CIRCULAR DATED 16 MAY 2012

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR LEGAL, FINANCIAL, TAX OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

If you have sold or transferred all your shares in the capital of Radiance Group Limited (the "**Company**"), you should forward this Circular, the Notice of Extraordinary General Meeting and the attached Proxy Form immediately to the purchaser or transferee or to the stockbroker, bank or agent through whom you effected the sale or transfer for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited (the "**SGX-ST**") assumes no responsibility for the correctness of any statements made, reports contained or opinions expressed in this Circular. Approval in-principle granted by the SGX-ST to the Company for the listing and quotation of the Consolidated Shares, the Consideration Shares, the Placement Shares and the Option Shares on the Main Board of the SGX-ST is not to be taken as an indication of the merits of the Proposed Transactions, the Radiance Group, the GIHL Group, the Enlarged Group, the Shares, the Consolidated Shares, the Consideration Shares, the Placement Shares and/or the Option Shares.

Capitalised terms appearing on the cover of this Circular have the same meanings as defined in the section entitled "Definitions".

YOUR ATTENTION IS DRAWN TO THE SECTIONS ENTITLED "RISK FACTORS" OF THIS CIRCULAR (INCLUDING SECTION B.8 OF THIS CIRCULAR) WHICH YOU SHOULD REVIEW CAREFULLY IN CONJUNCTION WITH THE ENTIRE CIRCULAR.

RADIANCE GROUP LIMITED

(Company Registration No.: 200202428H)
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS

in relation to the proposed:

(1) **Acquisition of the entire issued and paid-up share capital of Global Invacom Holdings Limited for an aggregate consideration of US$49 million as a reverse takeover transaction and an interested person transaction;**

(2) **Share consolidation of every four (4) Shares into one (1) Consolidated Share, fractional entitlements to be disregarded;**

(3) **Allotment and issue of 122,515,189 Consideration Shares at an issue price of S$0.3087 each to the Vendors and/or their nominee(s), in satisfaction of the Share Swap Consideration;**

(4) **Allotment and issue of up to 41,539,000 Placement Shares pursuant to the Compliance Placement;**

(5) **New General Share Issue Mandate to allot and issue new Shares and convertible securities;**

(6) **Termination of the Radiance Electronics Share Option Scheme 2003;**

(7) **Adoption of the Global Invacom Group Employee Share Option Scheme; and**

(8) **Change of name of the Company from "Radiance Group Limited" to "Global Invacom Group Limited".**

Financial Adviser to the Company in relation to the Acquisition

OSK | DMG

DMG & PARTNERS SECURITIES PTE LTD

(Company Registration No.: 198701140E)
(Incorporated in the Republic of Singapore)

Independent Financial Adviser in relation to the Acquisition

PROVENANCECAPITAL

PROVENANCE CAPITAL PTE. LTD.

(Company Registration No.: 200309056E)
(Incorporated in the Republic of Singapore)

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	13 June 2012 at 10.00 a.m.
Date and time of Extraordinary General Meeting	:	15 June 2012 at 10.00 a.m.
Place of Extraordinary General Meeting	:	3 Temasek Boulevard #02-161 Suntec City Mall (e-Life@Suntec) Singapore 038983

THE DIRECTORS OF RADIANCE GROUP LIMITED AND DMG & PARTNERS SECURITIES PTE LTD WOULD LIKE TO DRAW THE ATTENTION OF INVESTORS AND SHAREHOLDERS TO PAGES 192 TO 200 OF THIS CIRCULAR WHICH HIGHLIGHTS CERTAIN MATERIAL RISKS INHERENT IN THE BUSINESS OF GIHL. SHAREHOLDERS ARE ADVISED TO TAKE THESE RISK FACTORS INTO CONSIDERATION WHEN DECIDING ON THE PROPOSED TRANSACTIONS.

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CORPORATE INFORMATION

Board of Directors	:	Anthony Brian Taylor (Executive Chairman) Gary Patrick Stafford (Executive Director) Malcolm John Burrell (Executive Director) Cosimo Borrelli (Non-Executive Director) John Lim Yew Kong (Lead Independent Director) Basil Chan (Independent Director)
Joint Company Secretaries	:	Yvonne Choo, FCIS Lim Keng San Shirley, FCIS
Registered Office	:	8 Temasek Boulevard #20-03 Suntec Tower Three Singapore 038988
Share Registrar and Share Transfer Office	:	**B.A.C.S. Private Limited** 63 Cantonment Road Singapore 089758
Financial Adviser to the Company in relation to the Acquisition	:	**DMG & Partners Securities Pte Ltd** 10 Collyer Quay #09-08 Ocean Financial Centre Singapore 049315
Auditors to the Company and Reporting Auditors	:	**Moore Stephens LLP, Singapore** Public Accountants and Certified Public Accountants 10 Anson Road #29-15 International Plaza Singapore 079903 Partner-in-charge: Ng Chiou Gee Willy, CPA Singapore
Auditors to GIHL	:	**Moore Stephens LLP, London** Chartered Accountants 150 Aldersgate Street London EC1A 4AB United Kingdom Partner-in-charge: Michael Simms, ACA – ICAEW
Legal Adviser to the Company in relation to the Acquisition	:	**Stamford Law Corporation** 10 Collyer Quay #27-00 Ocean Financial Centre Singapore 049315
Legal Adviser to the Company in relation to UK Law	:	**Furley Page LLP** Admiral's Offices Main Gate Road The Historic Dockyard Chatham Kent ME4 4TZ United Kingdom

Independent Financial Adviser in relation to the Acquisition	:	**Provenance Capital Pte. Ltd.** 96 Robinson Road #13-01 SIF Building Singapore 068899
Independent Valuer	:	**PA Strategy Partners Ltd** 123 Buckingham Palace Road London SW1W 9SR United Kingdom
Principal Bankers of the Radiance Group	:	**The Hongkong & Shanghai Banking Corporation Limited** 21 Collyer Quay #04-01 HSBC Building Singapore 049320 **Industrial and Commercial Bank of China** Waigaoqiao Free Trade Zone Subbranch No. 28 Maji Road Waigaoqiao Free Trade Zone, Shanghai People's Republic of China Post Code 200131 **Citibank N.A. Singapore** 8 Marina View #17-01 Asia Square Tower 1 Singapore 018960 **Chinatrust Commercial Bank, Ltd** 28F, Two International Finance Centre 8 Finance Street Central Hong Kong
Principal Bankers of the GIHL Group	:	**Barclays Bank plc** Eastern Business Banking PO Box 885 Histon, Cambridge CB4 9DE United Kingdom

DEFINITIONS

The following definitions apply throughout this Circular, unless the context requires otherwise:

Group Companies and Enlarged Group Companies

"Company" or "RGL"	:	Radiance Group Limited
"Enlarged Group"	:	The Radiance Group and the GIHL Group after Completion
"GCL"	:	Global Communications (UK) Limited
"GIHL"	:	Global Invacom Holdings Limited
"GIHL Group"	:	GIHL, its subsidiaries and associated companies
"GIL"	:	Global Invacom Limited (formerly known as Global Communications (UK) Limited)
"Invacom"	:	Invacom Limited
"Radiance Group"	:	The Company and its subsidiaries

Other Companies, Entities, Organisations and Agencies

"ACRA"	:	Accounting and Corporate Regulatory Authority of Singapore
"Agilent"	:	Agilent Technologies, Inc.
"BSkyB"	:	British Sky Broadcasting Group plc.
"CDP"	:	The Central Depository (Pte) Ltd
"CPF"	:	Central Provident Fund
"DISH"	:	DISH Network Corporation
"EBT"	:	GIHL's employee benefit trust constituted by GCL on 22 January 2001 as reconstituted by GIHL on 30 March 2009 (adopting new rules following a share for share exchange between GIL and GIHL) for the benefit of GIHL's employees, past, present or future, and which is being used to facilitate GIHL's existing employee share option scheme
"EC"	:	European Community
"EchoStar"	:	EchoStar Corporation
"ESA"	:	European Space Agency
"EU"	:	European Union
"Eutelsat"	:	Eutelsat S.A.

"Financial Adviser"	:	DMG & Partners Securities Pte Ltd, the financial adviser in relation to the Acquisition
"G-Star"	:	G-Star Communications Limited
"Hughes"	:	Hughes Network Systems, LLC
"IFA" or "Independent Financial Adviser"	:	Provenance Capital Pte. Ltd., the independent financial adviser in relation to the Acquisition
"Inmarsat"	:	Inmarsat plc
"KLM"	:	KLM Steel Services Ltd
"MAS"	:	Monetary Authority of Singapore
"PCTL"	:	Provision Communications Technology Limited
"Placement Agent"	:	The placement agent to be appointed by the Company in connection with the Compliance Placement
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"SIC"	:	Securities Industry Council
"Sky TV"	:	An alternative name for the UK satellite television company BSkyB
"The Pacific Trust"	:	A discretionary trust constituted for the benefit of all present and former employees and officers of the GIHL Group
"Vistra"	:	Vistra Corporate Services Limited, trustee of The Pacific Trust and the EBT

General

"Acquisition"	:	The proposed acquisition of the entire issued share capital of GIHL by the Company from the Vendors for a consideration of US$49 million, on and subject to the terms and conditions of the Sale and Purchase Agreement
"Althorne Property"	:	Has the meaning ascribed to it in *Section B.4.17 Properties and Fixed Assets* of this Circular
"Anthony Taylor"	:	Anthony Brian Taylor
"Articles"	:	The articles of association of the Company, as amended from time to time
"Audit Committee"	:	The audit committee of the Company for the time being

"Board of Directors" or "Board"	:	The board of Directors of the Company for the time being
"Books Closure Date"	:	The time and date to be determined by the Directors, at and on which the register of members and the share transfer books of the Company will be closed to determine the entitlements of the Shareholders to the Consolidated Shares under the Share Consolidation
"Business Day"	:	A day on which commercial banks are open for business in both Singapore and the UK, other than Saturdays, Sundays and days which have been gazetted as public holidays in Singapore and the UK
"Cash Consideration"	:	The sum of US$18.5 million payable in cash by the Company for the Sale Shares more particularly described in *Section A.2.1.2 Consideration*
"CFO" or "Chief Financial Officer"	:	The chief financial officer of the Company for the time being
"Circular"	:	This circular to Shareholders dated 16 May 2012
"Code"	:	The Singapore Code on Take-overs and Mergers
"Companies Act"	:	The Companies Act (Chapter 50) of Singapore
"Completion"	:	Completion of the Acquisition pursuant to the Sale and Purchase Agreement
"Completion Date"	:	The date on which Completion is to take place
"Compliance Placement"	:	The proposed placement of up to 41,539,000 new Consolidated Shares by the Company for the purposes of, *inter alia*, meeting the shareholding spread and distribution requirements of the Listing Manual, as more particularly discussed in *Section A.5 The Compliance Placement* of this Circular
"Consideration"	:	The sum of US$49 million, being the aggregate purchase consideration payable by the Company for the Sale Shares to be fully satisfied by (a) the Cash Consideration and (b) the Share Swap Consideration
"Consideration Shares"	:	The 122,515,189 new Consolidated Shares to be allotted and issued to the Vendors and/or their nominee(s) at the Issue Price
"Consolidated Shares"	:	Shares subsequent to the Share Consolidation

"Controlling Shareholder"	:	A person who: (a) holds, directly or indirectly, 15% or more of the total number of issued shares excluding treasury shares in the Company or GIHL (as the case may be), unless otherwise determined by the SGX-ST; or (b) in fact exercises control over the Company or GIHL (as the case may be)
"David Newcombe"	:	David Wilson Thomas Newcombe
"David Smith"	:	David Gerald Smith
"Directors"	:	(a) in the case of the Company and when used in the *"Letter to Shareholders from the Board of Directors of the Company",* the directors of the Company from time to time; or (b) in the case of GIHL and when used in the *"Letter to Shareholders from the Board of Directors of GIHL"*, the directors of GIHL from time to time
"EBITDA"	:	Earnings before interest, taxes, depreciation and amortisation
"Effective Trading Date"	:	Has the meaning ascribed to it in *Section A.4.1 The Share Consolidation* of this Circular
"EGM"	:	The extraordinary general meeting of the Company to be held on 15 June 2012, notice of which is set out on pages I-1 to I-5 of this Circular
"Enlarged Share Capital"	:	The enlarged issued share capital of the Company immediately after completion of the Share Consolidation, the Acquisition and the Compliance Placement
"EPS"	:	Earnings per Share
"Executive Directors"	:	The executive Directors of the Company for the time being
"Existing ESOS"	:	The Radiance Electronics Share Option Scheme 2003
"FRS"	:	Singapore Financial Reporting Standards
"FY"	:	Financial year ended or ending 31 December, as the case may be
"Gary Stafford"	:	Gary Patrick Stafford
"General Manager"	:	The general manager of the Company and/or its subsidiaries for the time being
"Independent Directors"	:	The independent Directors of the Company for the time being

"Independent Shareholders"	:	Shareholders other than: (i) the Obliged Parties; and (ii) persons not independent of the Obliged Parties, for the purposes of the Acquisition
"Independent Valuer"	:	PA Strategy Partners Ltd
"Issue Price"	:	The issue price of S$0.3087 per Consideration Share
"IT"	:	Information technology
"Latest Practicable Date"	:	2 May 2012, being the latest practicable date prior to the printing of this Circular
"Listing Manual"	:	The Listing Manual of the SGX-ST
"Malcolm Burrell"	:	Malcolm John Burrell
"Market Day"	:	A day on which the SGX-ST is open for securities trading
"Memorandum"	:	The memorandum of association of the Company, as amended from time to time
"NASDAQ"	:	The National Association of Securities Dealers Automated Quotations Stock Exchange, the electronic screen-based equity securities trading market in the USA
"NAV"	:	Net asset value
"New ESOS"	:	The Global Invacom Group Employee Share Option Scheme
"New General Share Issue Mandate"	:	The proposed general share issue mandate pursuant to Section 161 of the Companies Act and Rule 806(1) of the Listing Manual
"Nominating Committee"	:	The nominating committee of the Company for the time being
"Non-Executive Directors"	:	The non-executive Directors of the Company (including Independent Directors) for the time being
"NTA"	:	Net tangible assets
"Obliged Parties"	:	The Vendors and parties acting in concert with them (including The Pacific Trust)
"Offer Information Statement"	:	The offer information statement to be issued in connection with the Compliance Placement
"Old General Share Issue Mandate"	:	Has the meaning ascribed to it in *Section A.9 New General Share Issue Mandate* of this Circular

"Option Shares"	:	New Shares which may be allotted and issued from time to time pursuant to the exercise of options granted under the New ESOS
"PBT"	:	Profit before tax
"Period Under Review"	:	FY2009, FY2010 and FY2011
"Placement Shares"	:	Up to 41,539,000 new Consolidated Shares to be allotted and issued pursuant to the Compliance Placement
"PRC" or "China"	:	People's Republic of China
"Proposed Key Executive"	:	The key executive proposed to be appointed by the Company following Completion, namely, David Smith
"Proposed Transactions"	:	The Acquisition, the Share Consolidation, the proposed allotment and issue of the Consideration Shares, the proposed allotment and issue of the Placement Shares, the New General Share Issue Mandate, the proposed termination of the Existing ESOS, the proposed adoption of the New ESOS and the proposed change of name of the Company
"Proxy Form"	:	The proxy form in respect of the EGM as set out in this Circular
"Remuneration Committee"	:	The remuneration committee of the Company for the time being
"R&D"	:	Research and development
"RoW"	:	Rest of the world
"RFP"	:	Request for proposal
"Sale and Purchase Agreement"	:	The sale and purchase agreement dated 30 June 2011 entered into between the Company and the Vendors in relation to the Acquisition as amended, modified and supplemented by the supplemental agreements dated 30 November 2011 and 31 January 2012
"Sale Shares"	:	The entire issued and paid-up share capital of GIHL comprising 329,942 ordinary shares of £0.10 each
"Securities Account"	:	Securities account maintained by a Depositor with CDP but does not include a securities sub-account
"Service Agreements"	:	Has the meaning ascribed to it in the *Section A.6.12 Service Agreements* of this Circular
"SFA"	:	Securities and Futures Act (Chapter 289) of Singapore

"SGXNET"	:	A broadcast network utilised by companies listed on the SGX-ST for the purpose of sending information (including announcements) to the SGX-ST (or any other broadcast or system networks prescribed by the SGX-ST)
"Share Consolidation"	:	The proposed share consolidation of every four (4) Shares into one (1) Consolidated Share, fractional entitlements to be disregarded
"Shares"	:	Ordinary shares in the capital of the Company
"Share Swap Consideration"	:	The sum of US$30.5 million, payable by the Company in the form of the Consideration Shares for the Sale Shares more particularly described in *Section A.2.1.2 Consideration*
"Shareholders"	:	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
"substantial shareholder"	:	A person who has an interest (as defined in the Companies Act) in one or more voting shares of the Company or GIHL (as the case may be) and the total votes attached to that share, or those shares, is not less than 5% of the total votes attached to all the voting shares in the Company or GIHL (as the case may be)
"UK"	:	United Kingdom
"USA"	:	United States of America
"Valuation Report"	:	The valuation report dated 24 June 2011 prepared by the Independent Valuer
"Vendors"	:	The persons whose names and addresses are set out in *Appendix H – List of Vendors* of this Circular, collectively being the legal and beneficial owners of the entire issued share capital of GIHL as at the Latest Practicable Date, and "**Vendor**" means any one of them

Currencies, Units of Measurements and Others

"S$" or "SGD" and "cents"	:	Singapore dollars and cents, respectively
"£" and "p" or "GBP" and "pence"	:	Pound Sterling and pence, respectively
"€"	:	Euros
"RMB"	:	Renminbi

"US$" or "USD"	:	United States dollars
"%" or "per cent."	:	Per centum or percentage
"GHz"	:	Gigahertz or 1 billion cycles per second

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

The terms "acting in concert" and "concert parties" shall have the meanings ascribed to them respectively in the Code.

The term "subsidiary" shall have the meaning ascribed to it by Section 5 of the Companies Act. The term "associate", "associated company", "entity at risk", "interested person" and "interested person transaction" shall have the meanings ascribed to them respectively in the Listing Manual.

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

Any reference in this Circular to any enactment is a reference to that enactment for the time being amended or re-enacted. Any word defined under the SFA, the Companies Act or the Code or any statutory modification thereof and used in this Circular shall, where applicable, have the meaning ascribed to it under the SFA, the Companies Act or the Code respectively, or any statutory modification thereof as the case may be, unless the context requires otherwise.

Any reference in this Circular to Shares being allotted to a person includes allotment to CDP for the account of that person.

Any reference to a time of day in this Circular shall be a reference to Singapore time, unless otherwise stated.

Any discrepancies in tables included herein between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

GLOSSARY OF TECHNICAL TERMS

The following glossary contains explanations of certain technical terms, abbreviations and definitions used in this Circular in connection with the Radiance Group, the GIHL Group and their businesses. The terms and definitions and their assigned meanings may not correspond to standard industry meanings or usages of these terms.

3D	:	Three dimensional. In the context of television, this is a relatively new technology which projects a television programme into a realistic three-dimensional field
ADX	:	GCL trade name for a frequency extender which enables legacy set-top boxes to receive the satellite TV channels broadcasted by BSkyB using the then new Astra 1D transponders
ADXplus	:	GCL trade name for a frequency extender, similar in performance to the ADX, but with the addition of features to work with a universal LNB
Antenna Gimbals	:	A mechanical part used to steer an antenna
BOM	:	Bill of materials
DBS	:	Direct broadcast satellite
DiSEqC	:	Digital satellite equipment control. A communication protocol for use between a satellite receiver and a device such as a multi-dish switch. DiSEqC was developed by the European satellite provider Eutelsat, which now acts as the standards agency for the protocol
DTH	:	Direct-to-home
DTT	:	Digital terrestrial television
EMC	:	Electromagnetic compatibility
EMS	:	Electronics manufacturing services
Freeview	:	Collection of free-to-air services on the DTT platform in the UK
GSM	:	Global system for mobile communications, originally Groupe Spécial Mobile. The world's most popular standard for mobile telephony systems
GTU	:	Gateway termination unit
HD	:	High definition
IF	:	Intermediate frequency
IP	:	Internet protocol
IPTV	:	Internet protocol television
IRS	:	Integrated reception system
Ka band	:	The microwave band on the electromagnetic spectrum covering the frequencies of between 26.5 and 40.0 GHz

GLOSSARY OF TECHNICAL TERMS

Ku band	:	The microwave band on the electromagnetic spectrum covering the frequencies of between 10.95 and 14.5 GHz
LNB	:	Low noise block
MDU	:	Multiple dwelling unit
ODM	:	Original design manufacturer
OEM	:	Original equipment manufacturer
OMT	:	Ortho mode transducer
Over-the-top TV	:	Online delivery of video and audio content which is not controlled by the internet service provider
PCB	:	Printed circuit board
RF	:	Radio frequency
Quadruple play	:	As triple play, with the addition of mobile services such as cellular telephone
Satcom	:	Satellite communication
Smart TV	:	Modern television and set-top boxes which are integrated with internet features
Spot Beam	:	Geographically-focused satellite transmission
Stacker De-Stacker	:	Device which allows signals from two LNBs to be transmitted to two separate receivers via a single cable
SW21	:	EchoStar trade name for a 2 by 1 satellite TV switch, used in certain DISH satellite TV DTH installations in the USA and Canada
TCP	:	Transmission control protocol
Triple play	:	Combined provision of internet, television and telephone services
tvLINK®	:	GIHL and BSkyB jointly registered trade mark for an infrared control extender system for use primarily with BSkyB set-top boxes
VSAT	:	Very small aperture terminal
VSAT ODU	:	Very small aperture terminal outdoor unit
xDSL	:	Digital Subscriber Line (DSL) is a family of technologies that provides digital data transmission over the wires of a local telephone network. "x" is usually either "A" or "S". ADSL is Asymmetric Digital Subscriber Line. SDSL is Symmetric Digital Subscriber Line

EXCHANGE RATES

The table below sets forth, for each of the financial years indicated, the average and closing exchange rates[1] between S$ and US$.

	S$/US$ Rate	
	Average	Closing
FY2009	1.4538	1.4048
FY2010	1.3627	1.2834
FY2011	1.2572	1.2964

The table below sets forth the high and low exchange rates of S$ and US$ for each month for the past six months prior to the Latest Practicable Date.

	S$/US$ Rate	
Month	High	Low
November 2011	1.3132	1.2638
December 2011	1.3098	1.2817
January 2012	1.2972	1.2515
February 2012	1.2638	1.2421
March 2012	1.2682	1.2498
April 2012	1.2625	1.2373

Source: Bloomberg L.P.[2]

At the Latest Practicable Date, the exchange rate between S$ and US$ was S$1.2393 to US$1.00.

(1) The above exchange rates have been calculated with reference to exchange rates quoted from Bloomberg L.P. and should not be construed as representations that the S$ amounts actually represent such amounts or could be converted into US$ at the rate indicated or any other rate or at all.

(2) We have not asked Bloomberg L.P. for its consent to the inclusion of the exchange rates under this section for the purposes of Section 249 of the SFA and Bloomberg L.P. is thereby not liable for these statements under Section 253 and 254 of the SFA. While the Directors have taken reasonable action to ensure that the information is extracted accurately and fairly and has been included in this Circular in its proper form and context, they have not independently verified the accuracy of the relevant information.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

All statements contained in this Circular, statements made in the press releases and oral statements that may be made by the Radiance Group, the GIHL Group, the directors of the Company, the directors of the GIHL Group, or employees acting on behalf of the Radiance Group and the GIHL Group that are not statements of historical fact, constitute "forward-looking statements". Some of these statements can be identified by words that have a bias towards, or are, forward-looking such as "anticipate", "believe", "could", "estimate", "expect", "forecast", "if", "intend", "may", "plan", "possible", "probable", "project", "should", "will" and "would" or similar words. However, you should note that these words are not the exclusive means of identifying forward-looking statements. All statements regarding the expected financial position, business strategies, plans and prospects of the Radiance Group, the GIHL Group and/or the Enlarged Group are forward-looking statements. These forward-looking statements, including but not limited to statements as to:

- revenue and profitability;
- any expected growth;
- expected industry trends;
- expansion plans;
- anticipated completion and start-up dates for projects; and
- other matters of the Radiance Group, the GIHL Group and/or the Enlarged Group discussed in this Circular regarding matters that are not historical fact,

are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual future results, performance or achievements of the Radiance Group, the GIHL Group and/or the Enlarged Group to be materially different from any future results, performance or achievements expected, expressed or implied by such forward-looking statements. These risk factors and uncertainties are discussed in more detail in this Circular, in particular, but not limited to, discussions in *Section A.7 Risk Factors* and *Section B.8 Risk Factors* in this Circular.

Given the risks and uncertainties that may cause the actual future results, performance or achievements of the Radiance Group, the GIHL Group and/or the Enlarged Group to be materially different from that expected, expressed or implied by the forward-looking statements in this Circular, undue reliance must not be placed on these statements.

The Radiance Group, the GIHL Group, their respective directors and executive officers are not representing or warranting to you that the actual future results, performance or achievements of the Radiance Group, the GIHL Group and/or the Enlarged Group will be as those discussed in those statements. The actual future results of the Radiance Group, the GIHL Group and/or the Enlarged Group may differ materially from those anticipated in these forward-looking statements as a result of the risks faced by the Radiance Group, the GIHL Group and/or the Enlarged Group. Further, the Radiance Group, the GIHL Group and the Enlarged Group disclaim any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect their future developments, events or circumstances.

Upon Completion, the Enlarged Group will be subject to the listing rules of the SGX-ST regarding corporate disclosure.

INDICATIVE TIMETABLE

The following indicative timetable assumes that approval for all the resolutions proposed at the EGM is obtained on 15 June 2012 and Completion takes place by 5 July 2012.

EGM	:	15 June 2012 (X)
Expected Books Closure Date	:	5.00 p.m. on 25 June 2012 (X + 6 Market Days)
Expected effective date of the Share Consolidation	:	26 June 2012
Expected date of Completion	:	By 5 July 2012 (X + 14 Business Days) ("C")
Expected commencement date of suspension of trading in the Shares	:	10 July 2012 (C + 3 Market Days) ("S")(1)
Expected date of lodgement of the Offer Information Statement	:	10 July 2012
Expected date of completion of the Compliance Placement	:	8 August 2012 (S + 29 calendar days) ("P")
Expected date of lifting of suspension of trading in the Shares	:	10 August 2012 (P + 1 Market Day)

Note:

(1) The SGX-ST may suspend trading in the Shares immediately after but no later than two Market Days after Completion if there is any disorderly trading.

Please note that the above timetable is only indicative and may be subject to change. Where any of the events cannot take place on the dates specified or changes are required thereto, an appropriate announcement stipulating an alternative date may be made by the Company prior thereto through a SGXNET announcement to be posted on the internet at the SGX-ST website, http://www.sgx.com. Please refer to future announcement(s) by the Company and/or the SGX-ST for the actual dates of these events.

LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS OF THE COMPANY

Radiance Group Limited

(Company Registration No.: 200202428H)
(Incorporated in the Republic of Singapore)

Directors:

Anthony Taylor (Executive Chairman)
Gary Stafford (Executive Director)
Malcolm Burrell (Executive Director)
Cosimo Borrelli (Non-Executive Director)
John Lim Yew Kong (Lead Independent Director)
Basil Chan (Independent Director)

Registered Office:

8 Temasek Boulevard
#20-03 Suntec Tower Three
Singapore 038988

16 May 2012

To: The Shareholders

Dear Sir/Madam

Circular to Shareholders in relation to the proposed:

(1) Acquisition of the entire issued and paid-up share capital of GIHL for an aggregate consideration of US$49 million as a reverse takeover transaction and an interested person transaction;

(2) Share consolidation of every four (4) Shares into one (1) Consolidated Share, fractional entitlements to be disregarded;

(3) Allotment and issue of 122,515,189 Consideration Shares at an issue price of S$0.3087 each to the Vendors and/or their nominee(s), in satisfaction of the Share Swap Consideration;

(4) Allotment and issue of up to 41,539,000 Placement Shares pursuant to the Compliance Placement;

(5) New General Share Issue Mandate to allot and issue new Shares and convertible securities;

(6) Termination of the Radiance Electronics Share Option Scheme 2003;

(7) Adoption of the Global Invacom Group Employee Share Option Scheme; and

(8) Change of name of the Company from "Radiance Group Limited" to "Global Invacom Group Limited".

