the purchase of the Shares is effected out of capital or profits; or

b. the purchased Shares are held in treasury or are cancelled.

(3) NTA equals total equity less non-controlling interests and intangible assets. NTA per Share is calculated based on the number of issued Shares excluding treasury shares.

(4) Current Ratio equals Current Assets divided by Current Liabilities.

(5) The exchange rate between S$ and US$ used for the Average Closing Price was S$1.3694 to US$1.00 (*Source: Bloomberg*).

**Shareholders should note that the financial effects illustrated above are for illustration purposes only. In particular, it is important to note that the analysis below is based on historical numbers, and is not necessarily representative of future financial performance of the Company. Although the Share Buyback Mandate would authorise the Company to purchase or acquire up to 10% of the total number of Shares issued by the Company as at the date that the Share Buyback Mandate is obtained, the Company may not necessarily buy back or be able to buy back 10% of the total number of Shares issued in full. In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased in treasury.**

The Company will take into account both financial and non-financial factors (for example, share market conditions and the performance of the Shares) in assessing the relative impact of a share purchase before execution.

## 2.7 TAX IMPLICATIONS

Shareholders who are in doubt as to their respective tax positions or the tax implications of share repurchases by the Company, or who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.

## 2.8 REPORTING REQUIREMENTS UNDER THE COMPANIES ACT

Within 30 days of a purchase of Shares on the SGX-ST or otherwise, the Company shall lodge with ACRA the notice of the purchase in the prescribed form, such notification including, *inter alia*, details of the purchase, the total number of Shares purchased by the Company, the total number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued ordinary share capital before the purchase and after the purchase of Shares, the amount of consideration paid by the Company for the purchase, and whether the Shares were purchased out of the profits or the capital of the Company.

## 2.9 LISTING MANUAL RULES

Under the Listing Manual, a listed company may only purchase shares by way of Market Purchases at a price per share which is not more than 5% above the average closing market price, being the average of the closing market prices of the shares over the last five Market Days, on which transactions in the shares were recorded, before the day on which the purchases were made. The Maximum Price for a Share in relation to Market Purchases by the Company, referred to in Section 2.3.4 of this Appendix, conforms to this restriction.

# APPENDIX

Although the Listing Manual does not prescribe a maximum price in relation to purchases of shares by way of Off-Market Purchases, the Company has set a cap of 20% above the Average Closing Price of a Share as the Maximum Price for a Share to be purchased or acquired by way of an Off-Market Purchase.

Rule 886 of the Listing Manual specifies that a listed company shall notify all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m.:

(a) in the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares; and

(b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer.

Such announcement (which must be in the form of Appendix 8.3.1 to the Listing Manual) shall include inter alia, details of the total number of shares authorised for purchase, the date of purchase, the total number of shares purchased, the purchase price per share (or the highest price and lowest price per share in the case of Market Purchases), the total consideration (including stamp duties and clearing charges) paid for the shares and the number of issued shares (excluding treasury shares) after purchase.

While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time, because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase of Shares pursuant to the Share Buyback Mandate at any time after any matter or development of a price-sensitive nature has occurred or has been the subject of consideration and/or a decision of the Board until such price-sensitive information has been publicly announced. In particular, in line with the best practices guide on securities dealings set out in the Listing Manual, the Company will not purchase or acquire any Shares during the period of one month before the announcement of the Company's half year and full year financial statements or, where the Company is required to announce quarterly financial statements, during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company's full year financial statements.

### 2.10 LISTING STATUS OF THE SGX-ST

The Listing Manual requires a listed company to ensure that at least 10% of equity securities (excluding preference shares and convertible equity securities) in any class that is listed is at all times held by the public. The "public", as defined under the Listing Manual, are persons other than Directors, chief executive officer and substantial Shareholders or Controlling Shareholders of the Company and its subsidiaries, as well as the associates (as defined in the Listing Manual) of such persons.

As at the Latest Practicable Date, there are 152,268,754 Shares in the hands of the public (as defined above), representing 59.15% of the issued and paid-up share capital of the Company. Assuming that the Company purchases 25,744,930 Shares through Market Purchases up to the full 10% limit pursuant to the Share Buyback Mandate, the number of Shares in the hands of the public would be reduced to 100,759,994 Shares, representing 43.49% of the issued and paid-up share capital of the Company as at the Latest Practicable Date.

# APPENDIX

In undertaking any purchases of its Shares through Market Purchases, the Directors will use their best efforts to ensure that a sufficient number of Shares remain in public hands so that the Share Buyback(s) will not:

(a) adversely affect the listing status of the Shares on the SGX-ST;

(b) cause market illiquidity; or

(c) adversely affect the orderly trading of Shares.