A.1 INTRODUCTION

A.1.1 Purpose of This Circular

The purpose of this Circular is to provide you with information on and to explain the rationale for the above-mentioned transactions for which the approval of the Shareholders will be sought at the EGM.

This Circular has been prepared solely for the purposes outlined above and may not be relied upon by any persons (other than the Shareholders to whom this Circular is despatched by the Company) or for any other purpose.

A.2 SUMMARY OF PROPOSALS

A.2.1 The Acquisition

A.2.1.1 Background

On 30 June 2011, the Company announced that it had, on the same day, entered into the Sale and Purchase Agreement with the Vendors to acquire the entire issued and paid-up share capital of GIHL for an aggregate consideration of US$49 million (the "**Consideration**"). The Sale Shares shall be sold by the Vendors to the Company free and clear from all encumbrances and together with all the rights, benefits and entitlements attaching thereto as at the date of the Sale and Purchase Agreement and thereafter. The Vendors have also undertaken to waive any pre-emption rights which they may have with respect to the Sale Shares.

GIHL is a private company limited by shares incorporated in England and Wales. It is the holding company of GIL, a limited liability company principally engaged in the design, manufacture and marketing of products in the satellite TV and Satcom industries.

A.2.1.2 Consideration

The Consideration was arrived on a willing-buyer-willing-seller basis, taking into consideration the Valuation Report, which valued the GIHL Group at approximately US$56.1 million, the price-earnings and enterprise value/EBITDA ratios of GIHL's comparables and market conditions. The Valuation Report was commissioned by the then Independent Directors in connection with the Acquisition and the basis of the valuation involved the use of a discounted cash flow (DCF) methodology in addition to the use of comparables analysis as a cross-check.

The Consideration shall be satisfied as follows:

(a) the sum of US$18.5 million (the "**Cash Consideration**") shall be payable in cash and in the following manner:

   (i) US$3.0 million shall be paid no earlier than the sixth month anniversary of Completion and no later than the first anniversary of Completion;

   (ii) US$4.5 million shall be paid on the first anniversary of Completion;

   (iii) US$5.5 million shall be paid on the second anniversary of Completion;

   (iv) US$5.5 million shall be paid on the third anniversary of Completion,

   to the Vendors in direct proportion to each Vendor's percentage shareholding in the capital of GIHL at Completion; and

(b) the sum of US$30.5 million (the "**Share Swap Consideration**") shall be payable in the form of the Consideration Shares to be issued and allotted to the Vendors at the Issue Price, in direct proportion to each Vendor's percentage shareholding in the capital of GIHL at Completion.

The Cash Consideration shall be payable in Singapore dollars, calculated on the basis of the agreed exchange rate of US$1.00=S$1.2345, being the average exchange rate of the US$ to S$ for the one month immediately preceding the date of the Sale and Purchase Agreement. The Issue Price of the Consideration Shares was computed based on a fixed exchange rate of US$1.00=S$1.2400.

The Consideration Shares shall be issued free from all encumbrances and shall rank *pari passu* in all respects with and carry all rights similar to the Shares existing as at the date of the allotment and issue of the Consideration Shares, save for any dividends, rights, allotments or other distributions, the record date of which falls before the issuance of the Consideration Shares.

The Consideration Shares to be issued pursuant to the Acquisition will be Consolidated Shares. The issue price of S$0.3087 per Consideration Share was therefore arrived at on a post-Share Consolidation basis and is equivalent to S$0.0772 per Share on a pre-Share Consolidation basis (the "**Pre-Share Consolidation Issue Price**"). The Pre-Share Consolidation Issue Price represents a discount of 3.62% to the volume weighted average price of the Shares of S$0.0801 traded on the SGX-ST on the last trading day (which is 23 June 2011) immediately prior to the date of the Sale and Purchase Agreement. The Issue Price was arrived at after taking into consideration such volume weighted average price of the Shares, the one-month volume weighted average price of the Shares of S$0.0805 traded on the SGX-ST immediately prior to the date of the Sale and Purchase Agreement and market conditions. Based on the Company's audited financial statements for FY2011, the Company's NAV per Share is approximately S$0.1617 per Share (on a pre-Share Consolidation basis) or S$0.6468 per Consolidated Share. The issue price of S$0.3087 represents a discount of 52.3% to the NAV of the Company.

A.2.1.3 Very Substantial Acquisition/Reverse Takeover

Based on the audited consolidated financial statements of the Radiance Group for the financial year ended 31 December 2011 and the audited consolidated financial statements of the GIHL Group for the financial year ended 31 December 2011, the relative figures of the Acquisition computed on the bases set out in Rule 1006 of the Listing Manual are as follows:

Rule 1006(a)	
Net asset value of the assets to be disposed of	Not applicable
Net asset value of the Radiance Group as at 31 December 2011 ('000)	S$42,662
Size of relative figure	Not applicable

Rule 1006(b)	
Net profit/(loss)[(1)] attributable to the acquired assets for the 12 months ended 31 December 2011 ('000)	S$6,340
Net profit/(loss)[(1)] of the Radiance Group for the 12 months ended 31 December 2011 ('000)	S$8,577
Size of relative figure	73.92%

Rule 1006(c)	
Aggregate value of consideration to be given[(2)]	Approximately S$102.08 million
Company's market capitalisation[(3)] as at 23 June 2011, being the last traded market day immediately preceding the date of the Sale and Purchase Agreement	S$21.13 million
Size of relative figure	483.10%

Rule 1006(d)	
Number of equity securities to be issued by the Company as consideration	122,515,189
Number of equity securities in issue[(4)]	65,942,850
Size of relative figure	185.79%

Notes:

(1) Under Rule 1002(3)(b) of the Listing Manual, net profit is defined as profit or loss before income tax, minority interests and extraordinary items.

(2) Based on the volume weighted average price of Shares of S$0.0801 on the last trading day (which is 23 June 2011) prior to the date of the Sale and Purchase Agreement, the Consideration Shares which consist of 122,515,189 new Consolidated Shares have a market value of approximately S$39.25 million. Together with the Cash Consideration of US$18.5 million or S$22.84 million (based on an exchange rate of US$1.00 = S$1.2345), the total Consideration would be approximately S$62.09 million. Based on the audited financial statements of the Company for FY2011, the NAV per Share is approximately S$0.1617 or S$0.6468 per Consolidated Share. The NAV represented by the Consideration Shares would amount to approximately S$79.24 million. Pursuant to Rule 1003(3) of the Listing Manual, the NAV represented by the Consideration Shares was used to compute the relative figure for Rule 1006(c). Hence, together with the Cash Consideration, the total Consideration would be approximately S$102.08 million.

(3) The market capitalisation of S$21.13 million is derived from the volume weighted average price of S$0.0801 per Share as at 23 June 2011, being the last traded market day immediately preceding the date of the Sale and Purchase Agreement (Source: Bloomberg L.P.)

(4) Based on the Share Consolidation ratio of 4:1.

As the relative figures computed under Rules 1006 (c) and (d) of the Listing Manual exceed 100%, the Acquisition constitutes a "Very Substantial Acquisition" or a "Reverse Takeover Transaction" as defined under Chapter 10 of the Listing Manual. Accordingly, the Acquisition is subject to the approval of Shareholders and the SGX-ST pursuant to Rule 1015 of the Listing Manual.

A.2.1.4 Interested Person Transactions

The Pacific Trust is a discretionary trust constituted for the benefit of all the employees and officers of GIHL, which include, amongst others, the Vendors. As at the Latest Practicable Date, Vistra, in its capacity as trustee of The Pacific Trust, holds 155,832,093 Shares representing approximately 59.08% of the entire issued and paid-up share capital of the Company. Accordingly, all the Vendors are deemed to be interested in all the Shares held by Vistra and would be "interested persons" as defined in Chapter 9 of the Listing Manual. The Acquisition is deemed to be an interested person transaction as defined in Chapter 9 of the Listing Manual.

Three of the Vendors, namely, Mr Anthony Taylor, Mr Gary Stafford and Mr Malcolm Burrell, are Executive Directors of the Company. Each of Mr Anthony Taylor, Mr Gary Stafford and Mr Malcolm Burrell holds approximately 9.09% of the shares in GIHL, which they will be selling to the Company pursuant to the Sale and Purchase Agreement. Each of Mr Anthony Taylor, Mr Gary Stafford and Mr Malcolm Burrell would be an interested person as defined in Chapter 9 of the Listing Manual and the proposed acquisitions by the Company of each of Mr Anthony Taylor's, Mr Gary Stafford's and Mr Malcolm Burrell's portion of the Sale Shares as part of the Acquisition would be interested person transactions as defined in Chapter 9 of the Listing Manual.

Based on the terms of payment of the Consideration described in *Section A.2.1.2 Consideration* of this Circular above, the value of the Consideration payable to the Vendors pursuant to the Acquisition represents approximately 142.46% of the audited NTA of the Radiance Group as at 31 December 2011. The Company will therefore be required under Rule 906 of the Listing Manual to seek the approval of the Independent Shareholders for the Acquisition as an interested person transaction.

Accordingly, the IFA has been appointed to opine on whether the Acquisition is conducted on normal commercial terms and whether the Acquisition would be prejudicial to the interests of the Company and the Independent Shareholders.

Approval from the Independent Shareholders for the Acquisition will be sought at the EGM.

A.2.2 Share Consolidation

The Company proposes to undertake the Share Consolidation to consolidate every four (4) Shares into one (1) Consolidated Share on or before Completion.

Approval from Shareholders for the Share Consolidation will be sought at the EGM.

Information on the Share Consolidation is set out in *Section A.4 Share Consolidation* of this Circular.

A.2.3 Compliance Placement

Following the issue and allotment of the Consideration Shares but prior to the issue and allotment of the Placement Shares pursuant to the Compliance Placement, the percentage shareholding in the Company held by public Shareholders will be diluted to approximately 14.27% of the enlarged capital of the Company.

Under Rule 210(1)(a) of the Listing Manual, at least 25% of the issued share capital of the Company must be held in the hands of at least 500 public Shareholders. For the purposes of, *inter alia*, meeting the shareholding spread and distribution requirements set out in the Listing Manual, the Company proposes to undertake the Compliance Placement which will comprise a private placement of up to 41,539,000 Placement Shares to investors. Completion of the Compliance Placement is expected to take place within one month of Completion, subject to market conditions, or such other period of time as may be permitted by the SGX-ST. The issue of the Placement Shares pursuant to the Compliance Placement is subject to Shareholders' approval being obtained at the EGM.

Information on the Compliance Placement is set out in *Section A.5 The Compliance Placement* of this Circular.

A.2.4 New General Share Issue Mandate

In light of the changes to the capital structure of the Company brought about by the Proposed Transactions, the Company is seeking the approval of Shareholders at the EGM for the grant of a new general share issue mandate for the allotment and issue of new Shares pursuant to Section 161 of the Companies Act and Rule 806 of the Listing Manual.

Information on the New General Share Issue Mandate is set out in *Section A.9 New General Share Issue Mandate* of this Circular.

A.2.5 Termination of the Existing ESOS and Adoption of the New ESOS

Pursuant to an extraordinary general meeting held on 25 April 2003, the Company adopted the Existing ESOS for the purpose of providing incentives to Directors and eligible employees. Eligible employees are all confirmed employees, including Executive and Non-Executive Directors (inclusive of Independent Directors) of the Radiance Group. As at the Latest Practicable Date, there were no outstanding options granted by the Company.

The Directors propose, subject to the approval of the Shareholders at the EGM, to terminate the Existing ESOS (which expires on 24 April 2013) and to implement the New ESOS to provide an opportunity for employees (including Executive Directors) and Non-Executive Directors of the Company and its subsidiaries (which will include GIHL and its subsidiaries upon Completion) who have contributed significantly to the growth and performance of the Company and its subsidiaries to participate in the equity of the Company. The Existing ESOS will be terminated and the New ESOS will become effective immediately upon Shareholders' approval being obtained at the EGM.

A summary of the New ESOS is set out in *Section A.10.6 Summary of the New ESOS* of this Circular.

A.2.6 Change of Name

The Company is also seeking approval of the Shareholders to change the name of the Company from "Radiance Group Limited" to "Global Invacom Group Limited" in conjunction with the Acquisition.

A.2.7 Indicative Timetable

An indicative timetable for certain of the events relating to the Proposed Transactions is set out in the Section entitled "Indicative Timetable" of this Circular.

A.2.8 Inter-conditionality

Shareholders should note that:

(a) Ordinary Resolutions 1 (Acquisition of the Entire Issued and Paid-up Share Capital of GIHL) and 3 (Allotment and Issue of the Consideration Shares to the Vendors) are inter-conditional upon each other; and

(b) Ordinary Resolutions 2 (Share Consolidation), 4 (Compliance Placement), 5 (New General Share Issue Mandate), 6 (Termination of the Existing ESOS) and 7 (Adoption of the New ESOS) and the Special Resolution (Change in Name of the Company) are conditional upon the passing of Ordinary Resolutions 1 and 3.

This means that:

(i) if Ordinary Resolution 3 is not passed, Ordinary Resolution 1 would not be passed;

(ii) if Ordinary Resolution 1 is not passed, Ordinary Resolution 3 would not be passed; and

(iii) if any of Ordinary Resolutions 1 or 3 are not passed, Ordinary Resolutions 2, 4, 5, 6 and 7 and the Special Resolution would not be passed.

A.2.9 Commencement of Certain Voting Abstentions

As mentioned in *Section A.2.1.4 Interested Person Transactions* of this Circular, The Pacific Trust is a discretionary trust constituted for the benefit of all the employees and officers of GIHL, which include, amongst others, the Vendors. In view of the above, Vistra is not considered to be an Independent Shareholder and will abstain from voting in respect of the 155,832,093 Shares (representing approximately 59.08% of the entire issued and paid-up share capital of the Company) held by it in its capacity as trustee of The Pacific Trust on Ordinary Resolutions 1 and 3.

Additionally, as certain employees and officers of the GIHL Group (including Mr Anthony Taylor, Mr Gary Stafford and Mr Malcolm Burrell) who are beneficiaries under The Pacific Trust are potential participants of the New ESOS and are therefore interested in the termination of the Existing ESOS and adoption of the New ESOS, Vistra will also abstain from voting on Ordinary Resolutions 6 and 7.

For the avoidance of doubt, Vistra will vote on Ordinary Resolutions 2, 4 and 5 and the Special Resolution.

Please refer to *Section A.14 Recommendation of the Independent Directors* of this Circular for further information.

A.3 THE ACQUISITION

A.3.1 Further details of the Acquisition

A.3.1.1 Conditions Precedent

Completion is conditional upon, amongst others, the following:

(a) the sale and purchase of the Sale Shares on the terms set out in the Sale and Purchase Agreement being approved by the SGX-ST as (part of) a reverse takeover of the Company pursuant to Chapter 10 of the Listing Manual, as relevant, and where approval from the SGX-ST is obtained subject to any conditions, such conditions being reasonably acceptable to the parties;

(b) the Sale Shares amounting to 100% of the entire issued share capital of GIHL at Completion;

(c) the relevant resolutions of the board of directors of GIHL having been obtained for the entry into, implementation and completion of the transactions contemplated under the Sale and Purchase Agreement including registration of the Sale Shares in the name of the Company following Completion;

(d) the completion of a legal, business and financial due diligence review, satisfactory to the Company, on the GIHL Group (including without limitation, in relation to the assets, liabilities, contracts and affairs of the GIHL Group), including the provision of legal opinions prepared by reputable and suitably qualified solicitors on the GIHL Group and the transactions contemplated hereunder, to the satisfaction of the Company;

(e) the approval of Shareholders being obtained at an extraordinary general meeting of the Company (or any adjournment thereof) to be convened within six weeks from the clearance of the SGX-ST of the Circular for, *inter alia*, the following:

   (i) the purchase of the Sale Shares on the terms set out in the Sale and Purchase Agreement as a “Reverse Takeover” as defined under Chapter 10 of the Listing Manual and as an “Interested Person Transaction” as defined under Chapter 9 of the Listing Manual;

   (ii) the change of name of the Company to such name as may be determined by the Vendors (subject to prior approval for the new name being obtained from ACRA);

   (iii) the allotment and issuance of the Consideration Shares;

   (iv) the allotment and issuance of such number of Placement Shares pursuant to the Compliance Placement on such terms as may be determined by the Board as it deems fit, including without limitation, the timing and pricing of the Compliance Placement, if and when it occurs, taking into account various factors, including without limitation, market conditions and prices;

   (v) the Share Consolidation;

   (vi) the New General Share Issue Mandate;

(vii) the waiver, if necessary, by the Shareholders of their rights to receive a mandatory general offer for all the shares held by such Shareholders to be made by the Vendors and their parties acting in concert pursuant to Rule 14 of the Code as a result of the allotment and issue of the Consideration Shares to the Vendors and/or their nominee(s);

(together, the "**Shareholders' Approval**")

(f) where the SGX-ST requires that the terms of the Compliance Placement be specifically approved by the Shareholders, such approval being obtained;

(g) the receipt of in-principle approval from the SGX-ST for the listing and quotation of the Consideration Shares and if such approval is obtained subject to any conditions and where such conditions affect any party, such conditions being acceptable to the party concerned and, if such conditions are required to be fulfilled before Completion, the fulfilment of such conditions before the Completion Date;

(h) the audited consolidated net asset value of the GIHL Group as at 31 December 2010 not being less than US$8.0 million and save as disclosed in the Vendors' disclosure letter, there being no material adverse change to the financial position of the GIHL Group between 31 December 2010 and the Completion Date;

(i) no relevant authority having instituted or implemented any action, proceeding, suit, investigation, inquiry or reference, or made, proposed or enacted any statute, regulation, decision ruling, statement or order or taken any steps, and there not continuing to be in effect or outstanding any statute, regulation, decision ruling, statement or order which would or might:

(i) make the transactions contemplated under the Sale and Purchase Agreement void, illegal and/or unenforceable or otherwise restrict, restrain, prohibit or otherwise frustrate the same;

(ii) render the Company unable to acquire all the Sale Shares; and/or

(iii) render the Vendors unable to dispose of all the Sale Shares;

(j) the Vendors having performed all of the covenants and undertakings required to be performed by them under the Sale and Purchase Agreement on or before the Completion Date (other than those required to be performed at Completion);

(k) all consents, approvals, or waivers as may be required (or deemed necessary by the parties) being obtained from any other person(s), including but not limited to governmental, regulatory body or competent authority having jurisdiction over the parties in respect of the transactions contemplated under the Sale and Purchase Agreement, and such consents, approvals or waivers not having been amended or revoked before Completion or the Long-Stop Date (as defined below) (whichever is earlier) and if any such consents, approvals or waivers are subject to conditions, such conditions being reasonably acceptable to the parties;

(l) save as disclosed in the Vendors' disclosure letter, the warranties given by the Vendors remaining true and not misleading in any respect on the Completion Date, as if repeated on the Completion Date and at all times between the date of the Sale and Purchase Agreement and the Completion Date the Company having received a certificate signed by a director of GIHL for and on behalf of GIHL in this regard;

(m) the Vendors' disclosure letter being satisfactory to the Company and having been delivered to the Company;

(n) the waiver from the SIC being obtained by the Vendors in relation to the obligation of the Vendors and their parties acting in concert to make a general offer for all the Shares of the Company under Rule 14 of the Code (if required);

(o) confirmation from the Vendors that all option agreements made between GIHL and any individual ("**Option Holder**") which provides for the right but not the obligation of such Option Holder to subscribe for a certain number of ordinary shares in GIHL at a specified price ("**Option Agreements**") (other than those exercised) have lapsed or have been made to lapse prior to Completion such that no options may be exercisable by any Option Holder after Completion; and

(p) tax clearance having been obtained from Her Majesty's Revenue and Customs in terms reasonably satisfactory to the Vendors prior to Completion.

Pursuant to the Sale and Purchase Agreement, the Vendors have undertaken to use their best endeavours (at their own expense) to procure that where reasonable and to the extent that such conditions precedent are relevant to them and within their control, the conditions precedent set out above are fulfilled on or before 31 July 2012(1) or such later date as all the parties may agree in writing (the "**Long-Stop Date**").

Completion will take place not later than 14 Business Days after all the conditions precedent set out above have been fulfilled (or if not fulfilled, are waived by the Company where the Vendors have not fulfilled their obligations in respect of such conditions precedent or are waived by the Vendors where the Company has not fulfilled its obligations in respect of such conditions precedent). The conditions that may be waived by the Company are those in respect of which obligations are to be fulfilled by the Vendors such as conditions (b), (c), (d), (h), (i) (in respect of, *inter alia*, proceedings, suits, investigations, statutes, regulations, decision rulings, statements or orders affecting the Vendors), (j), (k) (in respect of necessary consents, approvals, or waivers to be obtained by the Vendors), (l), (m), (n), (o) and (p).

In relation to the condition precedent set out in (e) above, the Vendors have agreed that the extraordinary general meeting at which Shareholders' Approval will be sought can be convened on 15 June 2012, despite such meeting being convened more than six weeks after SGX-ST granted in-principle approval on 30 April 2012.

Completion is expected to take place on a date falling up to 14 Business Days after Shareholders' Approval is obtained at the EGM due to condition (o). The options referred to in condition (o) are options granted under the GIHL Enterprise Management Incentives Plan (the "**GIHL Incentives Plan**") to certain eligible employees and directors of the GIHL Group and the Option Agreements are the agreements evidencing the grant of such options. As at

(1) As announced by the Company on 1 December 2011 and 31 January 2012, the Company and the Vendors entered into supplemental agreements on 30 November 2011 and 31 January 2012 pursuant to which they agreed to extend the Long-Stop Date from 30 November 2011 to 31 July 2012 or such later date as they may agree in writing.

the Latest Practicable Date, there are 13 Option Holders of outstanding options granted under the GIHL Incentives Plan. Under the GIHL Incentives Plan, the Option Holders are entitled to exercise their options upon the occurrence of certain events which include the sale of all the ordinary shares in the capital of GIHL. Pursuant to the rules of the GIHL Incentives Plan, GIHL is required to give notice to the Option Holders in the event a sale is imminent and the Option Holders are to exercise their options as soon as reasonably practicable upon the receipt of such notice and in any event within a period of 14 Business Days prior to such sale (the "**GIHL Exercise Period**"). The directors of GIHL are of the view that it would be prudent for GIHL to give notice that the Acquisition is imminent only upon the obtaining of Shareholders' Approval at the EGM. Hence, it is expected that Completion will take place on a date falling up to 14 Business Days after Shareholders' Approval is obtained at the EGM taking into account the GIHL Exercise Period and the time required by GIHL to process and complete the transfer of the relevant shares pursuant to the exercise of the options.

As at the Latest Practicable Date, save for the conditions precedent set out in (b), (c), (e), (f), (h), (i), (j), (k), (l), (o) and (p) above, all the required conditions precedent have been fulfilled. Conditions precedent (e) and (f) relate to the approval of Shareholders sought at the EGM in relation to the Proposed Transactions. The conditions precedent set out in (b), (h), (i), (j), (k), (l), (o) and (p) are confirmations to be given by the Vendors on the Completion Date. To the best knowledge of the Directors and the Vendors, such confirmations will be given by the Vendors on the Completion Date. The waiver by the Company of any of the conditions precedent set out above will be determined by the Board of the Company. Pursuant to the Articles, Mr Anthony Taylor, Mr Gary Stafford and Mr Malcolm Burrell, being the Executive Directors of the Company and three of the Vendors, will abstain from such deliberation given that they have an interest in the Acquisition. The Company will announce such waiver, if any, by way of an SGXNET announcement to be posted on the internet at the SGX-ST website, http://www.sgx.com.

The SGX-ST, had on 30 April 2012, granted its in-principle approval for the listing and quotation of the Consolidated Shares, the Consideration Shares, the Placement Shares and the Option Shares. Please see *Section A.8 In-Principle Approval from the SGX-ST* in this Circular for more information on the conditions attached to the in-principle approval by the SGX-ST.

Please note that the approval in-principle granted by the SGX-ST to the Company for the listing and quotation of the Consolidated Shares, the Consideration Shares, the Placement Shares and the Option Shares on the Main Board of the SGX-ST is not to be taken as an indication of the merits of the Proposed Transactions, the Radiance Group, the GIHL Group, the Enlarged Group, the Shares, the Consolidated Shares, the Consideration Shares, the Placement Shares and/or the Option Shares.

A.3.1.2 Representations, Warranties and Undertakings

The Company has provided to the Vendors various customary representations, warranties and undertakings in relation to the Radiance Group and the Vendors have provided to the Company various customary representations, warranties and undertakings relating to the Sale Shares and the GIHL Group. Both the Company and the Vendors have also given each other certain customary undertakings relating to the conduct of the business of the Radiance Group and the GIHL Group, respectively, during the period between the date of the Sale and

Purchase Agreement and Completion. Such undertakings by the Vendors include, among others, undertakings to procure that the GIHL Group (i) shall ensure that there shall not be any material amendment to the memorandum of association or the articles of association of the GIHL Group, (ii) shall not carry on any business or activity other than the business in which the GIHL Group is currently operating without first obtaining the prior written consent of the Company, which shall not be unreasonably withheld, (iii) shall not grant or create any interest in, or concerning its share capital or assets in favour of any person or entity, other than in the ordinary course of business, (iv) shall not do, allow or procure any act of omission which would or would likely result in the passing of a resolution for the winding up of the GIHL Group or over any part of the assets or business of the GIHL Group, (v) shall cause its business to be conducted only in the ordinary and usual course or in accordance with its business plans and shall not make (or agree to make) any payment other than routine payments in the ordinary and usual course of trading, (vi) shall preserve and maintain in full force and effect their corporate existence and to carry on their respective businesses in the ordinary course of business so as to maintain the same as a going concern, (vii) shall not incur any capital expenditure or commitments of a material nature which is not in the ordinary course of business and (viii) shall have sufficient working capital to operate in the ordinary course of business between the date of the Sale and Purchase Agreement and Completion. Such undertakings by the Company include, among others, undertakings (i) not to undertake, save for the Share Consolidation, any bonus issue, stock split or do anything to its share capital or capital reserve or allot any new share or marketable securities prior to Completion, (ii) not to acquire or agree to acquire any asset which may have a material effect upon the nature and scope of its business prior to Completion and (iii) not to take or omit to take any act or step which may adversely affect the business, condition (financial or otherwise) or the prospects of itself and its subsidiaries. The undertakings set out above are only some and not all of the undertakings contained in the Sale and Purchase Agreement. For details on further undertakings, Shareholders should note that a copy of the Sale and Purchase Agreement is available for inspection at the registered office of the Company as mentioned in *Section A.20 Documents Available for Inspection* of this Circular.

If prior to Completion, any of the Vendors' and/or the Company's undertakings and/or warranties set out in the Sale and Purchase Agreement are found to be untrue, inaccurate or misleading or have not been fully carried out in any material respect, or in the event of the Vendors and/or the Company becoming unable or failing to do anything required under the Sale and Purchase Agreement to be done by each of them at or before Completion, then the Vendors and the Company must consult together to agree to a cure plan for the breach of the undertaking or warranty to be remedied. If after 30 days from the start of consultation, or such other period as agreed by the Company and the Vendors, they are unable to agree to a cure for the breach, then the Vendors and the Company shall bona fide re-negotiate and agree to an adjustment to the Consideration to take into account the breach.

The Company will announce any material breach by the Vendors and/or the Company of any of their representations, warranties or undertakings contained in the Sale and Purchase Agreement by way of an SGXNET announcement to be posted on the internet at the SGX-ST website, http://www.sgx.com.

A.3.1.3 Escrow Shares and Limitation of Liability of Vendors for Warranty Claims

On Completion, the Vendors will enter into an escrow agreement with the Company and an escrow agent (the "**Escrow Agent**") appointed by the Company wherein US$10.24 million of the Share Swap Consideration, in the form of 41,142,857 Consideration Shares (the "**Escrow Shares**") will be deposited in escrow with the Escrow Agent. The Escrow Shares will, unless otherwise mutually agreed between the parties, be held in escrow by the Escrow Agent, prior to and until their release in accordance with the terms of the Sale and Purchase Agreement.

The purpose of the escrow arrangement is to provide a "claw-back" mechanism to the Company to "claw back" any Consideration Shares in the event the Company has any warranty claims against any of the Vendors in the first 12 months after Completion (the "**Warranty Period**").

In the event that there are no warranty claims brought by the Company against the Vendors during the Warranty Period, the Escrow Shares will be released to the Vendors on expiry of the Warranty Period.

The term "warranty claims" above refers to claims in respect of breach of any of the representations, warranties or undertakings by the Vendors. As mentioned in *Section A.3.1.2* above, these would include representations, warranties and undertakings by the Vendors relating to the GIHL Group and undertakings relating to the conduct of the business of the GIHL Group during the period between the date of the Sale and Purchase Agreement and Completion. Examples of such warranty claims include claims which may be brought by the Company if any of the Sale Shares are found to be encumbered, if any information provided by the Vendors on the GIHL Group is found to be materially inaccurate or incomplete or if any company within the GIHL Group has failed to lawfully carry on its business in the ordinary course of business so as to maintain the same as a going concern.

If a claim is successfully brought against the Vendors during the Warranty Period, the claim will be satisfied by the Escrow Agent procuring the cancellation of such number of Escrow Shares equivalent in value at the Issue Price to the value of the claim based on the following formula.

$$\text{Number of Escrow Shares to satisfy claim} = \frac{\text{Value of Claim}}{\text{S\$0.3087}}$$

The Escrow Shares will be cancelled by the Company pursuant to a selective capital reduction exercise under Section 78C or 78G of the Companies Act with no cash or other distribution made to the Vendors, or dealt with in such other way as may be permitted by the law with no cash or other distribution made to the Vendors.

The liability of the Vendors for all warranty claims when taken together shall not exceed the amount represented by the Escrow Shares. The Vendors shall have no liability to the Company in respect of any warranty claims other than to facilitate the resale of the Escrow Shares to the Company. The value of a warranty claim will either be (a) such value admitted by the party against whom such claim is brought or (b) such value adjudicated on by a court of competent jurisdiction and where no right of appeal lies in respect of such adjudication, or where the parties are debarred by passage of time or otherwise from making an appeal.

Any claims and their respective values to be made by the Company against the Vendors shall be reviewed by the Board of the Company, with Directors who may have a conflict of interest to abstain from such deliberation.

A.3.1.4 Limitation of Liability of the Company for Warranty Claims

The liability of the Company for all warranty claims when taken together shall not exceed US$10.24 million being the value represented by the Escrow Shares. Such warranty claims made against the Company may only be satisfied by the issuance of new Shares to the Vendors, such Shares to be issued at the volume weighted price per Share for the last ten full days of trading immediately preceding the date on which the aggregate amount of the warranty claims is agreed upon by the Vendors and the Company. The value of a warranty claim will be determined on the same basis as that set out in *Section A.3.1.3* above.

Any claims and their respective values to be admitted by the Company shall be reviewed by the Board of the Company, with Directors who may have a conflict of interest to abstain from such deliberation.

Any new Shares to be issued to satisfy such claims will be issued pursuant to the general share issue mandate granted by the Shareholders to the Directors or if such general share issue mandate is inadequate for this purpose, specific approval will be sought from Shareholders for the issue of such new Shares. The Company will also have to apply to the SGX-ST for the listing of such new Shares.

A.3.1.5 Accession of Additional Vendors

At any time between the date of the Sale and Purchase Agreement and Completion, the Vendors may, if they give the Company not less than five days' (or such shorter period as the Company may agree) prior notice, request that an additional shareholder of GIHL, being an Option Holder, becomes a Vendor under the Sale and Purchase Agreement on the exercise of his/her relevant option(s) under the Option Agreement. The accession of the Option Holder on exercise of his/her option(s) will be subject to, *inter alia*:

(a) no party having any obligation to obtain the accession of a potential acceding Option Holder;

(b) unless the Company agrees otherwise, upon an Option Holder exercising his/her options, in lieu of issuing new shares in GIHL to such Option Holder, the EBT will transfer such number of shares in GIHL held by it to such Option Holder to satisfy in full the shares in GIHL due to the Option Holder as a result of the exercise of his/her options; and

(c) there will be no increase in the share capital of GIHL at Completion as a result of the accession of the Option Holder.

A.3.1.6 Moratorium

Each of the Vendors has undertaken not to sell, transfer, dispose, charge, mortgage, pledge or otherwise deal with the Consideration Shares for a period of six months after Completion in accordance with the moratorium requirements specified in Rule 229 of the Listing Manual.

Thereafter, to demonstrate his/her commitment to the Enlarged Group and pursuant to the terms of the Sale and Purchase Agreement, each Vendor will not sell more than an aggregate of:

(a) 25% of the Consideration Shares held by each of them at Completion ("**Initial Shareholding**") before the 12-month anniversary of Completion;

(b) 50% of the Initial Shareholding before the 18-month anniversary of Completion; and

(c) 75% of the Initial Shareholding before the 24-month anniversary of Completion.

On or after the 24-month anniversary, unless otherwise stated in the Sale and Purchase Agreement, the Vendors will be subject to any restrictions as may be imposed by the SGX-ST but otherwise will be free to sell or transfer their Consideration Shares as they see fit.

A.3.2 Information on the GIHL Group

GIHL is a private limited company incorporated in England and Wales on 7 November 2008. The GIHL Group designs, manufactures and markets products into the satellite TV and satellite communications industries. The product offering includes satellite dishes, LNBs, VSAT ODUs and satellite signal distribution equipment, such as multi-switches, accessories, as well as the ground-breaking fibre IRS and fibre MDU ranges.

The GIHL Group's operating subsidiary, GIL, was established on 2 April 2008 as a result of the merger of GCL and Invacom. GCL was established in 1988 and Invacom in 2000. Headquartered in Althorne, UK, the GIHL Group is principally engaged in the design, manufacture (the majority of which is outsourced to third party contract manufacturers) and marketing of products into the satellite TV and cable peripherals industries. In April 2012, it also started the manufacturing of satellite dishes. The GIHL Group outsources the majority of its manufacturing activities to the contract manufacturers in Asia, with RGL being the largest of them. Please see *Section B.4.1 History and Development* of this Circular for more information on the history of the GIHL Group.

The GIHL Group has had a significant trading relationship with the Company for over 13 years. The Company's business relationship with the GIHL Group can be traced back to July 1999 when the Company secured the business of GCL. GCL soon became one of the Company's major customers in FY2000, accounting for 21.7% of the Company's revenue in FY2000. Please see the *Letter to Shareholders from the Board of Directors of GIHL*, included in this Circular, for more information on the GIHL Group, its business and prospects.

A.3.3 Rationale for the Acquisition

The Board is of the view that the Acquisition is in the best interests of the Company and Shareholders for the following reasons:

(a) Meaningful synergies between the principal business activities of the Radiance Group and the GIHL Group

The Radiance Group provides specialist EMS to customers who are OEMs or ODMs of products in the Satcom, computer peripherals, medical and consumer electronics industries. On the other hand, the GIHL Group, through research, development and design activities, is one of the largest suppliers of satellite and television peripherals in the world. The GIHL Group has had a significant trading relationship with the Radiance Group over many years and had contracted the Radiance Group to provide services for a value of approximately S$45 million in FY2011.

Given the nature of the businesses of the Radiance Group and the GIHL Group, the Company expects the Acquisition to create meaningful synergies between the principal business activities of the Radiance Group and the GIHL Group due to, among other things, improved supply chain coordination and sharing of costs. The Company's integration with the GIHL Group may also enable the Company to differentiate itself from its competitors with the addition of conceptualising and design functions.

The Company believes the Acquisition, if completed, will significantly increase the market capitalisation of the Company, which in turn should attract analyst coverage on the Radiance Group and increase the trading liquidity of the Shares.

(b) The Acquisition offers the Company a platform to venture into the Satcom and television peripherals industries with significant opportunities for growth

The GIHL Group has come a long way from its humble beginnings to become an established player within the DBS and VSAT markets and presently counts some of the largest DBS service providers in the world as its customers, including DISH in the USA and BSkyB in the UK. With pay-television increasingly being viewed as a basic home service, it is believed that the DBS market will continue to expand. Please refer to *Section B.4.2.1 DBS Market* of this Circular for further information on the DBS market, DISH and BSkyB.

If completed, the Acquisition will allow the Radiance Group to take advantage of the GIHL Group's well-established foundations to venture into the Satcom and television peripherals industry with significant opportunities for growth. Please refer to *Section B.7.1 Prospects* of this Circular for further information on the prospects of the Satcom and television peripherals industries.

(c) GIHL has an experienced management team with in-depth knowledge of the Satcom and television peripherals industries

In view of GIHL's expertise and substantial presence in the Satcom and television peripherals industries, the Board believes that the Acquisition allows the Company to invest in a growing business that is aided by a good management team with a proven track record.

Please see the *Letter to Shareholders from the Board of Directors of GIHL* of this Circular for more information on the GIHL Group, its business and prospects.

A.3.4 No General Offer

A.3.4.1 General Offer Requirement under the Code

Under Rule 14 of the Code, except with the SIC's consent, where:–

(a) any person acquires whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30% or more of the voting rights of a company; or

(b) any person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights and such person, or any person acting in concert with him, acquires in any period of six months additional shares carrying more than 1% of the voting rights,

such person must extend offers immediately, on the basis set out in this Rule, to the holders of any class of share capital of the company which carries votes and in which such person, or persons acting in concert with him, hold shares. In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have the obligation to extend an offer.

A.3.4.2 Confirmation by the SIC

As mentioned in *Section A.2.1.4 Interested Person Transactions* of this Circular, The Pacific Trust is a discretionary trust constituted for the benefit of all the employees and officers of GIHL, which include, amongst others, the Vendors. As at the Latest Practicable Date, Vistra, in its capacity as trustee of The Pacific Trust, holds 155,832,093 Shares representing approximately 59.08% of the entire issued and paid-up share capital of the Company. Save for their interests through The Pacific Trust, to the best knowledge of the Directors and the Vendors, the Vendors do not hold any Shares or instruments convertible into rights to subscribe for and options in respect of the Shares. Please refer to *Section A.12 Interests of Directors and Substantial Shareholders* and *Section A.2.1.4 Interested Person Transactions* of this Circular for further information. The Vendors and the Pacific Trust are regarded as parties acting in concert under the Code. The Pacific Trust and the Vendors will increase their shareholdings in the Company from approximately 59.08% to approximately 85.68% immediately following Completion.

An application was made to the SIC to seek its confirmation that the Vendors will not incur an obligation to make a mandatory general offer under Rule 14 of the Code following Completion as they, through The Pacific Trust, are already interested in more than 50% of the Company. The SIC had, on 15 August 2011, confirmed that the Vendors will not incur an obligation to make a general offer for the Company under Rule 14 of the Code following Completion as they, through The Pacific Trust, are already interested in more than 50% of the voting rights of the Company.

Shareholders should note that upon the Completion, the Vendors and their concert parties may thereafter acquire additional Shares in the Company without incurring a mandatory unconditional general offer obligation insofar as their aggregate equity interests, together with those of the Pacific Trust, remain in excess of 50% in the six months prior to any such subsequent acquisition of Shares in the Company.

A.4 THE SHARE CONSOLIDATION

A.4.1 The Share Consolidation

The Share Consolidation is intended to be effected on or before Completion. The Consideration Shares to be issued pursuant to the Acquisition will be Consolidated Shares.

Pursuant to the Share Consolidation, every four (4) Shares shall be consolidated into one (1) Consolidated Share.

Shareholders should note that the number of Consolidated Shares which Shareholders will be entitled to arising from the Share Consolidation will be rounded down to the nearest whole Consolidated Share, and any fractions of Shares arising from the Share Consolidation will be disregarded.

As the proceeds of the sale of fractions of Consolidated Shares may be less than the administrative costs and expenses involved in despatching such proceeds to Shareholders, fractions of a Consolidated Share arising from the Share Consolidation may be aggregated and be sold, at the discretion of the Board, and the proceeds retained for the benefit of the Company.

The Share Consolidation will not involve any diminution of any liability in respect of unpaid capital or the payment to any Shareholder of any paid-up capital of the Company, and has no effect on the Shareholders' funds of the Radiance Group. Shareholders are not required to make any payment to the Company in respect of the Share Consolidation. Subject to Shareholders' approval being obtained for the Share Consolidation at the EGM, Shareholders' holding of the Consolidated Shares arising from the Share Consolidation will be ascertained on the Books Closure Date. We will, in due course, issue an announcement via SGXNET to notify Shareholders of the Books Closure Date and the date on which our Consolidated Shares will commence trading on the SGX-ST (the "**Effective Trading Date**").

The Consolidated Shares will be traded in board lots of 1,000 Consolidated Shares. As at the Latest Practicable Date, the Company had an issued share capital of S$28.6 million divided into 263,771,400 Shares. Subject to the approval of all the resolutions contained in this Circular, the issued share capital of the Company will be increased from S$28.6 million to S$66.4 million after the Share Consolidation and Completion where the Company shall issue 122,515,189 Consolidated Shares in satisfaction of the Share Swap Consideration to the Vendors (but not taking into account the Compliance Placement).

Shareholders should note that although the trading price per Consolidated Share should theoretically be proportionately higher than the trading price per Share prior to the Share Consolidation, there can be no assurance that after the Share Consolidation, the trading price per Consolidated Share will be proportionately higher than the trading price per Share prior to the Share Consolidation nor is there assurance that such proportionately higher trading price per Consolidated Share (if achieved) can be sustained in the longer term.

A.4.2 Rationale for the Share Consolidation

Pursuant to Rule 1015(3)(d) of the Listing Manual, the price per Share of the Company after adjusting for any Share Consolidation must not be lower than S$0.20 (the "**Minimum Issue Price**").

The Share Consolidation is proposed to comply with the Minimum Issue Price.

The Share Consolidation is a condition precedent to the Acquisition.

A.4.3 Condition Precedent

The implementation of the Share Consolidation is subject to the approval of the Shareholders by way of an ordinary resolution at the EGM.

A.4.4 Updating of Register of Members and Depository Register for the Shares

After Shareholders' approval has been obtained for the Share Consolidation at the EGM, Shareholders' holdings of the Consolidated Shares arising from the Share Consolidation will be determined on the Books Closure Date, whereupon the Register of Members and the Depository Register will be updated to reflect the number of Consolidated Shares held by Shareholders based on their shareholdings in the Company as at the Books Closure Date. Trading will be in board lots of 1,000 Consolidated Shares on the Effective Trading Date.

(a) Deposit of Share Certificates

If you hold old physical share certificates for the existing Shares ("**Old Share Certificates**") in your own name and wish to deposit the same with CDP and have your Consolidated Shares (after the Share Consolidation) credited to your Securities Accounts maintained with CDP, you must deposit the Old Share Certificates, together with the duly executed instruments of transfer in favour of CDP, no later than 12 Market Days prior to the Books Closure Date.

After the Books Closure Date, CDP will only accept deposit of new share certificates for Consolidated Shares ("**New Share Certificates**"). If you wish to deposit your New Share Certificates with CDP after the Books Closure Date, you must first deliver your Old Share Certificates to our share registrar, B.A.C.S. Private Limited at 63 Cantonment Road, Singapore 089758, for cancellation and issue of replacement New Share Certificates as described below.

(b) Issue of New Share Certificates

If you have deposited your Old Share Certificates with CDP at least 12 Market Days prior to the Books Closure Date, you need not take any action. The Company will arrange with CDP to facilitate the exchange of New Share Certificates.

If you have not deposited at least 12 Market Days prior to the Books Closure Date or do not wish to deposit your Old Share Certificates with CDP, you are advised to forward all such Old Share Certificates to the share registrar as soon as possible after you have been notified of the Books Closure Date, and preferably not later than five Market Days after the Books Closure Date, for cancellation and exchange for New Share Certificates. No receipt will be issued by the share registrar for the receipt of your Old Share Certificates. The New Share Certificates will be sent by ordinary mail to your registered addresses at your own risk within ten Market Days from the Books Closure Date or the date of receipt of the Old Share Certificates, whichever is later.

The New Share Certificates will not be issued to you unless your Old Share Certificates have been tendered to the share registrar for cancellation. Please notify the share registrar if you have lost any of your Old Share Certificates or if there is any change in your address from that reflected in the Register of Members of the Company.

You are reminded that your Old Share Certificates will not be valid for settlement of trading in respect of the Consolidated Shares on the Main Board of the SGX-ST (as the Company is under a book-entry (scripless) settlement system) but will continue to be accepted for cancellation and issue of New Share Certificates in replacement thereof for an indefinite period by the share registrar. The New Share Certificates will not be valid for delivery for trades done on the Main Board of the SGX-ST although they will continue to be *prima facie* evidence of legal title.

A.4.5 Trading Arrangements for the Consolidated Shares and Odd Lots

(a) Trading arrangements for the Shares

Subject to Shareholders' approval for the Share Consolidation at the EGM, with effect from 9.00 a.m. on the Effective Trading Date, trading in the Shares will be in board lots of 1,000 Consolidated Shares. Trading in existing Shares will cease after 5.00 p.m. on the Market Day immediately preceding the Effective Trading Date.

(b) Trading arrangements for odd lots

All fractional entitlements arising upon the implementation of the Share Consolidation will be aggregated and dealt with in such manner as the Board may, in its absolute discretion, deem fit in the interest of the Company.

The Shares are currently traded in board lots of 1,000 Shares in the ready market. Following the Share Consolidation, the Securities Accounts of Shareholders (being Depositors) may be credited with odd lots of Consolidated Shares (that is, lots other than board lots of 1,000 Consolidated Shares). Shareholders who receive odd lots of Consolidated Shares pursuant to the Share Consolidation and who wish to trade in odd lots on the Main Board of the SGX-ST should note that the unit share market has been set up to allow trading in odd lots with a minimum size of one share on the Main Board of the SGX-ST. The unit share market will enable trading in odd lots in any quantity less than one board lot of the underlying shares in the ready market.

(c) Temporary trading counter

We will apply to the SGX-ST to set up a temporary counter to allow Shareholders to trade in board lots of 50 Consolidated Shares or such other number of Consolidated Shares as the SGX-ST may approve. If approval from the SGX-ST is obtained, this temporary counter will be maintained for a period commencing from the Effective Trading Date until one calendar month after the completion of the Compliance Placement, or such other period as the Directors deem appropriate ("**Concessionary Period**"). Thereafter, Shareholders can trade in odd lots of Consolidated Shares on the SGX-ST unit share market. The set-up of the temporary odd lot counter is strictly of a provisional nature. Entitled Shareholders who continue to hold odd lots of less than 1,000 Consolidated Shares after the Concessionary Period may have difficulty and/or have to bear disproportionate transaction costs in realising the fair market price of such Consolidated Shares. We will make further announcements on the setting up of such a temporary counter when the outcome of our application to the SGX-ST is known.

(d) Suspension

The trading of the Consolidated Shares on the SGX-ST will be suspended following Completion pending the completion of the Compliance Placement. The Company proposes to undertake the Compliance Placement within one month of Completion, subject to market conditions, or such other period of time as may be permitted by the SGX-ST. Please refer to the indicative timetable set out in this Circular. The suspension will continue during the period allowed for the Compliance Placement.

In the case where the Compliance Placement that is to be completed within one month of Completion is not or is unable to be carried out so as to meet the applicable shareholding spread and distribution requirements of the Listing Manual, the trading of the Consolidated Shares may continue to be suspended.

Please refer to *Section A.5 The Compliance Placement* of this Circular for further details.

A.4.6 Financial Effects of the Proposed Share Consolidation

For illustrative purposes only and based on the latest audited consolidated financial statements of the Company for the financial year ended 31 December 2011, the financial effects of the proposed Share Consolidation on the Company are set out below (on the assumption that the proposed Share Consolidation had been completed on 31 December 2011, and on the further assumption that there will be no fractions of Consolidated Shares arising from the proposed Share Consolidation):

(a) Share Capital

	Before the proposed Share Consolidation		After the proposed Share Consolidation	
	S$'000	Number of Shares	S$'000	Number of Shares
Issued and paid-up share capital	28,553	263,771,400	28,553	65,942,850

(b) Consolidated NTA Attributable to the Shareholders

	Before the proposed Share Consolidation	After the proposed Share Consolidation
NTA (S$'000)	42,580	42,580
Number of Shares	263,771,400	65,942,850
NTA per Share (cents)	16.1	64.6

(c) Consolidated EPS

	Before the proposed Share Consolidation	After the proposed Share Consolidation
Consolidated profit (after tax and non-controlling interests) (S$'000)	5,481	5,481
Number of Shares	263,771,400	65,942,850
EPS (cents)	2.1	8.3

A.4.7 Gearing

The proposed Share Consolidation will not have any effect on the gearing of the Company and of the Radiance Group as both the Company and the Radiance Group are in net cash positions.

A.4.8 Effect on Options

Pursuant to the rules of the Existing ESOS, if there is a variation in the issued ordinary share capital of the Company (including a share consolidation):

(a) the exercise price for the Shares, the nominal amount, class and/or number of Shares comprised in an option to the extent unexercised; and/or

(b) the nominal amount, class and/or number of Shares over which options may be granted under the Existing ESOS,

shall be adjusted by the committee overseeing the administration of the Existing ESOS to give each participant to the Existing ESOS, the same proportion of the equity capital of the Company as that to which he was previously entitled.

Pursuant to Rule 12.3 of the Existing ESOS, notwithstanding the above, no adjustment shall be made if as a result, a participant of the Existing ESOS shall receive a benefit that a Shareholder does not receive.

Accordingly, upon completion of the proposed Share Consolidation:

(a) the exercise price of each outstanding option under the Existing ESOS shall be adjusted, such that it will be four times the original exercise price of each such outstanding option; and

(b) the number of Shares comprised in each 1,000 outstanding options under the Existing ESOS will be reduced in the same proportion as the Shares under the proposed Share Consolidation, fractions to be disregarded, from 1,000 to 250.

The adjustment to the exercise price and the number of Shares comprised in each 1,000 outstanding options under the Existing ESOS will take effect on the date the proposed Share Consolidation becomes effective. The holders of the options granted under the Existing ESOS will be notified separately on the adjustments.

However, as at the Latest Practicable Date, there were no outstanding options granted by the Company. As mentioned in *Section A.2.5 Termination of the Existing ESOS and Adoption of the New ESOS* of this Circular, the Directors propose, subject to the approval of the Shareholders at the EGM, to terminate the Existing ESOS (which expires on 24 April 2013) and to implement the New ESOS.

A.5 THE COMPLIANCE PLACEMENT

A.5.1 The Compliance Placement

Following Completion, the percentage shareholding in the Company held by public Shareholders will be diluted to approximately 14.3% of the enlarged capital of the Company immediately after the Acquisition.

Under Rule 210(1)(a) of the Listing Manual, at least 25% of the issued share capital of the Company must be held in the hands of at least 500 public Shareholders.

For the purposes of, *inter alia*, meeting the shareholding spread and distribution requirements set out in the Listing Manual, the Company proposes to undertake the Compliance Placement within one month of Completion, subject to market conditions, or such period of time as may be permitted by the SGX-ST.

Trading of the Shares on the SGX-ST will be suspended following Completion. Please refer to the indicative timetable set out in this Circular. The suspension will continue during the period allowed for the Compliance Placement.

In the case where the Compliance Placement that is to be completed within one month of Completion is not or is unable to be carried out so as to meet the applicable shareholding spread and distribution requirements of the Listing Manual, the trading of the Shares may continue to be suspended.

The Compliance Placement may comprise the issue of up to 41,539,000 Placement Shares. The Placement Shares, when issued, will rank *pari passu* in all respects with the existing Consolidated Shares.

Please note that the approval in-principle granted by the SGX-ST to the Company for the listing and quotation of the Consolidated Shares, the Consideration Shares, the Placement Shares and the Option Shares on the Main Board of the SGX-ST is not to be taken as an indication of the merits of the Proposed Transactions, the Radiance Group, the GIHL Group, the Enlarged Group, the Shares, the Consolidated Shares, the Consideration Shares, the Placement Shares and/or the Option Shares.

The price upon which the Placement Shares are to be issued pursuant to the Compliance Placement shall be determined and confirmed by the Board at its absolute discretion while taking into consideration, *inter alia*, prevailing market conditions. Completion of the Compliance Placement is expected to take place approximately one month after Completion. Please refer to the indicative timetable set out in this Circular.

A.5.2 Use of Proceeds from the Compliance Placement

For illustrative purposes, information in this section has been presented on the basis that the Compliance Placement of 41,539,000 Placement Shares will be made on a projected placement price of S$0.3087 per Placement Share. Shareholders should note that the foregoing terms are only indicative, and should not be construed as a representation that the Compliance Placement will be made on those terms or at all, or that if made, the Compliance Placement will be successfully completed for the purpose of fulfilling the shareholding spread requirements as set out in the Listing Manual.

The Company expects to receive net proceeds of approximately S$9.2 million (after deducting estimated expenses) from the issue of the Placement Shares. The Board intends to apply such net proceeds for the following purposes with priority given to business expansion over working capital:

Use of Proceeds	Estimated amount (S$'000)	% of Gross Proceeds from the issue of the Placement Shares
Investment and acquisition activities	7,000	54.6%
R&D	2,000	15.6%
General working capital purposes	225	1.7%
	9,225	71.9%
Expenses		
Professional fees	3,046	23.8%
Placement commission(1)	449	3.5%
Miscellaneous expenses(2)	103	0.8%
	3,598	28.1%
Gross Proceeds from Placement	12,823	100.0%

Notes:

(1) For illustrative purposes, we have assumed that the placement commission and brokerage is 3.5%.

(2) Miscellaneous expenses include printing fees, out-of-pocket expenses and fees payable to the SGX-ST in connection with the Proposed Transactions.

Pending the specific deployment of funds, the proceeds may be placed as deposits with financial institutions or added to the working capital or used to reduce bank borrowings or used for investment in short-term money market instruments as may be determined by the Board in its absolute discretion.

The Company will make periodic announcements as and when the proceeds from the issue of the Placement Shares are materially disbursed and whether such usage is in accordance with the stated use and in accordance with the percentage allocated in this Circular. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation. The Company will also provide a status report on the use of the net proceeds in its annual report.