## 2.11 TAKE-OVER IMPLICATIONS UNDER THE TAKE-OVER CODE

Appendix 2 of the Take-over Code contains the Share Buyback Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below:

### 2.11.1 Obligation to Make a Take-over Offer

If, as a result of any purchase or acquisition by the Company of its Shares, a Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. If such increase results in a change of effective control, or, as a result of such increase, a Shareholder or group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a mandatory take-over offer for the Company under Rule 14 of the Take-over Code.

Under Rule 14 of the Take-over Code, a person, unless exempted, will be required to make a general offer for a public company if:

(i) he acquires 30% or more of the voting rights of the company; or

(ii) he already holds between 30% and 50% of the voting rights of the company, and he increases his voting rights in the company by more than 1% in any period of six months.

### 2.11.2 Persons Acting in Concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), cooperate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company.

Unless the contrary is established, the following persons will, *inter alia*, be presumed to be acting in concert:

(a) a company with any of its directors; and

(b) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies and companies of which such companies are associated companies, all with each other. For this purpose, ownership or control of at least 20% but not more than 50% of the equity share capital of a company will be regarded as the test of associated company status.

The circumstances under which Shareholders (including Directors) and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

# APPENDIX

### 2.11.3 Effect of Rule 14 and Appendix 2 of the Take-over Code

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors of the Company and persons acting in concert with them will incur an obligation to make a takeover offer for the Company under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or if the voting rights of such Directors and their concert parties fall between 30% and 50% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six months.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors of the Company will not be required to make a take-over offer under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buyback Mandate.

However, Shareholders will be subject to the provisions of Rule 14 of the Take-over Code if they acquire Shares after the Company's Share Purchases. For the purpose of the Take-over Code, an increase in the percentage of voting rights as a result of the Share Purchases will be taken into account in determining whether a Shareholder and persons acting in concert with him have increase their voting rights by more than 1% in any period of six months.

The Directors are not aware of any facts or factors which suggest or imply that any particular Shareholder is, or may be regarded as, a party acting in concert such that his interests in voting Shares in the capital of the Company should or ought to be consolidated, and consequences under the Take-over Code would ensue as a result of a purchase of Shares by the Company pursuant to the Share Buyback Mandate.

The Directors are not aware of any Shareholder who may become obligated to make a mandatory offer in the event that the Company purchases the maximum number of Shares under the Share Buyback Mandate.

**Shareholders are advised to consult their professional advisers and/or the Securities Industry Council and/or the relevant authorities at the earliest opportunity as to whether an obligation to make a take-over offer would arise by reason of any share purchases or acquisitions by the Company pursuant to the Share Buyback Mandate.**

### 2.12 SHARES PURCHASED BY THE COMPANY

The details of the shares purchased by the Company in the 12 months preceding the Latest Practicable Date are as follows:

(a) the total number of Shares purchased was 18,983,000. All such Shares were acquired by way of Market Purchases;

(b) the highest and lowest prices paid for such share purchases were S$0.445 and S$0.385 respectively; and

(c) the total consideration paid by the Company for such share purchases was S$7,660,804.

# APPENDIX

## 3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

### 3.1 DIRECTORS' INTERESTS

The interests of the Directors, direct or indirect, in the Shares as extracted from the Company's Register of Directors' Shareholdings, as at the Latest Practicable Date, are as set out below:

| | Direct Interest | | Deemed Interest | |
|---|---|---|---|---|
| | Number of Shares | %(1) | Number of Shares | % |
| **Director** | | | | |
| Anthony Brian Taylor | 11,139,702 | 4.326 | – | – |
| Malcolm John Burrell | 11,139,702 | 4.326 | – | – |
| Matthew Jonathan Garner | – | – | – | – |
| John Lim Yew Kong | 15,000 | 0.005 | – | – |
| Basil Chan | 15,000 | 0.005 | – | – |
| Cosimo Borrelli | – | – | – | – |

Mr Anthony Brian Taylor, the Executive Chairman of the Company, has been granted 1,890,000 options under the Global Invacom Employee Share Option Scheme 2013 on 7 July 2013.

Note:
(1) Percentage of shareholding is calculated based on 257,449,299 ordinary shares.

### 3.2 SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the substantial Shareholders, direct or indirect, in the Shares as extracted from the Company's Register of Substantial Shareholders, as at the Latest Practicable Date, are as set out below:

| | Direct Interest | | Deemed Interest | |
|---|---|---|---|---|
| **Substantial Shareholders** | Number of Shares | %(2) | Number of Shares | %(2) |
| Neo Chee Beng(1) | 7,000 | 0.002 | 23,231,000 | 9.02 |
| Investec Asset Management Ltd | 15,000,000 | 5.82 | – | – |
| River and Mercantile Funds ICVC | 14,250,000 | 5.35 | – | – |

Notes:
(1) Mr Neo Chee Beng has 23,231,000 Shares assigned to nominees.
(2) Percentage of shareholding is calculated based on 257,449,299 ordinary shares.