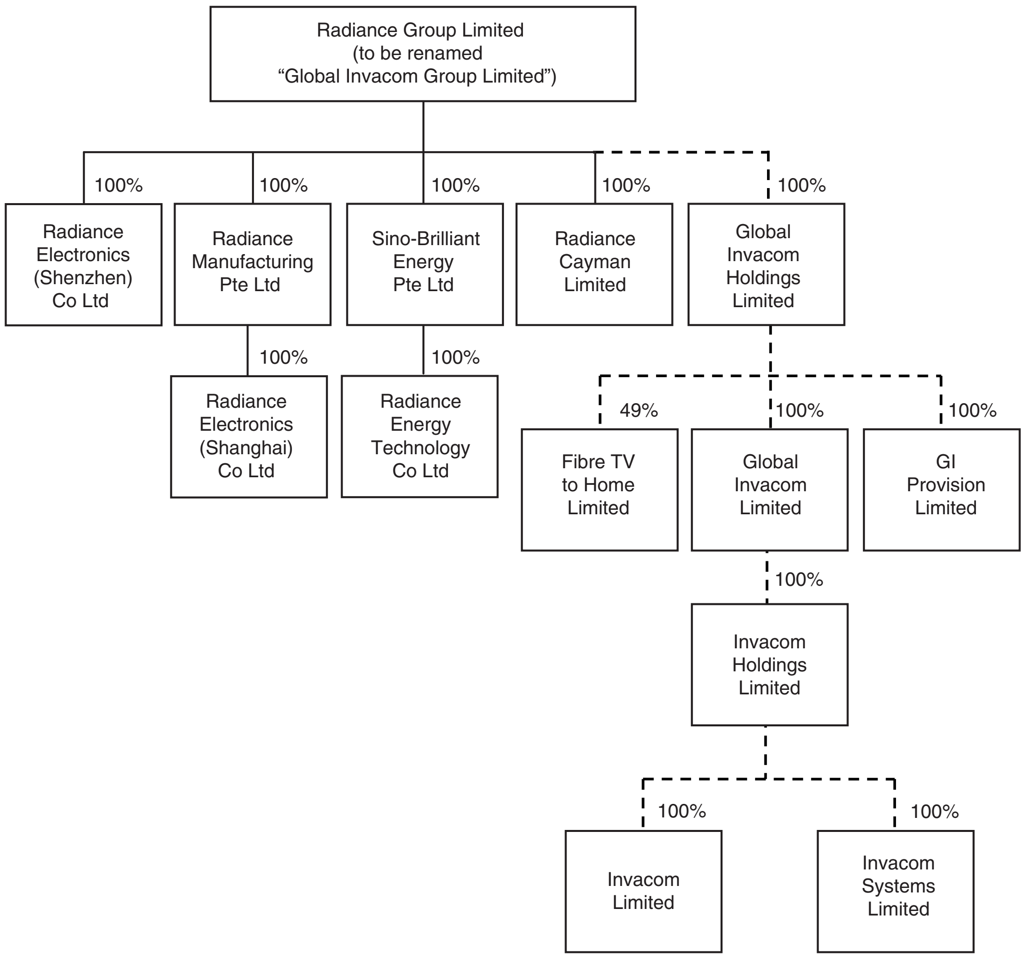
In the event that any part of the proposed uses of the net proceeds from the issue of the Placement Shares does not materialise or proceed as planned, the Board will carefully evaluate the situation and may reallocate the intended funding to other purposes and/or hold such funds on short-term deposits for so long as the Board deems it to be in the interest of the Enlarged Group and Shareholders, taken as a whole.

A.6 THE ENLARGED GROUP AFTER THE PROPOSED TRANSACTIONS

A.6.1 Shareholding Structure

A.6.1.1 Enlarged Group Structure

The proforma corporate structure of the Enlarged Group upon Completion is as follows:



The details of the subsidiaries and associated company of the Enlarged Group, assuming the Acquisition has been completed as at the Latest Practicable Date, are as follows:

Name of subsidiary/ associated company	Country of business and incorporation	Principal activities	Issued and Paid-up Capital/ Registered Capital (as applicable)	Effective equity interest held by the Enlarged Group on Completion
Held by the Company:				
Radiance Electronics (Shenzhen) Co Ltd	PRC	EMS	US$3,000,000	100%
Radiance Manufacturing Pte Ltd	Singapore	Trading and investment holding	S$15,408,600	100%
Sino-Brilliant Energy Pte Ltd	Singapore	Investment holding	S$1,000,000	100%
Radiance Cayman Limited	Cayman Islands	Marketing and promotion	US$100	100%
Global Invacom Holdings Limited	England and Wales	Investment holding	£33,109.90	100%
Held by the Company's subsidiaries:				
Radiance Electronics (Shanghai) Co Ltd	PRC	EMS	US$10,000,000	100%
Radiance Energy Technology Co Ltd	PRC	Dormant, in process of being wound up	RMB31,025,670	100%
Held by GIHL:				
Fibre TV to Home Limited	England and Wales	Fibre TV Installations	£10,000	49%(1)
Global Invacom Limited	England and Wales	Design of products for reception and transmission of satellite signals	£106,613.30	100%
GI Provision Limited	England and Wales	Design and sales of HD video transmission and reception technology	£1,000	100%

Name of subsidiary/ associated company	Country of business and incorporation	Principal activities	Issued and Paid-up Capital/ Registered Capital (as applicable)	Effective equity interest held by the Enlarged Group on Completion
Held by GIHL's subsidiaries:				
Invacom Holdings Limited	England and Wales	Dormant	£46,975 A Shares £1,616 B Shares	100%
Invacom Limited	England and Wales	Dormant	£46,875	100%
Invacom Systems Limited	England and Wales	Dormant	£100	100%

Note:

(1) The remaining 51% of Fibre TV to Home Limited is held by Mr Paul Charles Clark (24.5%), Mr Sean Robin McCartney (24.5%) and Ms Susan Anne Jennings (2%). Ms Susan Anne Jennings is a partner at Furley Page LLP, the legal adviser to the Company in relation to UK law.

Save as disclosed above, as at the Latest Practicable Date, neither the Company nor GIHL have any other subsidiaries or associated companies.

Saved as disclosed in this Circular, none of the Directors and/or substantial shareholders has any interest, whether direct or indirect, in the Enlarged Group or any of the subsidiaries of the Enlarged Group.

None of the above subsidiaries or associated company of the Enlarged Group is listed on any stock exchange.

A.6.1.2 Changes in Shareholding Structure

Based on the shareholdings of the Company as at the Latest Practicable Date, the shareholdings in the Company of the Company's Directors and substantial shareholders before and immediately after the Proposed Transactions are summarised below:

	Before Share Consolidation				After Share Consolidation and before the Acquisition and Compliance Placement				After the Acquisition and before Compliance Placement				After the Acquisition and Compliance Placement			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest		Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Directors of the Company																
Anthony Taylor[1]	–	–	155,832,093	59.1%	–	–	38,958,023	59.1%	11,139,702	5.9%	38,958,023	20.7%	11,139,702	4.8%	38,958,023	16.9%
Gary Stafford[1]	–	–	155,832,093	59.1%	–	–	38,958,023	59.1%	11,139,702	5.9%	38,958,023	20.7%	11,139,702	4.8%	38,958,023	16.9%
Malcolm Burrell[1]	–	–	155,832,093	59.1%	–	–	38,958,023	59.1%	11,139,702	5.9%	38,958,023	20.7%	11,139,702	4.8%	38,958,023	16.9%
Cosimo Borrelli	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
John Lim Yew Kong	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Basil Chan	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Substantial shareholders (other than the Directors)																
Vistra Corporate Services Limited[2]	155,832,093	59.1%	–	–	38,958,023	59.1%	–	–	38,958,023	20.7%	–	–	38,958,023	16.9%	–	–
Vendors (excluding those who are Directors of the Company)[3][4]	–	–	155,832,093	59.1%	–	–	38,958,023	59.1%	89,096,083	47.3%	38,958,023	20.7%	89,096,083	38.7%	38,958,023	16.9%
Prospect China Limited	14,000,000	5.3%	–	–	3,500,000	5.3%	–	–	3,500,000	1.9%	–	–	3,500,000	1.5%	–	–
Non-substantial and non-public Shareholders[5]	353,200	0.1%	–	–	88,300	0.1%	–	–	88,300	0.0%	–	–	88,300	0.0%	–	–
Existing public Shareholders of the Company	93,586,107	35.5%	–	–	23,396,527	35.5%	–	–	23,396,527	12.4%	–	–	23,396,527	10.2%	–	–

	Before Share Consolidation				After Share Consolidation and before the Acquisition and Compliance Placement				After the Acquisition and before Compliance Placement				After the Acquisition and Compliance Placement			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest		Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
New Shareholders																
Investors to the Compliance Placement	–	–	–	–	–	–	–	–	–	–	–	–	41,539,000	18.1%	–	–
Total	263,771,400	100.0%			65,942,850	100.0%			188,458,039	100.0%			229,997,039	100.0%		

Notes:

(1) Mr Anthony Taylor, Mr Gary Stafford and Mr Malcolm Burrell fall within the group of beneficiaries under The Pacific Trust.

(2) Holding Shares or Consolidated Shares in its capacity as trustee of The Pacific Trust.

(3) Some of the Vendors are directors of GIHL and its subsidiaries. After Completion, the other directors of GIHL and its subsidiaries (excluding Mr Anthony Taylor, Mr Gary Stafford and Mr Malcolm Burrell) will hold an aggregate of 34,644,475 Consolidated Shares of the Company and will be deemed non-public Shareholders of the Company. The Vendors include Mr Roger Pannell and Mrs Helen Pannell who will hold an aggregate 22,279,404 Consideration Shares that will be issued to them upon Completion. Such 22,279,404 Consideration Shares are included in the Vendors' shareholdings.

(4) The Vendors fall within the group of beneficiaries under The Pacific Trust.

(5) The shareholding held by non-substantial and non-public Shareholders refer to the aggregate shares held by Mr Goh Boon Leng, Mr Goh Chwee Heong and Mr Yu Lai Hoe, whom are directors of the current subsidiaries of the Company.

A.6.2 Principal Business

Following Completion, the principal business of the Enlarged Group will be that of the Radiance Group and the GIHL Group. Please see *Section B.4 History and Business* of this Circular for more information on the GIHL Group and its business.

A.6.3 Moratorium

As mentioned in *Section A.3.1.6 Moratorium* of this Circular, each of the Vendors has undertaken not to sell, transfer, dispose, charge, mortgage, pledge or otherwise deal with the Consideration Shares for a period of six months after Completion in accordance with the moratorium requirements specified in Rule 229 of the Listing Manual.

Thereafter, to demonstrate his/her commitment to the Enlarged Group and pursuant to the terms of the Sale and Purchase Agreement, each Vendor shall not sell more than an aggregate of:

(a) 25% of the Initial Shareholding before the 12-month anniversary of Completion;

(b) 50% of the Initial Shareholding before the 18-month anniversary of Completion; and

(c) 75% of the Initial Shareholding before the 24-month anniversary of Completion.

On or after the 24-month anniversary, unless otherwise stated in the Sale and Purchase Agreement, the Vendors shall be subject to any restrictions as may be imposed by the SGX-ST but otherwise shall be free to sell or transfer their Consideration Shares as they see fit.

Please see *Section A.6.1.2 Changes in Shareholding Structure* of this Circular for more information on the shareholdings of the Vendors immediately after the Proposed Transactions.

A.6.4 Prospects

The Directors believe the prospects of the Enlarged Group are positive, particularly in respect of the satellite and cable peripherals businesses. The Acquisition represents an opportunity for the Company to integrate the business and assets of the GIHL Group with that of the Radiance Group. The businesses of the Radiance Group and the GIHL Group are synergistic, and it is hoped that benefits may materialise from the acquisition of GIHL's R&D capabilities, consolidation of sales orders and sharing of costs.

The prospects of the Enlarged Group's business are largely attributable to the following:

Growth in the telecommunications market

Policymakers and government leaders throughout the world have recognised the important role that telecommunications services will play in creating a "knowledge economy". Telecommunications services are viewed to assist in promoting economic growth, improving education, aiding development, and advancing political discourse throughout the world.

Telecommunications technologies are also essential to governments' promotion of distance learning and the establishment of emergency preparations and planning networks.

At present, many households in outlying remote areas in various jurisdictions do not have a realistic prospect of achieving access to high-speed Internet based on existing infrastructures. This constitutes a serious obstacle to making the benefits of an information society available to all residents and businesses globally. Increasingly, governments around the world have been quick to seize the opportunity to use the potential offered by satellite technologies to bridge the digital divide.

An emerging global market is also being established for cost effective satellite backhaul for GSM cellular data which enables consumers to reach areas well beyond the jurisdiction of the cable infrastructure or point-to-point radio links that all cell networks currently rely on. Hence, major operators worldwide have been aggressively putting into place the infrastructure and equipment necessary to support the increasingly widespread use of both cable and satellite technologies in the delivery of electronic telecommunications services, resulting in rising demand for various types of customer-premise equipments such as those designed and manufactured by the Enlarged Group.

Growth in the cable, satellite and IPTV markets

The number of homes with satellite and cable televisions worldwide has been increasing in the past two years. In a recent survey covering 46 countries in Europe, North Africa and the Middle East, satellite reception has been shown to be the growth driver for the television market, accounting for approximately 60% of the total television home base against homes with cable televisions(1).

Additionally, the concepts of 3D, over-the-top TV, and Smart TV have recently triggered a new wave in the digital TV market. The emergences of online music and video content and home connected networks have inevitably affected the digital TV market. As a result, digital TV services and digital set-top boxes have begun to evolve. In 2010, with operators' efforts to promote HD channels, the share of HD set-top boxes increased significantly and the share of internet connected set-top boxes grew at a steady pace as well(2). Furthermore, worldwide satellite TV shipment volume also enjoyed year-on-year growth in 2010 and growth momentum is expected to continue well into 2011(2), with Europe alone growing annually at a rate of 4.8% between 2010 and 2015(3).

In light of the growth in the cable, satellite and IPTV markets, it is anticipated that the demand for cable, satellite and IPTV related product and accessories, such as those designed and manufactured by the Enlarged Group, will rise.

Please see *Section B.7 Prospects, Trends and Future Plans* of this Circular for more information.

Notes:

(1) Eutelsat – over 30 years of satellite communications, Eutelsat Press Kit, February 2011, available at http://www.eutelsat.com/news/media_library/newskit/press_kit.pdf. We have not asked Eutelsat for its consent to the inclusion of the information referred to above for the purposes of Section 249 of the SFA and Eutelsat is thereby not liable for these statements under Section 253 and 254 of the SFA. While the Directors have taken reasonable action to ensure that the information is extracted accurately and fairly and has been included in this Circular in its proper form and context, they have not independently verified the accuracy of the relevant information.

(2) Outlook for the Worldwide Digital IP, Cable, and Satellite STB Industries in 2011 and Beyond, 11 February, 2011, Market Intelligence & Consulting Institute. We have not asked Market Intelligence & Consulting Institute for its consent to the inclusion of the information referred to above for the purposes of Section 249 of the SFA and Market Intelligence & Consulting Institute is thereby not liable for these statements under Section 253 and 254 of the SFA. While the Directors have taken reasonable action to ensure that the information is extracted accurately and fairly and has been included in this Circular in its proper form and context, they have not independently verified the accuracy of the relevant information.

(3) Eutelsat – over 30 years of satellite communications, Eutelsat Press Kit, November 2011, available at http://www.eutelsat.com/news/media_library/newskit/press_kit.pdf. We have not asked Eutelsat for its consent to the inclusion of the information referred to above for the purposes of Section 249 of the SFA and Eutelsat is thereby not liable for these statements under Section 253 and 254 of the SFA. While the Directors have taken reasonable action to ensure that the information is extracted accurately and fairly and has been included in this Circular in its proper form and context, they have not independently verified the accuracy of the relevant information.

A.6.5 Financial Information

Proforma Operating Results of the Enlarged Group

	FY2009 S$'000	FY2010 S$'000	FY2011 S$'000
Revenue	150,059	117,840	138,286
Cost of sales	(112,533)	(82,748)	(99,226)
Gross profit	37,526	35,092	39,060
Other income	762	990	306
Distribution costs	(175)	(119)	(467)
Administrative expenses			
– Costs associated with past services received	–	(11,728)	–
– Other administrative expenses	(23,782)	(22,000)	(22,679)
Other operating expenses	(1,070)	(164)	(65)
Finance income	46	175	90
Finance costs	(304)	(173)	(79)
Profit before income tax	**13,003**	**2,073**	**16,166**
Income tax expense	(4,282)	(3,284)	(4,290)
Profit/(Loss) after income tax	**8,721**	**(1,211)**	**11,876**
Other comprehensive income/(loss)			
– Exchange differences on translation of foreign operations	(1,358)	(4,865)	764
Total comprehensive income/(loss) for the year attributable to equity holders of the Company	**7,363**	**(6,076)**	**12,640**
Earnings/(Loss) per consolidated share (cents)			
– Basic and diluted	4.63	(0.64)	6.30

Note:

(1) For comparative purposes, the EPS on an enlarged basis for the Period Under Review have been computed based on profit/(loss) after income tax for the year and the post-Acquisition (but before Compliance Placement) issued share capital of 188,458,039 Shares.

Proforma Financial Position of the Enlarged Group

	31 December 2011 S$'000
ASSETS	
Non-current Assets	
Property, plant and equipment	7,493
Goodwill on consolidation	21,146
Intangible assets	1,155
Club membership	82
Available-for-sale financial assets	10
	29,886
Current Assets	
Inventories	25,165
Trade receivables	16,398
Other current assets	1,765
Cash and cash equivalents	29,438
	72,766
Total assets	**102,652**
EQUITY AND LIABILITIES	
Share Capital and Reserves	
Share capital	43,606
Reserves	12,170
Total equity	55,776
Non-current Liability	
Deferred taxation	339
Current Liabilities	
Trade payables	13,596
Other payables	31,561
Provision for income tax	1,380
	46,537
Total liabilities	46,876
Total equity and liabilities	**102,652**

A.6.6 Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion of the results of operations of the Enlarged Group should be read in conjunction with the Reporting Auditors' Report on the Unaudited Proforma Consolidated Financial Statements of the Enlarged Group for the Financial Years Ended 31 December 2009, 2010 and 2011 as set out in *Appendix B* of this Circular.

The discussion in this session, except for historical information, may contain forward-looking statements that involve risks and uncertainties. Please refer to the section entitled "Cautionary Note Regarding Forward Looking Statements" of this Circular. Under no circumstances should the inclusion of such forward-looking statements herein be regarded as a representation, warranty or prediction with respects to the accuracy of the underlying assumptions by the Radiance Group, the GIHL Group, the Enlarged Group, the Vendors, the Financial Adviser or any other person. Shareholders are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date thereof.

Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Circular, particularly in *Section A.7 Risk Factors* and *Section B.8 Risk Factors* of this Circular.

Basis of Preparation of the Unaudited Proforma Consolidated Financial Statements

The unaudited proforma consolidated financial statements of the Enlarged Group have been prepared, for illustrative purposes only, and based on certain assumptions and after making certain adjustments to show what:

(i) the financial results of the Enlarged Group for the financial years ended 31 December 2009, 2010 and 2011 would have been if the Enlarged Group structure had been in place since 1 January 2009;

(ii) the financial position of the Enlarged Group as at 31 December 2011 would have been if the Enlarged Group structure had been in place on 31 December 2011; and

(iii) the changes in equity and the cash flows of the Enlarged Group for the financial year ended 31 December 2011 would have been if the Enlarged Group structure had been in place since 1 January 2011.

The objective of the unaudited proforma consolidated financial statements is to show what the historical information would have been had the Enlarged Group existed and the Acquisition and Share Consolidation had taken place on the dates mentioned above. However, the unaudited proforma consolidated financial statements are not necessarily indicative of the results of the operations or the related effects on the financial position that would have been attained had the Enlarged Group existed on those dates. Accordingly, the unaudited proforma consolidated financial statements, because of their nature, may not give a true picture of the Enlarged Group's actual financial results, financial position, changes in equity or cash flows.

A.6.6.1 Overview

The Enlarged Group is principally engaged in (i) design, manufacture and marketing of products in the satellite TV and cable peripherals industries (referred to as "**Sat Comms**" herein) and (ii) provision of EMS to customers who are OEMs or ODMs of products in the television peripherals, computer peripherals and consumer electronics industries (referred to as "**Contract Manufacturing**" herein).

The Enlarged Group mainly carries out its R&D and marketing of satellite TV and cable peripherals products in the UK into the USA, Europe and the rest of the world. The manufacturing activities are mainly undertaken at its production facilities located in Shanghai and Shenzhen, PRC ("**Shanghai Plant**" and "**Shenzhen Plant**" respectively). The Shanghai Plant is focused on the manufacturing of Sat Comms products as described below, while the Shenzhen Plant is focused on the provision of EMS for third party OEMs or ODMs. The Enlarged Group is headquartered in Singapore, which is in charge of the overall management of the Enlarged Group's business and operation, investor relations and order processing for Sat Comms products from FY2011.

Sat Comms

Sat Comms is a vertically integrated business unit undertaking R&D, manufacture and marketing of products in the satellite TV and cable peripherals industries. The Enlarged Group has a strong R&D team based in the UK that has been granted or has filed numerous patents, a list of which as at the Latest Practicable Date is provided in *Appendix E List of Patents and Patent Applications* of this Circular. The Sat Comms products are categorised into (i) DBS comprising LNBs, switches and dish; (ii) fibre; and (iii) VSAT and accessories. Manufacturing of the majority of Sat Comms products is undertaken at the Shanghai Plant, while sales and marketing activities are carried out by the sales teams based in the UK. The manufacturing of satellite dishes is carried out in the UK. DBS products are mainly sold to a major customer, Echostar, in the USA. A range of fibre optic based LNBs and decoder products were launched in mid 2009 with the majority of volumes being sold into Europe. The Sat Comms unit also designs and manufactures bespoke components for a major VSAT supplier, Hughes, primarily serving the USA and European markets and a range of accessories including the tvLINK® range primarily for the UK market and the Stacker De-Stacker for the European market.

Contract Manufacturing

The Contract Manufacturing business unit provides EMS for third party OEMs or ODMs, primarily in the consumer electronics sector. The majority of the manufacturing activities are undertaken at the Shenzhen Plant, with a small portion undertaken at the Shanghai Plant. The products manufactured and sold by the Contract Manufacturing unit can be broadly categorised into (i) computer peripherals; (ii) satellite peripherals; and (iii) other products ("**Other Products**"), mainly set-top boxes in FY2009, and PCBs in FY2010 and FY2011.

Revenue

Revenue is recognised when it is probable that economic benefits will flow to the Enlarged Group and can be reliably measured. This is usually on despatch of the goods to the customer.

Breakdown of revenue by business segments

	FY2009		FY2010		FY2011	
	S$'000	**%**	**S$'000**	**%**	**S$'000**	**%**
Sat Comms	104,516	69.6	73,048	62.0	78,846	57.0
Contract Manufacturing	45,543	30.4	44,792	38.0	59,440	43.0
Total	**150,059**	**100.0**	**117,840**	**100.0**	**138,286**	**100.0**

The Sat Comms products consist of (i) DBS comprising LNBs, switches and dish; (ii) fibre; and (iii) VSAT and accessories. Revenue from Sat Comms accounted for approximately 63.1% of total Enlarged Group's revenue during the Period Under Review. Please refer to *Section B.6.1 Overview – Revenue* of this Circular for more details on revenue from this business segment.

The Contract Manufacturing revenue was generated from a range of products including computer peripherals, satellite peripherals and other products such as set-top boxes and PCBs. The Contract Manufacturing unit accounted for the remaining 36.9% of the Enlarged Group's revenue during the Period Under Review.

Breakdown of revenue by geographical regions

Geographically, based on the customers' billing addresses, the Enlarged Group's revenue can be broadly classified into the following three regions:

(i) USA;

(ii) Europe; and

(iii) Rest of the world ("**RoW**"), consisting predominantly of Israel, Hong Kong, China and ASEAN.

	FY2009		FY2010		FY2011	
	S$'000	**%**	**S$'000**	**%**	**S$'000**	**%**
USA	101,557	67.7	75,529	64.1	89,976	65.1
Europe	23,403	15.6	32,612	27.7	35,604	25.7
RoW	25,099	16.7	9,699	8.2	12,706	9.2
Total	**150,059**	**100.0**	**117,840**	**100.0**	**138,286**	**100.0**

For the Period Under Review, the majority of the Enlarged Group's revenue was derived from the USA, followed by Europe and the RoW.

Revenue from the USA mainly relates to sale of DBS to Echostar and other products such as PCB assembly products sold by the Contract Manufacturing unit. Revenue from Europe is mainly derived from sale of fibre, VSAT and DBS dish products by the Sat Comms unit and the manufacturing and sale of satellite peripherals products by the Contract Manufacturing unit. Revenue from the RoW during the Period Under Review is mainly driven by the Contract Manufacturing unit, from set-top boxes in FY2009 and other products, such as PCB assemblies for FY2010 and FY2011. Revenue from RoW declined significantly from S$25.1 million in FY2009 to S$9.7 million in FY2010 mainly due to the shift away from the set-top box business after FY2009 to focus on higher margin business in the USA and Europe and to a lesser extent, the decision to withdraw sales of VSAT products from Israel in FY2010 to concentrate on other higher margin products and markets. However, this was partly offset by the introduction of fibre in FY2009, which continued to grow in FY2010 and FY2011.

Cost of Sales

Breakdown of cost of sales

	FY2009		FY2010		FY2011	
	S$'000	**%**	**S$'000**	**%**	**S$'000**	**%**
Materials	87,156	77.5	60,819	73.5	71,324	71.9
Labour	8,238	7.3	5,746	6.9	10,390	10.5
Others	17,139	15.2	16,183	19.6	17,512	17.6
Total	**112,533**	**100.0**	**82,748**	**100.0**	**99,226**	**100.0**

Breakdown of cost of sales as a percentage of revenue

	FY2009		FY2010		FY2011	
	S$'000	**%**	**S$'000**	**%**	**S$'000**	**%**
Materials	87,156	58.1	60,819	51.6	71,324	51.6
Labour	8,238	5.5	5,746	4.9	10,390	7.5
Others	17,139	11.4	16,183	13.7	17,512	12.7
Total	**112,533**	**75.0**	**82,748**	**70.2**	**99,226**	**71.8**

The principal raw materials used in the manufacturing process are electronic components, PCBs, plastic and metal components sourced mainly from Japan, Taiwan and the USA. Purchases of raw materials are principally denominated in US dollars and their prices are mainly affected by the prevailing demand and supply conditions. Cost of raw materials accounted for 58.1% of total revenue in FY2009 and decreased during the Period Under Review to 51.6% in FY2011 due to purchasing economies, bulk discounts, a reduced mix of set-top box business from FY2010 and the launch of fibre products, which increased other cost of sales while reducing cost of materials as certain fibre products/accessories are bought from suppliers and resold to customers.

Labour costs comprise salaries, compulsory statutory contributions and staff welfare for our production staff at the Shanghai Plant and Shenzhen Plant. Labour costs are dependent on the number of production staff employed, minimum wage requirement in the PRC, availability of labour in the market with the required skill sets and the number of production units produced. Labour costs accounted for an average of 6.0% of total revenue during the Period Under Review. Labour costs were relatively higher in FY2011, accounting for 7.5% of revenue due to the minimum wage increase in the PRC, the increase in the number of production staff headcount and overtime needed to support the significant volume growth from FY2010 – particularly for a one-off contract for PCB assembly products in Contract Manufacturing in FY2011. Please see the table below for the average number of production staff headcount in each of the financial years under the Period Under Review.

	FY2009	**FY2010**	**FY2011**
Average number of production staff headcount	1,144	976	1,237

Other costs comprise mainly depreciation of plant and machinery, cost of steel (specifically purchased for the bespoke dish product), freight and storage, duty, purchase of tooling and OEM products. As a percentage of revenue, other costs increased from 11.4% in FY2009 to 13.7% in FY2010 mainly due to the launch of fibre optic based LNB and decoder products in mid 2009. While some fibre products are produced by contract manufacturers, certain fibre products and accessories, such as optical splitters and fibre cable are purchased from vendors and resold to customers to support the Sat Comms unit's fibre range, thus increasing other costs. However, other costs decreased to 12.7% of revenue in FY2011 mainly because two substantial contracts with the broadcasters in Europe purchased fibre products without the fibre accessories. Please refer to *Section A.6.6.2 Review of Past Performance – FY2011 vs FY2010* below for more details.

Other Income

Other income comprises mainly gains on foreign exchange and a sum awarded to a subsidiary by the court in the PRC on a pricing dispute over some materials purchased from a China based supplier.

Distribution Costs

Distribution costs are commission paid and payable to the marketing agents for certain products manufactured by the Contract Manufacturing unit. As such, distribution costs generally move in line with the revenue derived from commission based products.

Administrative Expenses

Set out below is the breakdown of the Enlarged Group's administrative expenses during the Period Under Review:

	FY2009 S$'000	FY2010 S$'000	FY2011 S$'000
Cost associated with past services received	–	11,728	–
Other administrative expenses			
Salaries and related costs	14,885	12,474	14,697
Consumables	702	1,807	1,252
Professional fees	1,513	2,437	1,495
Amortisation and depreciation	1,090	786	737
Operating lease	948	653	550
Travelling and entertainment	758	1,146	1,025
Others	3,886	2,697	2,923
	23,782	22,000	22,679
Total Administrative Expenses	**23,782**	**33,728**	**22,679**

Salaries and related costs accounted for approximately 61.4% of total administrative expenses (excluding the cost associated with past services received) during the Period Under Review. Other administrative expenses include consumables incurred in association with the R&D activities, professional fees, amortisation and depreciation, operating lease, travelling and entertainment and other miscellaneous costs, such as advertisement, insurance, upkeep of office, repair and maintenance.

During FY2010, a one-off administrative expense of S$11.7 million was incurred in relation to the setting up of The Pacific Trust. GIL acquired 52.41% of the issued share capital of RGL on 1 August 2010 and made a mandatory general offer ("**MGO**") for the entire issued share capital of RGL on 16 August 2010. Following the close of the MGO on 15 September 2010, GIL received valid acceptances representing an additional 3.90% of the issued share capital of RGL. Subsequently, GIL transferred all the RGL shares it held to an independent trust, The Pacific Trust and as a result, GIL ceased to be a shareholder of RGL. The beneficiaries of The Pacific Trust are a group of employees of the GIHL Group and the transfer of the RGL shares to The Pacific Trust was in recognition of their past services performed for the GIHL Group. Therefore, the full cost of the RGL shares and the associated transaction costs are included in administrative expenses by way of the fact that the transfer was made in respect of past services received.

Other Operating Expenses

Other operating expenses mainly comprise loss on disposal of property, plant and equipment and impairment against investments.

Operating Profit/Operating Profit Margin

Set out below are the breakdown of the Enlarged Group's operating profit and operating profit margin by business segments before the allocation of finance income/costs, taxation and costs associated with past services received, if applicable.

Operating Profit

	FY2009 S$'000	FY2010 S$'000	FY2011 S$'000
Sat Comms	12,410	8,335	7,906
Contract Manufacturing	851	5,464	8,249
Total	**13,261**	**13,799**	**16,155**

Operating Profit Margin

	FY2009	FY2010	FY2011
Sat Comms	11.9%	11.4%	10.0%
Contract Manufacturing	1.9%	12.2%	13.9%
Overall	**8.8%**	**11.7%**	**11.7%**

During the Period Under Review, the Enlarged Group's operating profit margin increased from 8.8% in FY2009 to 11.7% in FY2011 mainly due to lower cost of materials in relation to revenue and a strategic move to shift away from lower margin products/markets to focus on higher margin products/markets in FY2010.

Finance Income/Finance Costs

Finance income mainly refers to interest income from fixed deposits, while finance costs are interest incurred on borrowings.

Taxation

Income tax expense constituted 32.9%, 158.4% and 26.5% of the Enlarged Group's PBT in FY2009, FY2010 and FY2011 respectively. Income tax expense was higher than PBT in FY2010 mainly because the S$11.7 million one-off cost associated with past services received was not deductible for taxation purposes. If the S$11.7 million one-off cost were added back to the PBT, the effective tax rate would have been 23.8% in FY2010.

The Enlarged Group is headquartered in Singapore and has subsidiaries incorporated in the UK and the PRC and are taxed in accordance with the respective prevailing tax regulations of the jurisdiction in which they are incorporated.

For FY2009, FY2010 and FY2011, the Enlarged Group's subsidiaries incorporated in the UK were subject to a statutory corporate tax rate of 28%, 28% and 26% respectively. The applicable corporate tax rate in Singapore was 17% for the Period Under Review. In March 2007, the Enterprise Income Tax Law, effective 1 January 2008, was adopted at the Fifth Session of the Tenth National People Congress of the PRC to unify income tax rates on domestic and foreign enterprises, including new preferential tax policies and tax deduction policies. Income tax rates for domestic and foreign enterprises are unified and set at 25%. Foreign enterprises that are enjoying preferential tax rates under the previous tax regime are given a 5-year transitional period before the new rate applies. The transitional tax rates, which are applicable to the subsidiaries of the Enlarged Group in the PRC, based on calendar year are as follows:

2008 – 18%

2009 – 20%

2010 – 22%

2011 – 24%

2012 – 25%

A.6.6.2 Review of Past Performance

FY2010 vs FY2009

Revenue

Business segment	FY2009 S$'000	FY2010 S$'000	Increase/(Decrease) S$'000	%
Sat Comms	104,516	73,048	(31,468)	(30.1)
Contract Manufacturing	45,543	44,792	(751)	(1.6)
Total Revenue	**150,059**	**117,840**	**(32,219)**	**(21.5)**

Region	FY2009 S$'000	FY2010 S$'000	Increase/(Decrease) S$'000	%
USA	101,557	75,529	(26,028)	(25.6)
Europe	23,403	32,612	9,209	39.3
RoW	25,099	9,699	(15,400)	(61.4)
Total Revenue	**150,059**	**117,840**	**(32,219)**	**(21.5)**

Revenue decreased by S$32.2 million or 21.5% from S$150.1 million in FY2009 to S$117.8 million in FY2010 mainly due to a decrease of S$31.5 million or 30.1% in revenue from Sat Comms from S$104.5 million in FY2009 to S$73.0 million in FY2010.

The significant decrease in Sat Comms revenue was mainly due to a decrease of S$32.5 million in DBS revenue attributable to the reduction in Echostar's demand for RF video switches and a change in the broadcast technology used by one of Echostar's customers which led to cessation of sales of legacy switch products. Revenue from VSAT and accessories also decreased by S$2.7 million mainly due to a shift from Ku band to Ka band devices, which was only introduced by the Sat Comms unit in 2011. The decreases in revenue from DBS and VSAT and accessories were offset by revenue increase of S$3.8 million in fibre products, which were increasingly recognised as a viable alternative to cable products.

Contract Manufacturing revenue decreased slightly by S$751,000 or 1.6% from S$45.5 million in FY2009 to S$44.8 million in FY2010. This was driven mainly by an increase in satellite peripherals revenue of S$1.0 million or 182.9%, offset by a decrease in Other Products revenue of S$1.9 million or 4.2%.

The Other Products revenue decrease of S$1.9 million within Contract Manufacturing was driven by S$17.5 million reduction in set-top boxes revenue from an order which was completed in FY2009 to support the switchover from analogue to digital broadcast technology in the USA. This was offset by an increase of S$15.6 million from other customers for Other Products. The S$15.6 million increase mainly comprised S$6.4 million growth in PCB assembly products to a major European customer, S$6.3 million in PCB assembly products to a major USA customer, S$2.1 million in control module products to a major RoW customer and S$0.8 million balance across various other products.

Geographically, revenue from the USA and RoW decreased by 25.6% and 61.4% respectively, while revenue from Europe registered a growth of 39.3%.

The major cause of the decrease in the USA market was the reduction in Echostar's demand as outlined above. This was partly offset by the S$6.6 million revenue growth in the Contract Manufacturing segment from the USA due to a new contract in relation to a point of sale technology product. At the same time, revenue from RoW decreased by S$15.4 million or 61.4% as a result of a decision to withdraw a low margin VSAT product from Israel and a contract to supply set-top boxes came to order completion in FY2009. The contract was to support the switch over to TV broadcasting signal from analogue to digital format in the USA. The decreases in these two markets were partly offset by an increase of S$9.2 million or 39.3% in revenue from Europe, which was mainly attributable to fibre products as stated above and a S$6.4 million growth in sales of other products (mainly PCB assembly products) to a major customer in Europe by the Contract Manufacturing segment.

Cost of Sales

	FY2009 S$'000	FY2010 S$'000	Increase/(Decrease) S$'000	%
Materials	87,156	60,819	(26,337)	(30.2)
Labour	8,238	5,746	(2,492)	(30.3)
Others	17,139	16,183	(956)	(5.6)
Total	**112,533**	**82,748**	**(29,785)**	**(26.5)**

Cost of sales decreased by S$29.8 million or 26.5% from S$112.5 million in FY2009 to S$82.7 million in FY2010. Cost of sales as a percentage of revenue decreased from 75.0% to 70.2% and gross profit margin improved from 25.0% in FY2009 to 29.8% in FY2010 accordingly.

Materials costs decreased by S$26.4 million, from S$87.2 million or 58.1% of revenue in FY2009 to S$60.8 million or 51.6% of revenue in FY2010. This improvement was mainly driven by a shift of product mix away from set-top boxes within Other Products.

Labour cost decreased by S$2.5 million or 30.3% from S$8.2 million in FY2009 to S$5.7 million in FY2010, decreasing from 5.5% of revenue to 4.9% of revenue. The cost reduction was in line with reduced turnover leading to a reduction in the number of contract staff and additional savings gained from the write-back of overprovision of staff related costs.

Other costs which included manufacturing overheads, customs and freight charges, depreciation, provision for stock obsolescence, storage, purchase of tooling, remote controllers and power supply units, decreased by S$956,000 or 5.6% from S$17.1 million in FY2009 to S$16.2 million in FY2010. Depreciation cost decreased by S$443,000 or 27.6% from S$1.6 million to S$1.2 million in FY2010 mainly due to the disposal of manufacturing equipment. The write-back of obsolescence of inventories and the reduction in manufacturing overheads driven by stringent cost management also resulted in the decrease in the other costs.

Other Income

Other income increased from S$762,000 in FY2009 to approximately S$990,000 in FY2010. The increase was mainly attributable to the gain on foreign exchange and a sum awarded to and subsequently collected by a subsidiary by the court in China in FY2010 on a pricing dispute over some materials purchased from a China based supplier. An outstanding amount payable to the same supplier was also written back to other income as a result of the court judgment.

Distribution Costs

Distribution costs, which were incurred for Contract Manufacturing business, decreased from S$175,000 in FY2009 to S$119,000 in FY2010 as lesser commission was paid to marketing agents.

Administrative Expenses

	FY2009 S$'000	FY2010 S$'000	Increase/(Decrease) S$'000	%
Cost associated with past services received	–	11,728	11,728	N.M.[1]
Other administrative expense				
Salaries and related costs	14,885	12,474	(2,411)	(16.2)
Consumables	702	1,807	1,105	157.4
Professional fees	1,513	2,437	924	61.1
Amortisation and depreciation	1,090	786	(304)	(27.9)
Operating lease	948	653	(295)	(31.1)
Travelling and entertainment	758	1,146	388	51.2
Others	3,886	2,697	(1,189)	(30.6)
	23,782	22,000	(1,782)	(7.5)
Total Administrative Expenses	**23,782**	**33,728**	**9,946**	**41.8**

Note:

(1) Not meaningful

Administrative expenses increased by S$9.9 million or 41.8% from S$23.8 million in FY2009 to S$33.7 million in FY2010 mainly due to a one-off cost of S$11.7 million associated with past services received. Excluding the one-off cost, the Enlarged Group's administrative expenses decreased by S$1.8 million or 7.5% from S$23.8 million in FY2009 to S$22.0 million in FY2010. Please refer to *Section B.6.1 Overview – Administrative Expenses* of this Circular for details of the one-off cost associated with past services received.

The decrease in administrative expenses (excluding the one-off cost) was mainly due to a decrease of S$2.4 million in salaries and related costs with the change of the management and directors of the Radiance Group and a total decrease of approximately S$1.2 million in other miscellaneous items. Depreciation and operating lease decreased by approximately S$599,000 in total due to the termination of office space for one of the subsidiaries in China.

The above decreases were offset by (i) higher R&D spending, thus leading to an increase of S$1.1 million in consumables; (ii) an increase of S$924,000 in professional fees relating to the due diligence of the GIHL Group in relation to a prospective merger between the GIHL Group and a third party strategic partner; and (iii) an increase of S$388,000 in travelling and entertainment expenses.

Other Operating Expenses

Other operating expenses decreased from S$1.1 million in FY2009 to S$164,000 in FY2010 mainly attributable as a result of a reduction in the loss on disposal of machinery and equipment and no further impairment against investment in FY2010. Please refer to *Section B.6.1 Overview – Impairment Against Investments* of this Circular for more details.

Operating Profit/Operating Profit Margin

Set out below is the breakdown of operating profit (profit before income tax and allocation of finance income and finance costs and excluding the one-off cost associated with past services received) and operating profit margin by business segments:

Operating Profit

	FY2009 S$'000	FY2010 S$'000	Increase/(Decrease) S$'000	%
Sat Comms	12,410	8,335	(4,075)	(32.8)
Contract Manufacturing	851	5,464	4,613	542.1
Total	**13,261**	**13,799**	**538**	**4.1**

Operating Profit Margin

	FY2009	FY2010
Sat Comms	11.9%	11.4%
Contract Manufacturing	1.9%	12.2%
Overall	**8.8%**	**11.7%**

Despite the decrease of S$32.2 million or 21.5% in the Enlarged Group's revenue, the operating profit (excluding the one-off cost associated with past services received) increased by S$538,000 or 4.1% from S$13.3 million in FY2009 to S$13.8 million in FY2010. As a result, the operating profit margin improved from 8.8% in FY2009 to 11.7% in FY2010. The improved operating profit margin was mainly attributable to the Contract Manufacturing unit, which shifted away from the low margin set-top box production to focus on other higher margin products, such as PCB assembly products.

Finance Income/Finance Costs

Finance income increased in FY2010 mainly due to a higher fixed deposit balances and finance costs decreased in FY2010 with the repayment of the earlier term loan and a lower interest rate secured on the additional loan.

Taxation

Income tax expense decreased by S$1.0 million from S$4.3 million in FY2009 to S$3.3 million in FY2010. Income tax expense was higher than PBT in FY2010 mainly because the S$11.7 million one-off cost associated with past services received was not deductible for taxation purposes. If the S$11.7 million were added back to the PBT, the effective tax rate would have been 23.8% in FY2010, whereas it was 32.9% in FY2009. The decrease in the effective tax rate was mainly due to increased R&D expenditure eligible for uplift under the R&D tax credit scheme in the UK, which was partially offset by the higher income tax rate in the PRC in FY2010 and the increase in withholding tax from S$103,000 in FY2009 to S$202,000 in FY2010 on dividends declared by the Enlarged Group's subsidiaries in the PRC.

FY2011 vs FY2010

Revenue

Business segment	FY2010 S$'000	FY2011 S$'000	Increase/(Decrease) S$'000	%
Sat Comms	73,048	78,846	5,798	7.9
Contract Manufacturing	44,792	59,440	14,648	32.7
Total Revenue	**117,840**	**138,286**	**20,446**	**17.4**

Region	FY2010 S$'000	FY2011 S$'000	Increase/(Decrease) S$'000	%
USA	75,529	89,976	14,447	19.1
Europe	32,612	35,604	2,992	9.2
RoW	9,699	12,706	3,007	31.0
Total Revenue	**117,840**	**138,286**	**20,446**	**17.4**

Revenue increased by S$20.5 million or 17.4% from S$117.8 million in FY2010 to S$138.3 million in FY2011. Sat Comms revenue increased by S$5.8 million, while Contract Manufacturing revenue increased by S$14.6 million. Geographically, revenue from the USA market increased by S$14.4 million, while Europe and RoW both registered a growth of approximately S$3.0 million.

The S$5.8 million or 7.9% increase in Sat Comms revenue was mainly attributable to a S$5.2 million increase in DBS revenue due to the introduction of a new LNB product for the USA market, originally planned for FY2010, and an increase in dish manufacturing business. In addition, revenue from fibre products increased by S$1.5 million as these products are increasingly being seen by distributors and property developers as a superior alternative to cable. Revenue growth in DBS and fibre was offset by S$839,000 decline in revenue from VSAT and accessories due to a shift from Ku to Ka band devices. The introduction of an advanced Ka band device has been delayed until 2012.

Contract Manufacturing revenue increased by S$14.6 million from S$44.8 million in FY2010 to S$59.4 million in FY2011. This was driven mainly by an increase in Other Products revenue of S$15.2 million offset by a decrease in satellite peripherals revenue of S$566,000.

The S$15.2 million increase in demand for Other Products was mainly driven by a S$13.1 million increase in revenue from a major customer in the USA due to a one-off project for PCB assembly products. In addition to the revenue growth from this customer, there was a S$2.1 million or 6.9% revenue increase across the remainder of the customer base for Other Products.

Revenue from the USA increased by S$14.4 million due to a S$14.3 million increase in Contract Manufacturing revenue, with the remaining balance from Sat Comms revenue. The Sat Comms unit registered a revenue increase of US$4.1 million or 9.4% in FY2011 over FY2010 mainly due to the introduction of a new LNB product for the USA market, originally planned for FY2010. However, the growth was dampened by the weakening of the US dollar against the Singapore dollar. The US dollar depreciated by approximately 8.4% from US$1.00=S$1.369 in FY2010 to US$1.00=S$1.254 in FY2011. The S$14.3 million increase in Contract Manufacturing revenue was mainly due to a large one-off project, for a major customer, to supply PCB assembly products for the retail point-of-sale sector.

Revenue from Europe increased by S$3.0 million or 9.2% due to a S$5.8 million increase in the Sat Comms segment offset by a S$2.8 million decrease in the Contract Manufacturing segment. The Sat Comms segment registered a revenue growth in Europe as a result of continued fulfilment of a dish manufacturing contract and growth in fibre products mainly sold to the distributor and OEM markets in Europe. The decrease in Contract Manufacturing revenue from Europe was driven by a decrease of S$566,000 in satellite peripherals revenue and a S$2.2 million decrease in Other Products revenue. The decrease in Other Products revenue was mainly caused by reduced orders from a major customer who experienced a reduction in demand by their end customers and the general weakening of the European economies. While we continue with development of business opportunities for the Other Products segment, the absence of new sizeable contracts such as the significant one-off project secured in the first half of FY2011 could impact our performance in the first half of FY2012.

Revenue from RoW increased by S$3.0 million or 31.0% as the Contract Manufacturing segment registered a revenue increase of S$3.2 million from this region driven by growth across a range of products for existing customers.

Cost of Sales

	FY2010	FY2011	Increase/(Decrease)	
	S$'000	S$'000	S$'000	%
Materials	60,819	71,324	10,505	17.3
Labour	5,746	10,390	4,644	80.8
Others	16,183	17,512	1,329	8.2
Total Cost of Sales	**82,748**	**99,226**	**16,478**	**19.9**

Cost of sales increased by S$16.5 million or 19.9% from S$82.7 million in FY2010 to S$99.2 million in FY2011. Cost of sales as a percentage of revenue increased from 70.2% to 71.8% and as a result, gross profit margin decreased from 29.8% in FY2010 to 28.2% in FY2011.

The decrease in gross profit margin was mainly attributable to an increase in labour cost of S$4.6 million or 80.8%. As a percentage of revenue, labour cost increased from 4.9% to 7.5%. The increase in labour cost was driven by increased production staff headcount, overtime to support volume and revenue growth, particularly for a one-off PCB assembly contract in Contract Manufacturing, the impact of minimum wage increases in the PRC, and the write-back in FY2010 of overprovision of staff related costs.

Materials costs increased by S$10.5 million or 17.3% from S$60.8 million to S$71.3 million in line with the growth in revenue. Materials costs in FY2011 were impacted by a value-added tax rebate in the first quarter of S$666,000 offset by a retrospective value-added tax charge in the fourth quarter of S$847,000.

Other costs increased by S$1.3 million or 8.2% from FY2010 to FY2011. The increase in other costs of S$1.3 million was primarily due to S$1.1 million one-off costs relating to a retrospective customs charge of S$295,000 in the PRC and one-off freight and re-work costs for a DBS product of S$839,000. Excluding the S$1.1 million one-off costs, other costs did not increase in line with the increased Sat Comms revenue in FY2011 as two substantial contracts with the broadcasters in Europe purchased fibre products without the fibre accessories.

Other Income

Other income decreased by S$684,000 or 69.1% from S$990,000 in FY2010 to S$306,000 in FY2011 due to an one-off sum of S$630,000 awarded to a subsidiary by the court in the PRC and subsequently collected in FY2010. The award was related to a pricing dispute over some materials purchased from a China based supplier.

Distribution Costs

Distribution costs increased by S$348,000 from S$119,000 in FY2010 to S$467,000 in FY2011 due to increased commission paid along with increased revenue.

Administrative Expenses

	FY2010	**FY2011**	**Increase/(Decrease)**	
	S$'000	**S$'000**	**S$'000**	**%**
Cost associated with past services received	11,728	–	(11,728)	(100.0)
Other administrative expense				
Salaries and related costs	12,474	14,697	2,223	17.8
Consumables	1,807	1,252	(555)	(30.7)
Professional fees	2,437	1,495	(942)	(38.7)
Amortisation and depreciation	786	737	(49)	(6.2)
Operating lease	653	550	(103)	(15.8)
Travelling and entertainment	1,146	1,025	(121)	(10.6)
Others	2,697	2,923	226	8.4
	22,000	22,679	679	3.1
Total Administrative Expenses	**33,728**	**22,679**	**(11,049)**	**(32.8)**

Other administrative expenses increased by S$679,000 or 3.1% from S$22.0 million in FY2010 to S$22.7 million in FY2011, representing 18.7% and 16.4% of revenue in the respective periods.

Salaries and related costs increased by S$2.2 million or 17.8% from S$12.5 million to S$14.7 million mainly attributable to increased number of employees, annual salary adjustments and restructuring costs in the Sat Comms business. Please refer to *Section B.6.2 Review of Past Performance – FY2011 vs FY2010* of this Circular for more details.

Professional fees decreased by S$942,000 or 38.7% from S$2.4 million to S$1.5 million. The reduction was from a base of increased professional fees in FY2010 due to due diligence of the GIHL Group in relation to a prospective merger between the GIHL Group and a third party strategic partner that began in FY2009.

Consumables costs decreased by S$555,000 or 30.7% from S$1.8 million to S$1.3 million due to a reduction in R&D consumables in the Sat Comms business.

Other Operating Expenses

Other operating expenses decreased by S$99,000 from S$164,000 in FY2010 to S$65,000 in FY2011 mainly due to expenses incurred in relation to a pricing dispute over some materials purchased from a China based supplier in FY2010.

Operating Profit/Operating Profit Margin

Set out below is the breakdown of operating profit (profit before income tax and allocation of finance income and finance costs) and operating profit margin by business segments:

Operating Profit

	FY2010 S$'000	FY2011 S$'000	Increase/(Decrease) S$'000	%
Sat Comms	8,335	7,906	(429)	(5.1)
Contract Manufacturing	5,464	8,249	2,785	51.0
Total	**13,799**	**16,155**	**2,356**	**17.1**

Operating Profit Margin

	FY2010	FY2011
Sat Comms	11.4%	10.0%
Contract Manufacturing	12.2%	13.9%
Overall	**11.7%**	**11.7%**

The Enlarged Group's operating profit increased by S$2.4 million or 17.1% from S$13.8 million in FY2010 to S$16.2 million in FY2011 due to a significant increase of S$2.8 million or 51.0% in the operating profit of Contract Manufacturing offset by a decrease of S$429,000 or 5.1% in the operating profit of Sat Comms. Despite a slight decrease in the revenue and operating profit margin from the Sat Comms business, the Enlarged Group's overall operating profit margin remained constant at 11.7% owing to the strong growth in the revenue and improved operating profit margin from the Contract Manufacturing business.

The decrease in the operating profit margin of the Sat Comms business from 11.4% in FY2010 to 10.0% in FY2011 was driven by one-off costs relating to the retrospective customs charge in the PRC and one-off freight and re-work costs for a DBS product as described under the section entitled "Cost of Sales" above and the reduced gross margins on volume sales to OEM customers. Contract Manufacturing profit margin improvement was driven by an improved product mix within the Other Products in FY2011 and a significant increase in overall revenue. In particular, a new one-off contract for a PCB assembly product went into production in the first half of FY2011.

Finance Income/Finance Costs

Finance income and finance costs decreased in FY2011 due to a reduction in the average fixed deposit rates and repayment of borrowings respectively.

Taxation

Income tax increased from S$3.3 million in FY2010 to S$4.3 million in FY2011 due to an increase in taxable profits and increase in the applicable tax rate in the PRC.

A.6.6.3 Liquidity and Capital Resources

The capital expenditure and operating requirements have been financed through a combination of shareholders' equity, cash generated from operations and bank borrowings. Our sources of funds may be categorised into internal and external funds. Internal sources of funds refers to cash generated from the operating activities, while external sources of funds comprise mainly cash injected by the shareholders as well as borrowings from related parties and financial institutions. The principal uses of these funds have mainly been for meeting the capital expenditures, working capital requirements, operating expenses, repayment of bank borrowings and finance expenses. The Enlarged Group has been able to service the loan repayments on a timely basis.

A summary of the cash flow statement for FY2011 is set out in the table below:

	FY2011 S$'000
Net cash generated from operating activities	8,247
Net cash used in investing activities	(4,411)
Net cash used in financing activities	(798)
Net increase in cash and cash equivalents	3,038
Cash and cash equivalents at the beginning of the year	22,017
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	583
Cash and cash equivalents at the end of the year	25,638

FY2011

In FY2011, operating cash flow before working capital changes amounted to S$17.9 million and after adjustments for the increase in working capital of S$5.6 million, interest and income tax paid of S$79,000 and S$3.9 million respectively, the Enlarged Group recorded a net cash inflow from operating activities of S$8.2 million.

The net working capital outflows were mainly attributable to:

(i) an increase in inventories of S$2.9 million, in readiness for orders on hand for the following periods and work associated with a new LNB product;

(ii) a decrease in trade and other payables of S$7.2 million due to a return to more normal payables terms from the relatively high payables balance at the end of FY2010; and

(iii) offset by a decrease in trade receivables of S$4.9 million, mainly due to improved credit control.

Net cash used in investing activities of S$4.4 million was mainly for the purchase of plant and equipment, comprising S$1.3 million for new surface mount technology equipment to increase production capacity, S$1.4 million for testing equipment and S$679,000 for plant, equipment and tooling. In addition, the Enlarged Group invested S$1.1 million to acquire the property, plant and equipment and intangible assets of PCTL for S$335,000 as well as capitalised development costs amounting to S$788,000, including employee costs of S$443,000 during FY2011, which relate to the development of wireless transmission of HD television.

Net cash used in financing activities of S$798,000 was primarily due to the decrease in restricted cash of S$4.9 million, offset by a net repayment of short term borrowings of S$3.9 million and a dividend payment to the RGL shareholders of S$1.5 million.

A.6.7 Financial Effects of the Share Consolidation, Acquisition and Compliance Placement

The proforma financial effects of the Share Consolidation, Acquisition and Compliance Placement on the Company are set out below. The objective is to illustrate what the historical information might have been had the Share Consolidation, Acquisition and Compliance Placement been completed at an earlier date. However, such information is not necessarily indicative that the results of operations or the financial position as illustrated would have been attained had the Share Consolidation, Acquisition, and Compliance Placement been completed at an earlier date.