## 4. DIRECTORS' RECOMMENDATION

Having fully considered the rationale and benefit of the proposed renewal of the Share Buyback Mandate, the Directors are of the opinion that the proposed renewal of the Share Buyback Mandate is in the best interests of the Company. For the reasons set out in Section 2.2 of this Appendix, the Directors recommend that Shareholders vote in favour of Resolution 9, being the Ordinary Resolution relating to the proposed renewal of the Share Buyback Mandate at the forthcoming AGM to be held at at The National University of Singapore Society, Suntec City Guild House, 3 Temasek Boulevard, #02-401/402 Suntec City Mall, Singapore 038983 on Wednesday, 29 April 2015 at 12.00 noon.

# APPENDIX

## 5. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the AGM and wish to appoint a proxy to attend and vote on their behalf should complete, sign and return the Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach at the registered office of the Company at 8 Temasek Boulevard, #20-03 Suntec Tower Three, Singapore 038988, not less than 48 hours before the time fixed for the AGM. Appointment of a proxy by a Shareholder does not preclude him from attending and voting in person at the AGM if he so wishes.

A depositor holding shares through CDP in Singapore shall not be regarded as a Shareholder entitled to attend the AGM and to speak and vote thereat unless his name appears on the Depository Register as certified by CDP, not less than 48 hours before the time fixed for the AGM.

## 6. INSPECTION OF DOCUMENTS

Copies of the Memorandum and Articles of Association and the Annual Report of the Company are available for inspection at the registered office of the Company at 8 Temasek Boulevard, #20-03 Suntec Tower Three, Singapore 038988 during normal business hours from the date of this Appendix to the date of the AGM.

## 7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm that after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the matters stated in the Appendix, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading.

Where information in this Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Appendix in its proper form and context.

Yours faithfully
For and on behalf of the Board of Directors
**GLOBAL INVACOM GROUP LIMITED**

**Anthony Brian Taylor**
Executive Chairman

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# GLOBAL INVACOM GROUP LIMITED

(Incorporated in Singapore)
(Company Registration No: 200202428H)

**IMPORTANT:**
CPF Investors
1. For investors who have used their CPF monies to buy Global Invacom Group Limited's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to vote should contact their CPF Approved Nominees.

Personal Data Privacy
4. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Company's Notice of Annual General Meeting.

# PROXY FORM

*(Please see notes overleaf before completing this Form)*

*I/We, ____________________

of ____________________

being a member/members of GLOBAL INVACOM GROUP LIMITED (the "Company"), hereby appoint:

| Name | NRIC/Passport No. | Proportion of Shareholdings | |
|---|---|---|---|
| | | No. of Shares | % |
| Address | | | |

and/or (delete as appropriate)

| Name | NRIC/Passport No. | Proportion of Shareholdings | |
|---|---|---|---|
| | | No. of Shares | % |
| Address | | | |

or failing *him/her, the Chairman of the Meeting as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at The National University of Singapore Society, Suntec City Guild House, 3 Temasek Boulevard, #02-401/402 Suntec City Mall, Singapore 038983 on Wednesday, 29 April 2015 at 12.00 noon and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

**(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)**

| No. | Resolutions relating to: | For | Against |
|---|---|---|---|
| 1 | Directors' Report and Audited Financial Statements for the year ended 31 December 2014 | | |
| 2 | Payment of proposed Final Dividend | | |
| 3 | Re-election of Mr Basil Chan as a Director | | |
| 4 | Re-election of Mr Cosimo Borrelli as a Director | | |
| 5 | Approval of Payment of Directors' fees for FY2015 amounting to S$294,000 | | |
| 6 | Re-appointment of Moore Stephens LLP as Auditors | | |
| 7 | Authority to issue shares | | |
| 8 | Authority to allot and issue shares under the Global Invacom Share Option Scheme 2013 | | |
| 9 | Renewal of the Share Buyback Mandate | | |

Dated this __________ day of April 2015

| Total Number of Shares in: | No. of Shares |
|---|---|
| (a) CDP Register | |
| (b) Register of Members | |

____________________

Signature of Shareholder(s)/
and, Common Seal of Corporate Shareholder

**Notes:**

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

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one (1) or two (2) proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 8 Temasek Boulevard, #20-03 Suntec Tower Three, Singapore 038988, not less than forty-eight (48) hours before the time appointed for the Meeting.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

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

**General:**

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

Designed and produced by
TOPPAN
TOPPAN VITE PTE. LTD.
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completing the picture

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