The proforma financial effects in this section are based on the audited financial statements of the Company for FY2011 and the unaudited proforma consolidated financial statements of the Enlarged Group for FY2011. The financial effects of the Share Consolidation, Acquisition and Compliance Placement have been prepared based on the following assumptions and anticipated events:

(a) for the purpose of computing the financial effects of the Share Consolidation, Acquisition and Compliance Placement on the earnings of the Enlarged Group, the Share Consolidation, Acquisition and Compliance Placement are assumed to have been completed on 1 January 2009;

(b) for the purpose of computing the financial effects of the Share Consolidation, Acquisition and Compliance Placement on the NTA and gearing of the Enlarged Group, the Share Consolidation, Acquisition and Compliance Placement are assumed to be have been completed on 31 December 2011;

(c) share consolidation of every four (4) Shares into one (1) Consolidated Share, fractional entitlements to be disregarded;

(d) the Share Swap Consideration for the Acquisition is satisfied by the allotment and issuance of the Consideration Shares;

(e) 41,539,000 new Consolidated Shares to be allotted and issued pursuant to the Compliance Placement; and

(f) the Placement Shares are fully subscribed for and gross proceeds of approximately S$12.8 million based on an illustrative issue price of S$0.3087 for each Placement Share.

Financial Effects on Issued Share Capital

The proforma effects on the issued share capital of the Company after the Share Consolidation and the allotment and issuance of the Consideration Shares and the Placement Shares are as follows:

	No. of Shares	Share Capital (S$'000)
Issued share capital as at the Latest Practicable Date	263,771,400	28,553
Issued share capital of the Company after the Share Consolidation	65,942,850	28,553
Add: Issue of Consideration Shares pursuant to the Acquisition	122,515,189	37,820
Add: Issue of Placement Shares pursuant to the Compliance Placement	41,539,000	12,374(1)
Issued share capital immediately after the Acquisition and the Compliance Placement	229,997,039	78,747

Note:

(1) This is net of estimated placement commission of S$449,000 pursuant to the Compliance Placement.

Financial Effects on NTA

	Before the Share Consolidation, the Acquisition and the Compliance Placement	After the Share Consolidation but before the Acquisition and the Compliance Placement	After the Share Consolidation and the Acquisition but before the Compliance Placement	After the Share Consolidation, the Acquisition and the Compliance Placement
NTA of the Radiance Group as at 31 December 2011 (S$'000)	42,580	42,580	42,580	42,580
NTA of the GIHL Group as at 31 December 2011 (S$'000)	–	–	15,215	15,215
Add: Enlarged Group Consolidation Adjustment (S$'000)(1)	–	–	(24,402)	(24,402)
Add: Net proceeds from Compliance Placement (S$'000)	–	–	–	9,225
NTA of Enlarged Group (S$'000)	–	–	33,393	42,618
Number of issued Shares	263,771,400	65,942,850	188,458,039	229,997,039
NTA per Share (cents)	16.1	64.6	17.7	18.5

Note:

(1) For assumptions for the adjustments referred to above, please see *Appendix B – Reporting Auditors' Report on the Unaudited Proforma Consolidated Financial Statements of the Enlarged Group for the Financial Years Ended 31 December 2009, 2010 and 2011.*

Financial Effects on Earnings and EPS

The proforma financial effects of the Share Consolidation, Acquisition and Compliance Placement on the earnings per Share of the Company are as follows:

	Before the Share Consolidation, the Acquisition and the Compliance Placement	After the Share Consolidation but before the Acquisition and the Compliance Placement	After the Share Consolidation and the Acquisition but before the Compliance Placement	After the Share Consolidation, the Acquisition and the Compliance Placement
Net profit of the Radiance Group for FY2011 (S$'000)	5,481	5,481	5,481	5,481
Add: Net profit of the GIHL Group for FY2011 (S$'000)	–	–	5,130	5,130
Add: Enlarged Group Consolidation Adjustment (S$'000)[(1)]	–	–	1,265	1,265
Net profit of Enlarged Group (S$'000)	5,481	5,481	11,876	11,876
Number of issued Shares	263,771,400	65,942,850	188,458,039	229,997,039
Earnings per new Share (cents)	2.1	8.3	6.3	5.2

Note:

(1) For assumptions for the adjustments referred to above, please see *Appendix B – Reporting Auditors' Report on the Unaudited Proforma Consolidated Financial Statements of the Enlarged Group for the Financial Years Ended 31 December 2009, 2010 and 2011.*

Financial Effects on Gearing

The Share Consolidation, Acquisition and Compliance Placement will not have any effect on the gearing of the Radiance Group as both the Radiance Group and the GIHL Group are in net cash positions.

A.6.8 Dividend Policy

The Company has not distributed any dividends in FY2009 and FY2010. The Company declared a special dividend of S$0.0057 per share for the six months ended 30 June 2011. The Company currently does not have a dividend policy.

GIHL has not distributed any dividends in FY2009, FY2010 and FY2011 and up to the Latest Practicable Date. GIHL currently does not have a dividend policy.

The declaration and payment of dividends will be determined at the sole discretion of the Board, subject to the approval of Shareholders and Section 69 of the Companies Act. Future dividends will be paid by the Enlarged Group as and when approved by the Board and Shareholders, where relevant.

The Enlarged Group may, by ordinary resolution of its Shareholders at a general meeting, declare dividends but the amount of such dividends shall not exceed the amount recommended by the Board.

The Board may also declare an interim dividend without seeking Shareholders' approval. The Enlarged Group must pay all dividends out of its profits.

In making their recommendation on the amount of final dividend or to declare an interim dividend in respect of any particular financial year or period, the Board will consider, amongst other things, the following factors:

- the level of the cash, gearing, return on equity and retained earnings of the Enlarged Group;
- the actual and projected financial performance of the Enlarged Group;
- the projected levels of capital expenditure and other investment plans of the Enlarged Group;
- the dividend yield of similar-sized companies with similar growth listed on the SGX-ST; and
- restrictions on payment of dividends imposed on the Enlarged Group by its financing arrangements (if any).

All the foregoing statements are statements of the intention of the Board and shall not constitute legally binding statements in respect of future dividends which may be subject to the Directors' sole and absolute discretion. No inference should or can be made from any of the foregoing statements as to actual future profitability of the Enlarged Group or the Enlarged Group's ability to pay dividends in the future.

A.6.9 Exchange Controls

Exchange Controls in the UK

There are currently no foreign exchange controls in force in the UK and this has remained the case since the previous controls were abolished in 1979. This allows for the free flow of financial capital between the UK and overseas and the repatriation and remittance overseas of dividend, interest and other shareholder revenues free from such regulation.

Exchange Controls in Singapore

There are presently no laws or regulations in Singapore that may affect (a) the repatriation of capital, including the availability of cash and cash equivalents for use by the Enlarged Group; and (b) the remittance of profits that may affect dividends, interests or other payment to Shareholders.

Exchange Controls in the PRC

Foreign exchange in the PRC is primarily regulated and controlled by:

- The Regulation on Foreign Exchange Administration of People's Republic of China (中华人民共和国外汇管理条例, the "**Foreign Exchange Regulation**");
- The Administration Rules of the Settlement, Sale and Payment of Foreign Exchange (结汇、售汇及付汇管理规定, the "**Administration Rules**");
- Circular of the State Administration of Foreign Exchange on Relevant Business Operations Issues Concerning Improving the Administration of Payment and Settlement of Foreign Exchange Capital of Foreign Investment Enterprises (国家外汇管理局综合司关于完善外商投资企业外汇资本金支付结汇管理有关业务操作问题的通知, "**Circular 142**");

The Foreign Exchange Regulation was promulgated by State Council on 29 January 1996, as amended on 14 January 1997 and on 1 August 2008. Under the Foreign Exchange Regulation, the RMB is convertible for current account items, including the distribution of dividends, interest payments, and trade and service-related foreign exchange transactions. Conversion of RMB into foreign currency for capital account items, such as direct investment, loans, investment in securities and repatriation of funds, however, is subject to the approval of the State Administration of Foreign Exchange ("**SAFE**"). Foreign invested enterprises ("**FIEs**"), are required to complete the foreign exchange registration and obtain the registration certificate.

The Administration Rules was promulgated by The People's Bank of China on 20 June 1996 and effective from 1 July 1996. Under the Administration Rules, FIEs may only buy, sell and remit foreign currencies at banks authorised to conduct foreign exchange transactions after providing valid commercial documents and, in the case of capital account item transactions, only after obtaining approval from SAFE.

Circular 142 was promulgated by SAFE, on 20 August 2008 to regulate the conversion of foreign currency into RMB by FIEs through restricting how the converted RMB may be used. It requires that RMB converted from the foreign currency dominated capital of a FIE may only be used for purposes within the business scope approved by the applicable government authority and may not be used for equity investments within the PRC unless specifically provided for otherwise. It is also prohibited to use the settled foreign exchange capital for purchasing domestic real estate for any purpose other than its own use, unless the enterprise is a foreign funded real estate enterprise. In addition, SAFE strengthened its oversight over the flow and use of RMB funds converted from the foreign currency dominated capital of a FIE, which the use of such RMB may not be changed without approval from SAFE, and may not be used to repay RMB loans if the proceeds of such loans have not yet been used. Under the Circular 142, FIEs shall authorise an accounting firm to conduct capital verification before applying for the settlement of the foreign exchange capital.

A.6.10 Directors and Key Executives

A.6.10.1 Existing Board

There will be no changes to the Board immediately after Completion.

The particulars of the Directors are set out below:

Name	Age	Residential address	Position in Enlarged Group	Current designation in GIHL
Anthony Taylor	49	42 Station Road Herne Bay Kent CT6 5QH UK	Executive Chairman and Chief Executive Officer	Managing Director
Gary Stafford	51	35 White Horse Lane St Albans Herts, AL2 1JP UK	Executive Director	Business Development Director
Malcolm Burrell	53	2 Chichester Drive Chelmsford Essex, CM1 7RY UK	Executive Director	Technical Director
Cosimo Borrelli	45	Level 17, Tower 1 Admiralty Centre 18 Harcourt Road Central, Hong Kong	Non-Executive Director	–
John Lim Yew Kong	50	20 Jalan Jelita Singapore 278344	Lead Independent Director	–
Basil Chan	61	77 West Coast Grove Sungrove Singapore 127877	Independent Director	–

Information on the business and working experience, education and professional qualifications, if any, and areas of responsibilities of the Directors are set out below:

Mr Anthony Taylor is the Managing Director of GIHL and was appointed to the Board of GIHL in 2006. 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 12 years of experience in senior executive leadership roles. He was formerly the District Sales Manager at Harris-MHS/MHS Semiconductor Sales Limited from 1984 to 1987. From 1987 to 1990, he was the European & Export Sales Manager at Marconi Electronic Devices before becoming the Product Manager at SGS-THOMSON Microelectronics between 1991 and 1998. 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 graduated with a Bachelor of Science, Electronics degree (with honours) from Coventry University in the UK.

Mr Taylor was appointed as Executive Director of the Company on 18 August 2010 and Executive Chairman of the Board of the Company on 26 October 2010.

Mr Gary Stafford is the Business Development Director of GIL and is a Microwave Engineer. Between 1979 and 1989, he worked in Marconi Space and Defence Systems Ltd as an Antenna Design Engineer. He then joined the DBS department of Marconi Space and Defence Systems Ltd as an Antenna Engineer and worked on a range of DBS antenna. He was subsequently appointed the Microwave Design Group Manager in 1997 at Grundig Gmbh and was the Project Manager for the design and development of a range of new products for consumer electronics based on Microwave systems. Mr Stafford was also the Founding Director of Invacom in 2000. With his experience in designing and developing products based on microwave systems, he expanded the product range of Invacom and continues to do the same with GIHL. He currently has 35 patents under his name. He graduated from Plymouth College in the UK following a sponsorship conferred upon him by the British Broadcasting Corporation.

Mr Stafford was appointed as Executive Director of the Company on 18 August 2010.

Mr Malcolm Burrell is the Technical Director of GIL and is responsible for the development of switches and fibre products. He has held this position since November 1997. Prior to this, 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. He graduated from the University of Southampton in July 1981 with a Bachelor of Science Engineering (Electronic Engineering) degree. He is a Chartered Engineer and a member of the Institution of Engineering and Technology. He also holds a Certificate in Management (CIM).

Mr Burrell was appointed as Executive Director of the Company on 18 August 2010.

Mr Cosimo Borrelli was appointed as Non-Executive Director on 4 December 2009. He was the Chairman of the Board of Directors from 4 December 2009 to 25 October 2010. He is also a member of the Audit, Nominating and Remuneration Committees.

Mr Borrelli is a Chartered Accountant with over 22 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 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.

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

Nominating and Remuneration Committees. He is currently a director of Axia Equity Pte Ltd, a firm which provides business and corporate advisory services to companies in Singapore and the region. Prior to this and since 1991, Mr Lim was involved in the private equity and venture capital industry in Asia as a director of an investment advisory firm engaged in direct investment in the region. From 1989 to 1991, Mr Lim worked in Dowell Schlumberger in the United Kingdom, where he was United Kingdom division controller. Between 1984 and 1988, he was with Arthur Andersen & Co, London.

Mr Lim holds a Bachelor's degree in Economics from the London School of Economics and Political Science, United Kingdom. He is a qualified chartered accountant since 1987.

Mr Basil Chan was appointed as Independent Director on 25 April 2012. He is currently the Chairman of the Nominating and Remuneration Committees and a member of the Audit 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, and is a Council Member and Board Director of the Singapore Institute of Directors where he is currently its Treasurer. He was a member of the Corporate Governance Committee in 2001 that developed the Singapore Code and was previously a member of the Accounting Standards Committee of the Institute of Certified Public Accountants in Singapore (ICPAS). He is currently a member of the Auditing and Assurance Standards Committee of ICPAS. Mr Chan has more than 30 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 the ICPAS. He is a Fellow member of the Singapore Institute of Directors.

The present and past directorships of each of the Directors held in the five years preceding the Latest Practicable Date, excluding directorships held in the Company, are as follows:

Name	Present directorships	Past directorships
Anthony Taylor	Enlarged Group Companies	Enlarged Group Companies
	Fibre TV to Home Ltd GI Provision Limited Global Invacom Holdings Limited Global Invacom Limited (formerly known as Global Communications (UK) Ltd) Invacom Holdings Ltd Invacom Ltd Invacom Systems Ltd	–
	Other Companies	Other Companies
	–	Amphenol Borg Pensions Ltd

Name	Present directorships	Past directorships
Gary Stafford	Enlarged Group Companies	Enlarged Group Companies
	Fibre TV to Home Limited Global Invacom Holdings Limited Global Invacom Limited (formerly known as Global Communications (UK) Ltd) Invacom Holdings Ltd Invacom Ltd Invacom Systems Ltd	
	Other Companies	Other Companies
	–	–
Malcolm Burrell	Enlarged Group Companies	Enlarged Group Companies
	GI Provision Limited Global Invacom Holdings Limited Global Invacom Limited (formerly known as Global Communications (UK) Ltd)	–
	Other Companies	Other Companies
	–	–
Cosimo Borrelli	Enlarged Group Companies	Enlarged Group Companies
	Radiance Energy Technology Co., Ltd (Legal Representative)	–
	Other Companies	Other Companies
	Allegheny Bicycle & Carriage Co., Ltd Amazing Elite Limited Ambridge Associates Limited Asia Securities & Corporate Limited Asia Pulp & Paper Limited Bailey Park Wire & Carriage Co., Ltd Belle Grove Brewing & TavernSupply Co Ltd Big Rock Holdings Limited Bombay Bicycle Club Limited Borrelli Walsh Limited Borrelli Asia Ltd Borrelli Walsh Pte Ltd Citikeen Development Limited Fish & Chips Limited Forseti Valborg Holdings Limited	Monroe Recreation & Sports Co., Ltd. Alvarez and Marshal Asia Limited, Hong Kong Forefront International Limited RSM Nelson Wheeler Corporate Advisory Services Limited, Hong Kong * Not including other corporations in which Mr Borrelli acts as director in his capacity as a professional insolvency and restructuring practitioner

Name	Present directorships	Past directorships
	Fullwood Associates Limited Happy Sky Group Limited J Harper Partners Limited Jaya Holdings Limited Joe Harper Partners Limited Keepco Limited Keypac Limited Klemzig Financial Limited Kowloon Capital Limited Madison Pacific Corporate Services Limited Madison Pacific Trust Limited Monroe Recreation & Sports Co., Ltd Montpelier Leaf & Tea Co., Ltd. Norwich International Limited Parkwell Holdings Limited Prince Eagle Limited Rishton Trading Limited Top Step Group Limited Triluck International Limited Utmost Limited * Not including other corporations in which Mr Borrelli acts as director in his capacity as a professional insolvency and restructuring practitioner	
John Lim Yew Kong	Enlarged Group Companies – Other Companies Axia Equity Pte Ltd Conchubar Aromatics Ltd Conchubar Chemicals Ltd Conchubar Infrastructure Fund Karin Technology Holdings Limited North Asia Resources Limited Rahue Limited The Style Merchants Limited	Enlarged Group Companies – Other Companies EcoWise Holdings Limited Enterprise Asean Fund Pte Ltd

Name	Present directorships	Past directorships
Basil Chan	Enlarged Group Companies – Other Companies Teledata (Singapore) Ltd Grand Banks Yachts Ltd YOMA Strategic Holdings Ltd AEM Holdings Ltd MBE Corporate Advisory Pte Ltd MBE Capital Pte Ltd (Dormant) Singapore Institute of Directors	Enlarged Group Companies – Other Companies RSH Limited WesTech Electronics Limited Seroja Investments Limited

A.6.10.2 *Proposed Key Executive and Existing Key Executives*

On Completion, Mr David Smith, the Proposed Key Executive, will be appointed as a the Technical Director of the Enlarged Group and will be responsible for the development of LNB and VSAT products.

The particulars of Mr David Smith are set out below:

Name	Age	Residential address	Proposed position in the Enlarged Group	Current designation in the GIHL Group
David Smith	44	18 Oakfields Avenue Knebworth Hertsfordshire, SG3 6NP United Kingdom	Technical Director	Technical Director

Information on the business and working experience, education and professional qualifications and areas of responsibilities of Mr David Smith are set out below:

Mr David Smith is the Technical Director of GIL and is responsible for the development of LNB and VSAT products. He has been with Invacom and GIL for more than a decade. He is also a director of the GIHL subsidiaries, namely GIL, Invacom Holdings Ltd, Invacom Ltd and Invacom Systems Ltd. He was the Founding Director of Invacom and the original designer of key early LNB products. He was previously a Microwave Design Engineer at Marconi Instruments Ltd as well as a Senior RF Design Engineer at Northern Telecom Europe Ltd. He was also a Senior RF Design Engineer for one (1) year at Symbionics Ltd before joining Marconi Electronics Ltd as Chief Engineer. Mr Smith graduated with honours from the University of Leeds in 1988 with a bachelor's degree in Electronic and Electrical Engineering.

The present and past directorships of Mr David Smith held in the five years preceding the Latest Practicable Date are as follows:

Name	Present directorships	Past directorships
David Smith	Enlarged Group Companies	Enlarged Group Companies
	Global Invacom Holdings Limited Global Invacom Limited (formerly known as Global Communications (UK) Ltd) Invacom Holdings Ltd Invacom Ltd Invacom Systems Ltd	–
	Other Companies	Other Companies
	–	–

The particulars of the existing key executives are set out below:

Name	Age	Residential address	Position in the Enlarged Group	Current designation in the GIHL Group
David Newcombe	52	10 Mount Sophia #03-35 Singapore 228459	Chief Financial Officer	–
Goh Boon Leng	50	54 Lentor Plain Singapore 786556	General Manager, EMS Division	–

Information on the business and working experience, education and professional qualifications and areas of responsibilities of the existing key executives are set out below:

Mr David Newcombe is the Chief Financial Officer of the Company and will continue to be the Chief Financial Officer of the Enlarged Group upon Completion. He was appointed the Chief Financial Officer of the Company in April 2011.

Mr Newcombe has over twenty-one (21) years management experience in Finance, Planning, Strategy, and Business Development obtained across Manufacturing, Brewing, Retail, Banking and Travel sectors.

Prior to joining the Company, he was EMEA (Europe, Middle East and Africa) Finance Director for the Travel Network division of Sabre Holdings from January 2008 to 2011. Mr Newcombe joined Whitbread PLC in 1988 where he worked until 2000, holding positions such as Strategic Planning Manager (Operations), Finance Operations Project Manager (Corporate Finance) and Planning and Projects Manager (Finance) – working across a wide range of businesses including the Whitbread Beer Company, Whitbread PLC, Pelican Restaurants and Costa Coffee. Mr Newcombe worked at Abbey National PLC from April 2000 to the end of 2002 holding positions such as Head of Marketing Planning and Head of Planning for the Mortgages business. He was responsible for the business planning and analysis for the retail business units, budget control, operational planning, competitor insight, evaluation of direct marketing campaigns, and leadership of 3 teams.

From 2003 to 2006 he undertook interim consulting work in addition to some overseas exploration and travel.

He worked with Sabre Holdings as an external advisor from 2006 to 2007 in the area of business development and financial analysis for various air travel related commercial projects in the Middle East – after which he was appointed EMEA Finance Director. Mr Newcombe sat on the board of Sabre Israel Travel Technologies Ltd ("**SITT**"), from 2009 to 2011, and Sabre Zenon Cyprus Limited ("**Zenon**"), a subsidiary of the Sabre Travel Network business, from 2010 to 2011. Mr Newcombe had driven and overseen the transition of both SITT and Zenon to full owned businesses within the Sabre portfolio from either partly owned joint ventures or partner businesses.

He obtained a Master of Arts (Engineering) with honours from the University of Cambridge in 1985 and a Master of Business Administration ("MBA") from the Cranfield School of Management in 1988. He has also undertaken the one year Corporate Finance programme at London Business School. Prior to undertaking an MBA at Cranfield he worked on a variety of large overseas projects as a consultant Civil Engineer for Sir Alexander Gibb & Partners from 1982 to 1987.

The Audit Committee of the Company is of the opinion that Mr Newcombe possesses the relevant academic qualification, skills and working experience to carry out his duties and responsibilities as Chief Financial Officer of the Enlarged Group.

Mr Goh Boon Leng was appointed as General Manager, EMS Division on 16 September 2010. He is responsible for the overall operations as well as charting the direction and strategic development of the EMS business of the Group. Mr Goh is also responsible for formulating marketing strategies and has been instrumental in securing and building strong relationships with customers.

Mr Goh has more than 27 years of experience in the electronics industry in areas of quality control, production engineering and operations. He was the Executive Director and Chief Executive Officer of the Company from May 2002 to October 2006, and the Executive Director of the Company from 22 October 2007 to 15 September 2010.

Mr Goh holds a Diploma in Mechanical Engineering from the Singapore Polytechnic.

The present and past directorships of the existing key executives held in the five years preceding the Latest Practicable Date are as follows:

Name	Present directorships	Past directorships
David Newcombe	Enlarged Group Companies	Enlarged Group Companies
	–	–
	Other Companies	Other Companies
	Vista Management Consulting Ltd	Sabre Israel Travel Technologies Limited STIN Luxembourg S.A. Sabre Zenon Cyprus Limited
Goh Boon Leng	Enlarged Group Companies	Enlarged Group Companies
	Radiance Cayman Limited Radiance Electronics (Shanghai) Co., Ltd (Legal Representative) Radiance Electronics (Shenzhen) Co., Ltd (Legal Representative) Radiance Energy Technology Co., Ltd Radiance Manufacturing Pte Ltd Sino-Brilliant Energy Pte Ltd	Radiance Group Limited Radiance Technology (Shanghai) Co., Ltd Goldtron Limited Goldtron Electronics Pte Ltd Goldtron Electronics (Shenzhen) Co., Ltd
	Other Companies	Other Companies
	–	Allfocus Pte Ltd

A.6.10.3 *Responsibilities of the Directors, the Proposed Key Executive and Existing Key Executives*

Information on the areas of responsibilities of the Directors, key executives and Proposed Key Executive are set out below:

Mr Anthony Taylor will remain as the Executive Chairman and Chief Executive Officer of the Company after completion of the Proposed Transactions. His main responsibilities include leading the Board to ensure its effectiveness in the various aspects of its role, assisting in ensuring compliance with the Company's guidelines on corporate governance and ensuring that the Directors are provided with complete, adequate and timely information. He will also manage and oversee the day-to-day operations and implementation of the Company's strategies, plans and policies to achieve the planned corporate performances and financial goals.

Mr Gary Stafford will remain as an Executive Director after completion of the Proposed Transactions and will oversee the new business development for the Enlarged Group.

Mr Malcolm Burrell will remain as an Executive Director after completion of the Proposed Transactions. He will be responsible for the business and development of switches and fibre products in the Enlarged Group.

Mr John Lim Yew Kong will remain as Lead Independent Director after completion of the Proposed Transactions. Mr Basil Chan will remain as an Independent Director and Mr Cosimo Borrelli will remain as a Non-Executive Director after completion of the Proposed Transactions. Please refer to *Section A.6.14 Corporate Governance* of this Circular for more information on the various roles and responsibilities of the Non-Executive Directors.

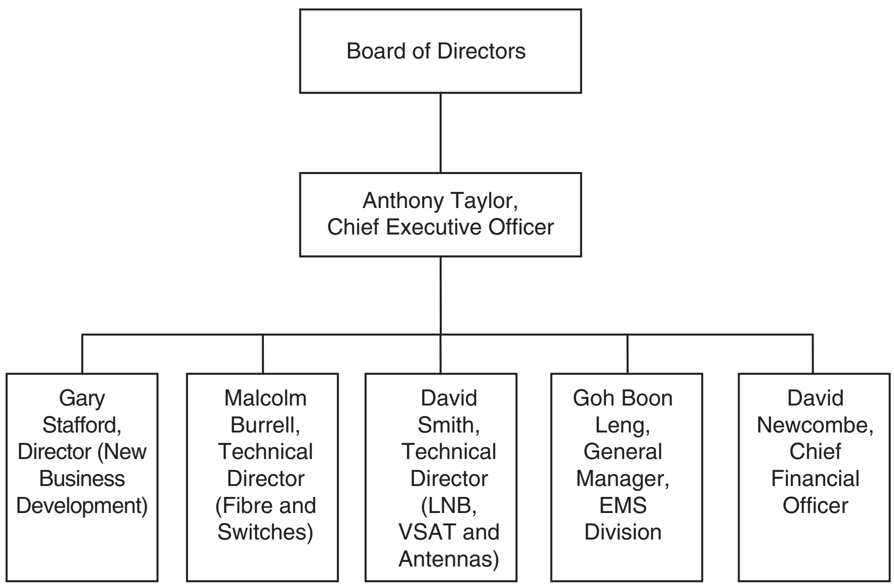
Mr David Smith will be a Technical Director of the Company after completion of the Proposed Transactions. He will be responsible for the business and development of LNB, VSAT and antenna products in the Enlarged Group.

Mr David Newcombe will remain as the Chief Financial Officer of the Company after completion of the Proposed Transactions. He will be responsible for managing the Enlarged Group's finance functions and will oversee the accounting, finance, planning, tax, corporate development, investor relations and compliance matters of the Enlarged Group.

Mr Goh Boon Leng will remain as the General Manager, EMS Division after completion of the Proposed Transactions. He is responsible for formulating market strategies.

A.6.10.4 Management Reporting Structure of the Enlarged Group

The following chart shows the Enlarged Group's proposed management reporting structure following the completion of the Proposed Transactions:



The Proposed Key Executive has represented to the Directors that there are no family relationships between the Proposed Key Executive and (a) the Directors of the Company (as part of the Enlarged Group) and (b) the substantial shareholders of the Company (as part of the Enlarged Group).

The Proposed Key Executive has represented to the Directors that, to the best of his knowledge and belief, there is no known arrangement or understanding with substantial shareholders, customers or suppliers of the GIHL Group pursuant to which the GIHL Group will appoint or continue to appoint any of the Executive Directors or Proposed Key Executive or any person nominated by any of them as a director or key executive of the Company or the Enlarged Group following Completion.

There are no family relationships between each Director and (a) the rest of the Directors of the Company (as part of the Enlarged Group) and (b) the substantial shareholders of the Company (as part of the Enlarged Group).

To the best of the Directors' knowledge and belief, there is no known arrangement or understanding with substantial shareholders, customers or suppliers of the GIHL Group pursuant to which the GIHL Group will appoint or continue to appoint any of the Executive Directors or key executive or any person nominated by any of them as a director or key executive of the Company or the Enlarged Group following Completion.

A.6.11 Additional Information on the Directors, Existing Key Executives, Proposed Key Executive and Controlling Shareholders

Save as disclosed below, no Director, existing key executives, Proposed Key Executive or Controlling Shareholder of the Company (on an Enlarged Group basis):

(a) had at any time during the last ten years, had an application or a petition under any bankruptcy laws of any jurisdiction filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within two years from the date he ceased to be a partner;

(b) had at any time during the last ten years, had an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within two years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding-up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency;

(c) has any unsatisfied judgment against him;

(d) has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty, which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose;

(e) has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach;

(f) had at any time during the last ten years, had judgment entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part;

(g) has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;

(h) has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust;

(i) has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity;

(j) has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:

   (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;

   (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere;

   (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or

   (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,

   in connection with any matter occurring or arising during the period when he was so concerned with the entity or business trust; or

(k) has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by MAS or any other regulatory authority, exchange, professional body or governmental agency, whether in Singapore or elsewhere.

Disclosure relating to Directors

Mr John Lim Yew Kong was an employee of ASC Equity Pte Ltd which used to be the investment advisor to a fund company ("**Fundco**"). In 1994, Fundco invested in a 25% stake in a private Singapore company ("**Singco**"). Mr Lim and another colleague from ASC Equity Pte Ltd were appointed as non-executive directors of Singco. Mr Lim was not involved in the management or conduct of the affairs of Singco. In 1997, the Fundco divested its shares in Singco to the other shareholders of Singco, and Mr Lim resigned as a non-executive director of Singco. In 2001, he assisted in an investigation by the Commercial Affairs Department (the "**CAD**") in relation to the purchase of Fundco's 25% stake in Singco by the other shareholders. Mr Lim understands from the CAD officer that he was availed to provide information and was not investigated in his personal capacity. He confirms that CAD has not approached him or Fundco again following the investigation in 2001.

Basil Chan was a non-executive director of the following Micropolis group of companies (the "**Entities**"), which were the subject of insolvency petitions in court. The appointments took place during his employment under Singapore Technologies Pte Ltd ("**Singapore Technologies**") as its Financial Director, and the Entities are subsidiaries of Singapore Technologies.

The Entities consist of:

1. Micropolis (S) Limited
2. Micropolis (USA) Inc
3. Micropolis (UK) Limited
4. Micropolis Japan Limited
5. Micropolis Corporation (Thailand) Ltd
6. Micropolis (Deutschland) GmbH
7. Micropolis SRL
8. Micropolis AB

The Entities were placed in liquidation beginning late 1997. Mr Chan was not involved in the day-to-day management of the Entities during his period of directorship and was not involved in their operations which led to the commencement of liquidation proceedings.

In 2006, while Basil Chan was a non-executive independent director of Stratech Systems Limited ("**Stratech**"), Stratech was investigated by the CAD in relation to a possible breach of the Securities and Futures Act arising from an inadvertent misstatement in an announcement made by Stratech. To the best of Mr Chan's knowledge, the investigation has been closed and no charges were made against any director of Stratech.

Since 2006, Mr Chan has been a non-executive independent director of AEM Holdings Limited ("**AEM**"), a company listed on the Main Board of the SGX-ST. In May 2007, AEM announced that seven of its employees (including the chief executive officer) were under investigation by the Corrupt Practices Investigation Bureau ("**CPIB**"). Mr Chan assisted the CPIB in their investigations, which were in connection with events that occurred prior to his appointment as a non-executive independent director of AEM. To the best of Mr Chan's knowledge, save for charges filed against the former chief financial officer and former executive directors of AEM, no charges have been filed against any of the other employees investigated by the CPIB.

In 2007, Mr Chan assisted with the CAD's investigation into a company (the "**Relevant Company**") where Mr Chan was formerly an independent non-executive director, for insider trading. The investigation took place after Mr Chan stepped down from the board of the Relevant Company. Mr Chan was not the subject of the investigation.

A.6.12 Service Agreements

As part of its efforts to retain key personnel within the Enlarged Group, the Enlarged Group will enter into supplemental agreements to the existing service agreements between Global

Invacom Limited and each of Mr Anthony Taylor, Mr Malcolm Burrell and Mr Gary Stafford upon Completion (collectively, the "**Service Agreements**" and each a "**Service Agreement**"). Each supplemental agreement to the Service Agreement will ensure that the Service Agreements continues for a term of five years from the date of the supplemental agreement, unless earlier terminated by either party with not less than six months' notice in writing to the other party. Each of the Service Agreements may also be terminated if, amongst other things, any of them commits any act of dishonesty, is guilty of gross misconduct tending to bring himself and the Enlarged Group into disrepute, fails to perform his duties competently after due and proper warning or is declared bankrupt. There are no benefits payable to the Executive Directors and the key executive upon termination of their employment with the Enlarged Group.

Pursuant to the terms of the respective Service Agreements, the annual salary which the respective Executive Directors are entitled to is as follows:

Annual salary	**£'000**	**S$'000[(1)]**
Anthony Taylor	203	407
Malcolm Burrell	123	248
Gary Stafford	116	233

Note:

(1) Annual salary of the Executive Directors has been prepared in S$ for illustrative purposes only and was calculated based on foreign exchange rate as at the Latest Practicable Date.

The Service Agreements provide that during the continuance of their employment with the Enlarged Group, Mr Anthony Taylor, Mr Gary Stafford and Mr Malcolm Burrell shall, amongst other things, devote the whole of their working hours, attention and abilities to the business of the Enlarged Group and shall not without prior consent of the Enlarged Group either alone or jointly with or on behalf of others and whether directly or indirectly and whether as principal, partner, agent, shareholder, director employee or otherwise howsoever engage in, carry on or be interested in any other business, trade, profession or occupation other than that carried out by the Enlarged Group. This obligation does not preclude the holding of not more than 3% of any class of listed shares or other securities which are listed or dealt in on any recognised stock exchange by way of bona fide investment only.

The Service Agreements also contain non-competition undertakings by each of Mr Anthony Taylor, Mr Gary Stafford and Mr Malcolm Burrell which are effective during, as well as 12 months after the cessation of, their employment with the Enlarged Group. During such period, Mr Anthony Taylor, Mr Gary Stafford and Mr Malcolm Burrell shall not, amongst other things, be concerned or interested or directly or indirectly employed or engaged in or perform services for any business within the UK which is in competition with such part or parts of the Enlarged Group's business as he was personally concerned during the final year of his employment. Please refer to *Section B.11 Conflicts of Interest* of this Circular for information on separate non-competition undertakings given by each of Mr Anthony Taylor, Mr Gary Stafford and Mr Malcolm Burrell.

A.6.13 Directors', Proposed Key Executive's and Existing Key Executives' Remuneration

The amount of compensation(1)(2) to be paid or payable to the Directors and the and existing key executives for services rendered to the Enlarged Group in remuneration bands for the whole of FY2010, FY2011 and FY2012 (estimated)(3) is set out as follows:

Directors	**FY2010**	**FY2011**	**FY2012 (estimated)**
Anthony Taylor	Band II	Band II	Band III
Gary Stafford	Band II	Band II	Band II
Malcolm Burrell	Band I	Band II	Band II
John Lim Yew Kong	–	Band I	Band I
Cosimo Borrelli	–	Band I	Band I
Basil Chan	–	–	Band I
Proposed Key Executive and Existing Key Executives			
David Smith	Band II	Band II	Band II
David Newcombe	–	Band II	Band II
Goh Boon Leng	Band III	Band II	Band II

Notes:

(1) Band I: Compensation of between S$1 to S$250,000 per annum.
Band II: Compensation of between S$250,001 to S$500,000 per annum.
Band III: Compensation of between S$500,001 to S$1,000,000 per annum.

(2) Compensation was calculated based on the average foreign exchange rate for FY2010 and FY2011, as well as the foreign exchange rate as of the Latest Practicable Date for FY2012.

(3) Estimated compensation for FY2012 does not include year-end bonuses which have not been declared yet.

There is a bonus scheme for a number of executives of the GIHL Group including Mr Tony Taylor, Mr Malcolm Burrell and Mr Gary Stafford. The most recent version came into effect on 1 January 2011. The scheme entitles the relevant executive to a bonus in each financial year which is calculated as a percentage of his annual salary in the event that the target set for the GIHL Group's consolidated earnings before tax for that financial year as determined by the GIHL Group's auditors is achieved or such earnings are within 90% of such target. If the earnings are less than 90% of the target, no bonus is payable. If over 90% but less than 100% then the bonus is 37.5% of the executive's salary. If 100% or more then the bonus is 75% of the executive's salary. Such bonuses are payable within three months of the end of the relevant financial year (the "**Payment Date**"). If an executive is no longer employed on the Payment Date he will not be entitled to the bonus unless his employment has ended by reason of death, redundancy, retirement, injury, ill health or disability in which case, at the discretion of the board of directors of GIL, the executive may be entitled to a pro-rated bonus for the period of service during that financial year. Any payment so determined would still be paid on the Payment Date. The board of directors of GIL has final and absolute discretion as to the amount of bonus payable and whether such bonus is paid on an interim basis. The current GIHL bonus scheme will terminate upon Completion. A new bonus scheme will be put in place post Completion covering the Enlarged Group. This new bonus scheme, which is yet to be defined, will be put to the Remuneration Committee for approval prior to implementation.

Mr David Newcombe, the Chief Financial Officer of the Company, is entitled to receive a bonus which is determined annually by the Company based on a percentage of the Enlarged Group's profit after tax (the "**Enlarged Group PAT**"), capped at a maximum of 50% of his annual salary. For the first year of his employment, this will be set at 1.5% of the Enlarged Group PAT (excluding one-off or deal related costs). In addition, the Company may, at its sole discretion, provide additional bonus or benefits to Mr Newcombe. As part of his remuneration package, Mr Newcombe is also entitled to share options equating to 1% of the Enlarged Group's total issued Shares at a buy price equal to the closing Share price, thirty (30) days after the Proposed Transactions have been completed. The options will vest over four years. Additional share options can be granted after 12 months of service, subject to agreement between Mr Newcombe and the Company. The above-mentioned options are granted outside of the New ESOS and will be granted pursuant to the general share issue mandate given to the Directors. Mr Newcombe will also be entitled to participate in the New ESOS.

Save for the Service Agreements, amounts set aside or accrued in respect of mandatory employee funds under Singapore law and regulations, and as disclosed above:

(i) no amounts have been set aside or accrued to provide pension, retirement or similar benefits;

(ii) no portion of the compensation was paid or is to be paid pursuant to any bonus or profit sharing plan or any other profit-linked agreement or arrangement; and

(iii) no portion of the compensation was paid or is to be paid in the form of stock options.

A.6.14 Corporate Governance

Board Practices

The Board recognises the importance of corporate governance to Shareholders, and will follow closely the best practices outlined in the Code of Corporate Governance issued by SGX-ST and exert best efforts to implement the good practices recommended in such Code of Corporate Governance.

Lead Independent Director

Mr John Lim Yew Kong is the Lead Independent Director of the Company and will remain so after completion of the Proposed Transactions. As Lead Independent Director, he will act in the interests of the minority Shareholders, in particular in situations of interested person transactions, and coordinate the activities of the Independent Directors.

Nominating Committee

The Nominating Committee comprises Mr John Lim Yew Kong, Mr Cosimo Borrelli, Mr Basil Chan and Mr Anthony Taylor. The chairman of the Nominating Committee is Mr Basil Chan. There will be no change to the composition of the Nominating Committee after Completion.

The Nominating Committee has been set up to be responsible for the nomination of any proposed Director of the Company taking into consideration the proposed Director's contribution and performance. The Nominating Committee is also charged with the responsibility of determining annually whether a proposed Director is independent, assessing the effectiveness of the Board as a whole and the contribution of each Director, deciding whether a Director is able to and has been adequately carrying out his or her duties as a Director, particularly when the Director has multiple Board representations, and identifying the gaps in the mix of skills, experience and other qualities required in an effective Board so as to better nominate or recommend suitable candidates to fill the gaps.

Under the Articles, every Director must retire from office at least once every three years. A retiring Director is eligible and may be nominated for re-election. Each member of the Nominating Committee shall abstain from voting on any resolutions, making any recommendations and/or participating in any deliberations of the new Nominating Committee in respect of the assessment of his performance or re-nomination as a Director.

Remuneration Committee

The Remuneration Committee comprises Mr John Lim Yew Kong, Mr Cosimo Borrelli and Mr Basil Chan. The chairman of the Remuneration Committee is Mr Basil Chan. There will be no change to the composition of the Remuneration Committee after Completion.

The Remuneration Committee is responsible for recommending to the Board of Directors a framework of remuneration for the Directors and key executives of the Enlarged Group, and determining specific remuneration packages for the proposed executive chairman and each Executive Director.

The recommendations of the Remuneration Committee are submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits-in-kind, are covered by the Remuneration Committee. Each member of the Remuneration Committee shall abstain from voting on any resolutions, making recommendations and/or participating in any deliberations of the Remuneration Committee in respect of his remuneration package.

The total remuneration of the employees who are related to the Directors will be reviewed annually by the new Remuneration Committee to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibility. In the event that a member of the Remuneration Committee is related to the employee under review, he will abstain from such review.

The remuneration paid to employees who are immediate family members of the Executive Directors will be disclosed in the annual report, following Completion, in the event such remuneration exceeds S$150,000 for that financial year.

Audit Committee

The Audit Committee comprises Mr John Lim Yew Kong, Mr Cosimo Borrelli and Mr Basil Chan. The chairman of the Audit Committee is Mr John Lim Yew Kong. There will be no change to the composition of the Audit Committee after Completion.

The Audit Committee assists the Board of Directors in discharging its responsibility to safeguard assets, maintain adequate accounting records, and develop and maintain effective systems of internal control, with the overall objective of ensuring that management creates and maintains an effective control environment in the Company. The Audit Committee provides a channel of communication between the Board, the management and the external auditors of the Company on matters relating to audit. The Audit Committee is also responsible for reviewing and approving all hedging policies and instruments to be implemented by the Company.

The Audit Committee has full access to management and has full discretion to invite any Directors or key executives to attend its meetings. The Audit Committee is also given adequate resources to enable it to discharge its duties properly.

In particular, the Audit Committee will meet at least quarterly, following Completion, to perform the following duties, where applicable:

(a) commission external auditors or a suitable accounting firm to conduct a full review of the Enlarged Group's internal controls which includes reviewing the audit plans of the external auditors, the results of the external and internal auditors' examination and their evaluation of internal accounting controls systems, their letter to management and the management's response;

(b) ensure that all internal control weaknesses are satisfactorily and properly rectified and update the SGX-ST on any findings of the external auditors or accounting firm and any action taken by the Audit Committee to rectify such weaknesses pursuant thereto;

(c) review the quarterly and annual financial statements and balance sheet and profit and loss accounts before submission to the Board of Directors for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Listing Manual and any other relevant statutory or regulatory requirements;

(d) review the risk profile of the Company, its internal control and risk management procedures and the appropriate steps to be taken to mitigate and manage risks at acceptable levels determined by the Board of Directors;

(e) ensure co-ordination between the external and internal auditors and the management, and review the assistance given by the management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the management, where necessary);

(f) review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Enlarged Group's operating results or financial position, and the management's response;

(g) consider the appointment, remuneration, terms of engagement or re-appointment of the external and internal auditors and matters relating to the resignation or dismissal of the auditors;

(h) review and approve any interested person transactions falling within the scope of Chapter 9 of the Listing Manual;

(i) review any potential conflicts of interests that may arise in respect of any director(s) and/or controlling shareholder(s) of the Company for the time being;

(j) evaluate the independence of the external auditors;

(k) review the adequacy of the internal audit function and ensuring that a clear reporting structure is in place between the Audit Committee and the internal auditors;

(l) review arrangements by which staff of the Company may, in confidence, raise concerns about possible impropriety in matters of financial reporting and other matters and the adequacy of procedures for independent investigation and appropriate follow-up action in response to such complaints;

(m) undertake such other reviews and projects as may be requested by the Board, and will report to the Board of Directors its findings from time to time on matters arising and requiring the attention of the Audit Committee;

(n) generally undertake such other functions and duties as may be required by statute or the Listing Manual, or by such amendments as may be made thereto from time to time;

(o) assess the performance of the chief financial officer, for the relevant period, on an annual basis to determine his suitability for the position;

(p) at half year intervals or any other period that the audit committee deems fit, to ensure that trade receivables are stated at fair value, accurately recorded in the financial statements and that credit policies are adhered to; and

(q) conduct such tests and examinations of financial statements including, but not limited to, securing independent confirmations of balances from major debtors, checking on frequencies of payments from major debtors and evaluating the adequacy of credit policies.

In addition, all future transactions with related parties shall comply with the requirements of the Listing Manual. As required by paragraph 1(9)(e) of Appendix 2.2 of the Listing Manual, the Directors shall abstain from voting in any contract or arrangement or proposed contract or arrangement in which he has a personal material interest.

Apart from the duties listed above, the Audit Committee shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Company's operating results and/or financial position.

Information Disclosure

Following Completion, the Company will continue to implement a policy of providing full disclosure of material corporate information as commercially appropriate through announcements via SGXNET and shareholders' circulars as well as through the statutory interim and annual financial results announcements.

Corporate Social Responsibility ("CSR")

Currently, the operations of both the Radiance Group and the GIHL Group do not have any material adverse impact on the environment. The Enlarged Group's priority after the Completion is to focus on immediate commercial and customer needs and ensure proper integration of the businesses of the Radiance Group and the GIHL Group. Until this is completed, the Enlarged Group does not expect its business model and scale of operations to have significant changes. Hence, the costs of implementing Corporate Social Responsibility plans may outweigh the benefits. The Enlarged Group may consider it in due course after the Enlarged Group has grown significantly.

Nevertheless, going forward, the Company will:

(a) refer to the SGX-ST's Sustainability Reporting guidelines publicly consulted in August 2010 when formulating its CSR policies; and

(b) provide disclosure of its CSR policies in the Company's annual report on a continuing basis.

A.6.15 Interested Person Transactions

In general, transactions between the Enlarged Group and any of its interested persons (namely, members of the Board, chief executive officer or Controlling Shareholders of the Company or their respective associates) after Completion would constitute interested person transactions.

Please see *Section B.10 Interested Person Transactions* of this Circular for more information on the interested person transactions undertaken by the GIHL Group during the Period Under Review and the period from 1 January 2012 up to the Latest Practicable Date.

Save as disclosed in *Section B.10 Interested Person Transactions* of this Circular, there are no other transactions undertaken between the Enlarged Group and any of the members of the Board, the chief executive officer or Controlling Shareholders of the Company or their associates after Completion during the Period Under Review and for the period from 1 January 2012 up to the Latest Practicable Date which are material in the context of the Proposed Transactions.

A.6.16 Potential Conflicts of Interest

In general, a conflict of interest arises when any of the members of the new Board, Controlling Shareholders of the Enlarged Group or their associates is carrying on or has any interest in any other corporation carrying on the same business or dealing in similar products as the Enlarged Group.

Save as disclosed in *Section B.11 Conflicts of Interests* of this Circular, none of the members of the Board, Controlling Shareholders of the Enlarged Group or any of their associates has any interest, direct or indirect, in:

(a) any material transactions to which the Enlarged Group was or is a party;

(b) any company carrying on the same business or carrying on a similar trade as the Enlarged Group; and

(c) any enterprise or company that is the customer or supplier of goods or services of the Enlarged Group.

Please see *Section B.11 Conflicts of Interests* of this Circular for more information on the potential conflicts of interests.

A.6.17 Review Procedures for Future Interested Person Transactions

Upon completion of the Proposed Transactions, any transactions between the Enlarged Group and interested persons will be subject to the guidelines set out below, to ensure that any interested person transactions will be carried out on an arm's length basis and on normal commercial terms which will not be prejudicial to the interests of the Company and its minority Shareholders.

Procedures for identifying and recording of Interested Person Transactions

The Company will maintain a register of interested persons. The register of interested persons will be updated regularly and disclosed to the relevant personnel to enable identification of interested persons. The register of interested persons will be reviewed by the Audit Committee at least on a quarterly basis.

The CFO will maintain a register of interested person transactions, recording the basis on which interested person transactions are entered into and the approval or review by the Audit Committee, CFO or any duly appointed Director as the case may be. The register will also record the basis for entry into the transactions, including the quotations and other evidence obtained to support such basis. This register of interested person transactions will be reviewed by the Audit Committee at least on a quarterly basis.

Review by Audit Committee

During its periodic review or such other review deemed necessary by it, the Audit Committee will carry out a review of records of all interested person transactions to ensure that they are carried out in accordance with the following internal control procedures:

(a) When purchasing any products or engaging any services from an interested person, other quotations from non-interested persons will be obtained for comparison to ensure that the interests of the Company or its minority Shareholders are not disadvantaged. The Company will aim to obtain at least two other quotations from non-interested persons for comparison, where feasible. The terms, price or fee for the products or services shall not be more favourable to the interested person than to non-interested parties for the provision of similar or comparable products of services. In reviewing price and terms, all pertinent factors, including but not limited to product quality, service, customer requirements, specifications, reliability, delivery time and track record will be taken into consideration;

(b) When selling any products or supplying any services to an interested person, the price or fee and terms of at least two other successful transactions of a similar nature with non-interested persons will be used, where feasible, as comparison to ensure that the interests of the Company or its minority Shareholders are not disadvantaged. The price or fee for the supply of products or services shall not be more favourable to the interested person than to non-interested parties for the provision of similar or comparable products or services;

(c) When renting properties from or to an interested person, appropriate steps will be taken to ensure that such rent is matched with prevailing market rates, including adopting measures such as making relevant enquiries with landlords of similar properties and obtaining suitable reports or reviews published by property agents (where necessary). The rent payable shall be based on the most competitive market rental rates of similar properties in terms of size and locations, based on the results of the relevant enquiries;

(d) Where it is not possible to compare against the terms of other transactions with unrelated third parties and given that the products and/or services may be purchased only from an interested person, the interested person transaction will be approved by the Company's directors, who has no interest in the transaction, in accordance with the Company's usual business practices and policies. In determining the transaction price payable to the interested person for such products and/or services, factors such as, but not limited to, quantity, requirements and specifications will be taken into account; and

(e) In addition, the Company shall monitor all interested person transactions entered into by the Enlarged Group and categorise these transactions as follows:

    (i) A Category 1 Interested Person Transaction is one where the value thereof is in excess of 3.0% of the NTA of the Enlarged Group; and

    (ii) A Category 2 Interested Person Transaction is one where the value thereof is below or equal to 3.0% of the NTA of the Enlarged Group;

    Transactions of S$100,000 or more with the same interested person during the same financial year shall be aggregated for the purpose of determining whether it is a Category 1 Interested Person Transaction or a Category 2 Interested Person Transaction.

All Category 1 Interested Person Transactions must be approved by the Audit Committee prior to entry whereas Category 2 Interested Person Transactions need not be approved by the Audit Committee prior to entry but shall be approved by the CFO and General Manager and reviewed on a quarterly basis by the Audit Committee.

Before any agreement or arrangement that is not in the ordinary course of business of the Enlarged Group is transacted, prior approval must be obtained from the Audit Committee. The Audit Committee will review all interested person transactions, if any, on a quarterly basis to ensure that they are carried out on an arm's length basis and in accordance with the procedures outlined above. It will take into account all relevant non-quantitative factors. In the event a member of the Audit Committee is interested in any of the interested person transactions, he will abstain from reviewing that particular transaction. Any decision to proceed with such an agreement or arrangement would be recorded for review by the Audit Committee.

The Company shall prepare all the relevant information to assist the Audit Committee in its review.

Disclosure will be made in the Company's annual report of the aggregate value of interested person transactions during the relevant financial year under review and in the subsequent annual reports for the subsequent financial years of the Company.

Internal auditors will be appointed and their internal audit plan will incorporate a review of all interested person transactions at least on an annual basis. The internal audit report will be reviewed by the Audit Committee to ascertain whether the guidelines and procedures established to monitor interested person transactions have been complied with.

The Audit Committee shall also review from time to time such guidelines and procedures to determine if they are adequate and/or commercially practicable in ensuring that interested person transactions are conducted on normal commercial terms, on an arm's length basis and do not prejudice the interests of the Company and its Shareholders. Further, if during these periodic reviews by the Audit Committee, the Audit Committee is of the opinion that the guidelines and procedures stated above are not sufficient to ensure that interested person transactions will be on normal commercial terms, on an arm's lengths basis and not prejudicial to the interests of the Company and its Shareholders, the Audit Committee will adopt such new guidelines and review procedures for future interested person transactions as may be appropriate.

In addition, the Audit Committee will include the review of interested person transactions as part of the standard procedures while examining the adequacy of the internal controls of the Company. The Audit Committee will also review all interested person transactions to ensure that the prevailing rules and regulations of the SGX-ST (in particular, Chapter 9 of the Listing Manual) are complied with.

The Company will also comply with the provisions in Chapter 9 of the Listing Manual in respect of all future interested person transactions, and if required under the Listing Manual, the Company will seek its Shareholders' approval (where necessary) for such transactions.

All the members of the Audit Committee, are of the view that the review procedures and systematic monitoring mechanism of all interested person transactions as detailed above, are adequate in ensuring that such transactions will be on normal commercial terms and will not be prejudicial to the interests of Shareholders in any way.

A.7 RISK FACTORS

A.7.1 Risk Factors Relating to Ownership of Shares Following Completion of the Proposed Transactions

Risk factors relating to the ownership of the Shares immediately upon Completion are set out below. Shareholders should refer to *Section B.8 Risk Factors* of this Circular for information on the risks relating to the business of the GIHL Group. The risk factors set out in this Section should be read collectively with the risk factors set out in *Section B.8 Risk Factors* of this Circular. Shareholders should carefully consider each of the following considerations and all of the information set forth in this Circular.

Control by the Obliged Parties could influence the outcome of matters requiring Shareholders' approval

Upon completion of the Proposed Transactions and the Compliance Placement, the Obliged Parties will hold approximately 70.2% of the Enlarged Share Capital (assuming 41,539,000 Placement Shares are issued pursuant to the Compliance Placement). As a result, they will be able to significantly influence matters requiring Shareholders' approval (other than the approval of transactions for which they and their associates may be prohibited from voting) in a manner which may or may not be in the interests of other Shareholders, including the election of Directors, the timing and payment of dividends, transactions such as the sale of all or substantially all of the Company's assets, the Company's merger or consolidation with another entity, capital restructuring and business ventures.

No prior market for the new Shares of the Company on an Enlarged Group basis

The new Shares have never been traded on an Enlarged Group basis. As such, there can be no assurance that an active trading market for the new Shares will develop or, if developed, will be sustained.

Independent Shareholders will face immediate dilution following Completion and the Compliance Placement and may experience future dilution to shareholdings

The Acquisition and the Compliance Placement will result in immediate dilution to the shareholdings of Independent Shareholders as the Consideration Shares will be allotted and issued to the Vendors and/or their nominee(s) and the Placement Shares will be allotted and issued to the investors. Upon Completion and the Compliance Placement, the Obliged Parties will collectively hold approximately 70.2% of the enlarged issued share capital of the Company (assuming 41,539,000 Shares are issued pursuant to the Compliance Placement. As the Company is expected to have a market capitalisation of not more than S$300 million following Completion, under Rule 210(1)(a) of the Listing Manual, at least 25% of the issued share capital of the Company must be held in the hands of at least 500 public Shareholders in order for the Company to maintain its listing status.

For the purposes of meeting the shareholding spread and distribution requirements set out in the Listing Manual, the Company has agreed and undertaken to place or procure the placement of such number of Placement Shares to investors. Completion of the Compliance Placement is intended to take place within one month after Completion (or such period of time as may be permitted by the SGX-ST). The issue of new Shares pursuant to the Compliance Placement is subject to Shareholders' approval to be obtained at the EGM. On completion of the Compliance Placement, the shareholding of the Shareholders would be diluted. Additionally, the Shares may be suspended, or the SGX-ST may require the Shares to be de-listed if the Compliance Placement cannot be completed successfully.

In addition, the Company may issue share options or convertible securities after Completion.

Volatility of the new Share price of the Company

The issue price of the Consideration Shares allotted and issued to acquire the ordinary shares of GIHL may not be indicative of prices of the new Shares that will prevail in the trading market.

The trading prices of the new Shares could be subject to fluctuations in response to variations in the results of operations, changes in general economic conditions, changes in accounting principles or other developments affecting the Enlarged Group, the customers or competitors, changes in financial estimates by securities analysts, the operating and stock price performance of other companies, general stock market price fluctuations and other events or factors. Volatility in market prices of the new Shares may be caused by factors beyond the control of the Enlarged Group and may be unrelated and disproportionate to the operating results of the Enlarged Group.

The market price of the new Shares may fluctuate significantly and rapidly as a result of, amongst other things, the following factors, some of which are beyond the control of the Enlarged Group:

(a) the success or failure of the Enlarged Group's management team in implementing business and growth strategies;

(b) announcements by the Company, following Completion, of significant contracts, acquisitions, strategic alliances or capital commitments;

(c) loss of the Enlarged Group's major customers or failure to complete significant orders or contracts;

(d) changes in the Enlarged Group's operating results;

(e) involvement in litigation;

(f) unforeseen contingent liabilities of the Enlarged Group;

(g) addition or departure of key personnel of the Enlarged Group;

(h) changes in share prices of companies with similar business to the Enlarged Group that are listed in Singapore, or elsewhere;

(i) changes in securities analysts' estimates of the Enlarged Group's financial performance and recommendations;

(j) differences between the Enlarged Group's actual financial operating results and those expected by investors and securities analysts; and

(k) changes in general market conditions and broad market fluctuations.

Future sales of securities by the Company or Shareholders may adversely affect the price of the Shares

On completion of the Acquisition and Compliance Placement, The Pacific Trust and the Vendors will collectively hold approximately 70.2% of the Enlarged Share Capital (assuming 41,539,000 Shares are issued pursuant to the Compliance Placement). Any sale of significant amounts of Shares held by The Pacific Trust and the Vendors (in the case of the Vendors, after the expiration of applicable moratorium period(s) or any permitted sales during the applicable moratorium period(s)) or the perception that such sales may occur could materially and adversely affect the market price of the Shares and may thereby also affect the Enlarged Group's ability to raise funds through issuance of equities or other forms of securities.

Negative publicity may adversely affect the price of the Shares

Any negative publicity or announcement, whether justifiable or not, relating to the Enlarged Group or any of its associates or existing or future joint venture partners may adversely affect the price of the Shares. Such negative publicity or announcement may include involvement in insolvency proceedings, litigation suits and failed attempts in joint ventures or takeovers.

A.7.2 Other Risk Factors Relating to the Enlarged Group

In addition, the following is also relevant in assessing the risks relating to the Enlarged Group:

The Enlarged Group may require additional funding for its future growth

In view of fast changing business requirements and market conditions, certain business opportunities that may increase the Enlarged Group's revenue may arise from time to time and the Enlarged Group may be required to expand its capabilities and business through acquisitions, investments, joint ventures and/or strategic partnerships with parties who are able to add value to its business. If such situation arises, the Enlarged Group may require additional funds to take advantage of these opportunities.

Such funding, if raised through the issuance of equity or securities convertible into equity, may be priced at a discount to the then prevailing market price of the Shares trading on the SGX-ST, resulting in a dilution of Shareholders' equity interest. If the Enlarged Group fails to utilise the new equity to generate a commensurate increase in earnings, the Company's EPS may be diluted, and this could lead to a decline in the price of the Shares.

Alternatively, if such funding requirements are met by way of additional debt financing, the Enlarged Group may have restrictions placed on it through such debt financing arrangements which may:

- Limit its ability to pay dividends or require it to seek consent for the payment of dividends;

- Increase its vulnerability to general adverse economic and industry conditions;

- Limit its ability to pursue its growth plans;

- Require it to dedicate a substantial portion of its cash flow from operations to payment for its debt, thereby reducing the availability of its cash flow to fund other capital expenditure, working capital requirements and other general corporate purposes; and

- Limit its flexibility in planning for, or reacting to, changes in its businesses and industries.

The Compliance Placement may not be successfully carried out

It is proposed that the Company places out the Placement Shares pursuant to the Compliance Placement in order for the Company to comply with the shareholding spread and distribution requirements under Rule 210(1) of the Listing Manual and maintain its listing status. It is envisaged that the trading of the Shares will be suspended from the Completion Date and such suspension will continue during the period allowed for the placement of the Placement Shares and until such time as the requirements under the Listing Manual are met. There is no assurance that the Compliance Placement will be successfully carried out. Whether the Compliance Placement will be successfully carried out and meet the shareholding spread and distribution requirements under Rule 210(1) of the Listing Manual will depend on, *inter alia*, prevailing market conditions, the pricing of the Placement Shares and investors' interest in the particular sector in which the Enlarged Group is operated. If the Compliance Placement is not or is unable to be carried out so as to meet the applicable shareholding spread requirements of the Listing Manual, trading of our Shares may continue to be suspended and the SGX-ST may require the Shares to be de-listed.

Risks relating to the integration of the Radiance Group and the GIHL Group

Although the Radiance Group has had a long business relationship with the GIHL Group, each of them has its own set of operations, internal systems and procedures. The success of the Acquisition, to a large extent, depends on the Company's ability to integrate the business and assets of the GIHL Group with that of the Radiance Group, and to make the necessary adjustments to their respective corporate cultures and work ethics. Whether or not, and when, the synergy between the Radiance Group and the GIHL Group, will materialise depend on, amongst other things, the ability of the separate management of the Radiance Group and the GIHL Group to work together to successfully integrate and manage the operations of the Enlarged Group. There is no assurance that the management team of the Enlarged Group will be able to successfully integrate the operations of the Radiance Group and the GIHL Group, or that the integration of their operations will be successful, or that the anticipated synergy and benefit will materialise. Failure to do so may materially and adversely affect the business operations and financial performance of the Enlarged Group.

If goodwill arises from the Acquisition, the impairment of goodwill in the current or subsequent financial periods may materially affect the financial results and financial position of the Enlarged Group

Upon Completion, the Acquisition may result in goodwill being recognised in the financial statements of the Enlarged Group. The goodwill represents an excess of the cost of the Acquisition over the fair values of the net identifiable assets of the Radiance Group. The cost of the Acquisition will depend on the share price of the Company at the date of the actual transfer of shares at Completion. As such, the actual goodwill will be determined at Completion, and will be accounted for in accordance with the accounting policies of the Enlarged Group. The accounting policies also require that goodwill be tested for impairment on an annual basis or more frequently if there is any indication of impairment. This assessment may lead to an impairment charge in the income statement of the Enlarged Group in the current or subsequent financial periods. Any impairment charge against the goodwill could have a material negative impact on the profits of the Enlarged Group to be reported in respect of the current or subsequent financial periods.

As set out on pages B-4 and B-40 of *Appendix B – The Reporting Auditors' Report on the Unaudited Proforma Consolidated Financial Statements of the Enlarged Group for the Financial Years Ended 31 December 2009, 2010 and 2011*, the amount of goodwill to arise from the Acquisition as at 31 December 2011 is approximately S$21.1 million.

A.8 IN-PRINCIPLE APPROVAL FROM THE SGX-ST

On 30 April 2012, the SGX-ST granted in-principle approval for the listing and quotation, on the Main Board of the SGX-ST of 65,942,850 Consolidated Shares pursuant to the proposed Share Consolidation, 122,515,189 Consideration Shares in satisfaction of the Share Swap Consideration, up to 41,539,000 Placement Shares pursuant to the Compliance Placement and all new ordinary shares in the capital of the Company to be issued pursuant to the New ESOS, subject to, *inter alia*, the following conditions:

(a) Compliance with the SGX-ST's listing requirements;

(b) Independent shareholders' approval being obtained for the Acquisition and the allotment and issue of Consideration Shares to the Vendors;

(c) Shareholders' approval for the Share Consolidation, Compliance Placement, termination of the Existing ESOS and the adoption of the New ESOS;

(d) Compliance with the shareholding spread requirements and distribution guidelines pursuant to Rules 210(1)(a) and 1015(3)(c) of the Listing Manual;

(e) Compliance with the requirements under Rules 113(2) and 210(5)(a) of the Listing Manual in relation to sponsorship and director disclosures respectively;

(f) Pre-quotation disclosure of information as required by the SGX-ST;

(g) Compliance Placement being completed within one month from the date of trading suspension;

(h) Reviews by the Board of Directors or the relevant Board committee of the Enlarged Group's key financial risk areas, the outcome of such reviews being disclosed in the annual reports or where the findings are material, immediately announced via SGXNET;

(i) The commissioning of an annual internal controls and accounting systems audit (the "**Annual Internal Controls Audit**") until such time the Audit Committee is satisfied that the Enlarged Group's internal controls are robust and effective enough to mitigate the Enlarged Group's internal control weaknesses, and:

  (i) Prior to decommissioning the Annual Internal Controls Audit, the Board is required to report to the SGX-ST on how the key internal control weaknesses have been rectified, and the basis for the decision to decommission the Annual Internal Controls Audit;

  (ii) After decommissioning the Annual Internal Controls Audit, such audits may subsequently be initiated by the Audit Committee as and when it deems fit to satisfy itself that the Enlarged Group's internal controls remain robust and effective;

  (iii) Upon completion of each Annual Internal Controls Audit, appropriate disclosure must be made via SGXNET on any material, price-sensitive internal control weaknesses or any follow-up to be taken by the Board; and

(j) Submission of the following:

  (i) A written undertaking from the Audit Committee to monitor and review the implementation of Moore Stephen LLP's recommendations as set out in its management letter dated 29 September 2011;

  (ii) A written undertaking from each of the Company's directors (in the form prescribed by the SGX-ST) and an undertaking from the Company to procure the same written undertaking from any new director appointed to the Company's board after the Acquisition;

  (iii) A written confirmation that the Company will hold its shareholders' meetings in Singapore;

  (iv) A written undertaking by the Company that it will announce the material disbursements of Compliance Placement proceeds as well as provide a status report on the use of the Compliance Placement proceeds in the annual report;

  (v) A written confirmation from the Financial Adviser that the signed moratorium agreements by the relevant parties pursuant to Rules 227 and 1015(3)(d) of the Listing Manual are in accordance with the requirements of Rules 228 and 229 of the Listing Manual;

  (vi) A written confirmation from the Financial Adviser that Rules 232, 233 and 240 of the Listing Manual have been complied with;

  (vii) A written confirmation by the Financial Adviser that the Acquisition has complied with Rules 203 and 210(4)(a) of the Listing Manual;

(viii) A written confirmation by GIHL that all debts owing to the group by its directors, substantial shareholders, and companies controlled by the directors and substantial shareholders must be settled as per Rule 210(4)(b) of the Listing Manual; and

(ix) Documents mentioned in Rule 248 (before the date of issue of this Circular), Rule 249 (by the date of allotment of the Shares) and Rule 250 (market day before the trading suspension is lifted) of the Listing Manual, where applicable.

The in-principle approval granted by the SGX-ST is not to be taken as an indication of the merits of the Company, its subsidiaries, its securities, the Proposed Transactions and the Consolidated Shares to be allotted and issued pursuant to the Share Consolidation, the Share Swap Consideration and the Compliance Placement.

A.9 NEW GENERAL SHARE ISSUE MANDATE

The Company had, at its annual general meeting held on 25 April 2012, passed a resolution pursuant to Section 161 of the Companies Act and Rule 806(1) of the Listing Manual granting the Directors a general mandate (the "**Old General Share Issue Mandate**") to allot and issue Shares whether by way of rights, bonus or otherwise, and/or make or grant offers, agreements or options that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares at any time and upon such terms and conditions and to such persons as the Directors may, in their absolute discretion, deem fit. In light of the changes to the capital structure of the Company brought about by the Proposed Transactions, it is proposed that, subject to Shareholders' approval of the Proposed Transactions, the Old General Share Issue Mandate be revoked and a New General Share Issue Mandate be adopted pursuant to Section 161 of the Companies Act and Rule 806(1) of the Listing Manual.

The New General Share Issue Mandate, if approved, will authorise the Directors to issue new Shares or convertible securities in the capital of the Company (whether by way of bonus issue, rights issue or otherwise), subject to the following limitations namely, that the aggregate number of Shares and convertible securities that may be issued must not be more than 50% of the issued Enlarged Share Capital, of which the aggregate number of Shares and convertible securities issued other than on a pro rata basis to Shareholders following Completion must be not more than 20% of the issued Enlarged Share Capital. For the purpose of determining the aggregate number of Shares and convertible securities that may be issued, the percentage of issued share capital shall be based on the Company's issued share capital as at the time of passing of the resolution approving the New General Share Issue Mandate, after adjusting for:

(a) the Consideration Shares to be allotted and issued to the Vendors and/or their nominee(s) pursuant to the Acquisition;

(b) the Placement Shares to be allotted and issued pursuant to the Compliance Placement; and

(c) new Shares arising from the conversion or exercise of any convertible securities in issue when the New General Share Issue Mandate is approved.

The New General Share Issue Mandate, once approved, will continue in force until the conclusion of the Company's next annual general meeting or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier, unless revoked or varied by the Company in a general meeting.

A.10 THE GLOBAL INVACOM GROUP EMPLOYEE SHARE OPTION SCHEME

A.10.1 The Proposed Termination of the Radiance Electronics Share Option Scheme 2003

Pursuant to an extraordinary general meeting held on 25 April 2003, the Company adopted the Existing ESOS for the purpose of providing incentives to Directors and eligible employees. Eligible employees are all confirmed employees, including executive and non-executive directors (inclusive of Independent Directors) of the Radiance Group. As at the Latest Practicable Date, 21,225,000 options had been granted out of which 10,085,000 options had been exercised and 11,140,000 options had lapsed or been forfeited under the Existing ESOS. As at the Latest Practicable Date, there were no outstanding options granted by the Company.

A.10.2 The Proposed Implementation of the New ESOS

The Directors propose, subject to the approval of the Shareholders at the EGM, to terminate the Existing ESOS (which expires on 24 April 2013) and to implement the New ESOS. The Existing ESOS will be terminated and the New ESOS will become effective immediately upon Shareholders' approval being obtained at the EGM.

A summary of the New ESOS is set out below. Capitalised terms as used throughout this *Section A.10 The Global Invacom Group Employee Share Option Scheme* shall bear the meanings as defined in *Appendix G – Rules of the Global Invacom Group Employee Share Option Scheme* of this Circular.

A.10.3 Rationale for the New ESOS

The New ESOS contemplates the award of options that are exercisable into Shares and is intended to provide an opportunity strictly only for employees of the Company and its subsidiaries (including Group Executive Directors) (the "**Group Employees**") and Group Non-Executive Directors who have contributed significantly to the growth and performance of the Group to participate in the equity of the Company.

The Company recognises the fact that the services of such Group Employees and Group Non-Executive Directors are important to the success and continued well being of the Group. Implementation of the New ESOS will enable the Company to give recognition to the contributions made by such Group Employees and Group Non-Executive Directors. At the same time, it will give such Group Employees and Group Non-Executive Directors an opportunity to have a direct interest in the Company and will also help to achieve the following positive objectives:

(a) to motivate each Participant to maintain a high level of performance and contribution;

(b) to attract and retain key Group Employees whose contributions are important to the long term growth and profitability of the Group;

(c) to give recognition to the contributions made or to be made by the Non-Executive Directors to the success of the Group; and

(d) to instil loyalty in the Group and stronger identification by such Participants with the long-term prosperity of the Group.

A share incentive scheme as such is commonly adopted by listed companies on the SGX-ST to align employees' interests with those of the Shareholders. The Company believes that the New ESOS will be more effective than cash bonuses in motivating the Group Employees to put in their best efforts and/or work towards pre-determined targets. The New ESOS is intended to be broad-based and will serve to enhance the Group's overall compensation packages and serve as an additional and flexible incentive tool.

The New ESOS will be targeted strictly at general employees as well as Non-Executive Directors. The Options to be granted to the Group Employees are to be determined at the discretion of the Committee. The factors the Committee will take into account when awarding Options will include, among other things, the Group Employee's capabilities, scope of responsibility, length of services and expected/achieved contributions to the Company. The Committee will also consider if the Group Employee would be compensated or gain benefits under other share-based incentive schemes, if any, and evaluate the proposed Option as part of the total remuneration package to the Group Employee. The Committee may also set additional specific criteria and performance conditions for each Participant, taking into account the Group's business goals and directions for each financial year, the prevailing economic conditions and the Participant's expected contribution to the Group.

A.10.4 Participation by Controlling Shareholder(s) and their Associates

As the objectives set out above apply equally to Controlling Shareholder(s) of the Company, it is proposed that the New ESOS may in future include the participation of such Controlling Shareholder(s) and their associates who have actively contributed to the progress and success of the Group. Pursuant to Rule 853 of the Listing Manual, and subject to the adoption of the New ESOS, independent Shareholders' approval shall be sought in the event of any participation by a Controlling Shareholder and his/her or their associates in the New ESOS.

A.10.5 Rationale for Participation by Group Non-Executive Directors (including Independent Directors)

While the New ESOS caters principally to Group Employees, it is recognised that the Group Non-Executive Directors (including Independent Directors) make significant contributions to the Group through their close working relationships with the Group, even though they are not employed within the Group.

The Group Non-Executive Directors are persons from different professions and working backgrounds, bringing to the Group their wealth of knowledge, business expertise and contacts in the business community. They play an important role in helping the Group shape its business strategy by allowing the Group to draw on their diverse backgrounds and working experience. It is crucial for the Group to attract, retain and incentivise the Group Non-Executive Directors. By aligning their interests with the interests of the Shareholders, the Company aims to inculcate a sense of commitment on the part of these Group Non-Executive Directors towards serving the short and long-term objectives of the Group.

The Directors are of the view that including the Group Non-Executive Directors in the New ESOS will show the Company's appreciation for, and further motivate them in their contribution towards the success of the Group. However, as their services and contributions cannot be measured in the same way as the full-time employees of the Group, any Options granted to such Group Non-Executive Directors will be intended only as a token of the Company's appreciation and in a manner that should not affect their independent status.

For the purposes of assessing the contributions of the Group Non-Executive Directors, the Committee will propose a performance framework comprising mainly non-financial performance measurement criteria, such as the extent of involvement and responsibilities shouldered by the Group Non-Executive Directors. In addition, the Committee will also consider the scope of advice given, the number of contacts and the size of deals which the Group is able to procure from the contacts and recommendations of the Group Non-Executive Directors.

It is envisaged that the grant of the Options under the New ESOS shall be relatively small, in terms of frequency and numbers. As such, the Directors are of the view that the participation by the Group Non-Executive Directors in the New ESOS and the grant of Options to such Group Non-Executive Directors will not compromise their independent status. The Committee may also decide that no grant of Options shall be made to the Group Non-Executive Directors under the New ESOS in any financial year or at all.

A.10.6 Summary of the New ESOS

The detailed rules of the New ESOS are set out in *Appendix G – Rules of the Global Invacom Group Employee Share Option Scheme* of this Circular. A summary of the principal rules of the New ESOS are set out below:

A.10.6.1 Eligibility

The New ESOS strictly only allows for participation by confirmed Group Employees (including the Group Executive Directors) who have attained the age of 21 years and above, on or before the relevant date of the grant of Options, provided that the Participants are not undischarged bankrupts, or have been in the employment of the Group for a period of less than 12 months from the relevant date of the grant of Options, or such shorter period as the Committee may determine, and Group Non-Executive Directors.

Pursuant to Rule 853 of the Listing Manual, participation in the New ESOS by the Controlling Shareholder(s) and their associates must be approved by independent Shareholders of the Company and a separate resolution must be passed for each of such persons to approve the actual number and terms of Option Shares granted to such person.

Pursuant to Rule 845 of the Listing Manual (i) the aggregate number of Option Shares available to the Controlling Shareholder(s) and their associates shall not exceed twenty-five per cent. (25%) of the total number of Option Shares available under the New ESOS; and (ii) the number of Option Shares available to each Controlling Shareholder or his associate shall not exceed ten per cent. (10%) of the total number of Option Shares available under the New ESOS.

Subject to the Companies Act and any requirement of the SGX-ST, the eligibility for participation in the New ESOS may be amended from time to time at the absolute discretion of the Committee.

A.10.6.2 Size of the New ESOS

The aggregate number of Option Shares which may be granted pursuant to the New ESOS shall not exceed fifteen per cent. (15%) of the total number of issued Shares of the Company excluding treasury shares. In order for the New ESOS to achieve its objective, it must be of a sufficient size to allow an adequate number of Option Shares to be issued to existing and future Group Employees and Group Non-Executive Directors. The Company is of the view that the size of the New ESOS is reasonable, after taking into account the issued share capital of the Company, the contributions by the Group Employees and Group Non-Executive Directors, the number and the potential increase in the number of Group Employees and the grant of the Option Shares over the duration of the New ESOS.

As set out in *Section A.10.6.1 Eligibility* above, with regards to Controlling Shareholders and their associates, the aggregate number of Option Shares which may be granted will not exceed twenty-five per cent. (25%) of the total number of Option Shares available under the New ESOS, provided always that the number of Option Shares available to each Controlling Shareholder or each of his associates shall not exceed ten per cent. (10%) of the total number of Option Shares available under the New ESOS.

A.10.6.3 Duration of the New ESOS

The New ESOS shall continue in force at the discretion of the Committee, subject to a maximum period of ten years commencing on the date on which the New ESOS is adopted by the Company in general meeting, provided always that the New ESOS may continue beyond the above stipulated period with the approval of the Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

The New ESOS may be terminated at any time by the Committee or by resolution of the Company in general meeting, subject to all relevant approvals which may be required, and if the New ESOS is terminated, no further grants of Options shall be made by the Company.

A.10.6.4 Exercise Price of Options under the New ESOS

Under the New ESOS, the Exercise Price of the Options granted will be determined by the Committee. The Committee may grant the Options with or without a discounted Exercise Price. In the event that the Options are granted at a discount, the discount shall not exceed twenty per cent. (20%) of the market price, being the maximum discount permitted under the rules of the Listing Manual.

The ability to offer the Options at a discount to the market price of the Shares will give the Company flexibility in structuring the Options granted with a greater potential for capital appreciation than Options granted at the market price and ensures that the Company maintains the competitiveness of its compensation strategy. This serves as an additional method available to the Company for compensating Participants rather than through salary, salary increments and cash bonuses which will enable the Company to introduce an effective manner of motivating Participants to maximise their performance, which will in turn, create better value for the Shareholders.

Further, pursuant to Rule 847 of the Listing Manual, discounted Options may be exercisable only after two years from the date of grant, whereas non-discounted Options may be exercisable after one year from the date of grant. In view that discounted Options are subject to a longer vesting period than non-discounted Options, holders of such Options are encouraged to have a longer term view of the Company, thereby promoting Group Employee retention and reinforcing their commitment to the Company.

By including a discount quantum to the fullest extent currently permitted by the SGX-ST as a feature of the New ESOS, the Company will have the maximum flexibility available under the SGX-ST listing rules to adjust and tailor the value of the incentive in each particular Option granted under the New ESOS by way of pricing of the Option.

Discounted Options may be granted under circumstances including (but not limited to) the following:

(i) where, due to speculative forces in the stock market resulting in an overrun of the market, the market price of Shares at the time of grant of the Options is not a true reflection of the financial performance of the Company;

(ii) to enable the Company to offer competitive remuneration packages in the event that the practice of granting options with subscription prices that have a discount element becomes a general market norm; and

(iii) where the Company needs to provide more compelling motivation for specific business units to improve their performance, grants of share options with discounted subscription prices will help to align the interests of Participants to those of the Shareholders as discounted options would be perceived more positively than non-discounted options by Participants who receive such options.

The grant of discounted or non-discounted Options and the extent of discount, if any, will be determined at the discretion of the Committee, which shall be exercised judiciously.

A.10.6.5 Delivery of Shares Upon Exercise of Options

Subject to the Companies Act and rules of the Listing Manual, the Company shall have the flexibility to deliver Shares to participants upon the exercise of their Options by way of:

(i) an allotment of new Shares; and/or

(ii) the transfer of existing Shares, including (subject to applicable laws) any Shares acquired by the Company pursuant to a share purchase mandate and/or held by the Company as treasury shares.

A.10.7 Cost to the Company in Granting the Options Under the New ESOS

The FRS 102 "Share-based Payment" issued by the Accounting Standards Council is effective for the financial statements of the Company for the financial year beginning 1 January 2005.

Based on FRS 102 as currently applied, the grant of Options under the New ESOS will not result in a direct impact on the Company's profitability, as no cash outlay would be expended by the Company or the Group at the time of the grant of such Options, as compared with cash bonus. However, whenever Options are granted by the Company to subscribe for new Shares in its capital, such Options have a fair value at the time of grant. The fair value of an Option at the time of grant is the estimated amount (derived from applying pricing models developed to value traded options) that a willing buyer would pay a willing seller for the Option on the grant date. The application of such pricing models to Options granted pursuant to the New ESOS would result in a fair value being attributed to those Options at the time of their grant.

Under the New ESOS, the grantee who is granted an Option pays a nominal consideration of S$1.00 to the Company, on his acceptance of the offer of the Option. Insofar as such Options are granted at a consideration which is less than their fair value at the time of grant, there will be a cost to the Company (in that the Company will receive a consideration that is less than the fair value of the Option), the size of which will depend, amongst other things, on the amount of the Options granted pursuant to the New ESOS, and whether the Options are granted at the market price or at a discount to the market price of the Shares.

It should be noted in general that the higher the discount applicable to an Option, the higher the cost will be to the Company in respect of such Option. In addition, the longer the option period is in relation to an Option, the higher the cost will be to the Company in respect of such Option.

Based on FRS 102, the fair value of employee services received in exchange for the grant of the Options would be recognised as an expense. For equity-settled share-based payment transactions, the total amount to be expensed in the income statement over the vesting period is determined by reference to the fair value of each Option granted at the grant date and the number of Options vested by the vesting date with a corresponding increase in equity. Before the end of the vesting period and at the end of each financial year, the Company will revise its estimates of the number of Options that are expected to vest by the vesting date and recognises the impact of this revision in the income statement with a corresponding adjustment to equity. After the vesting date, no adjustment to the income statement will be made.

Subject as aforesaid, when the Options are exercised, the cash inflow will add to the NTA of the Company and its share capital base will grow. Where Options are granted with subscription prices that are set at a discount to the market prices for the Shares prevailing at the time of the grant of such Options, the amount of cash inflow to the NTA of the Company on the exercise of such Options would be diminished by the quantum of the discount given, as compared with the cash inflow that would have been receivable by the Company had the Options been granted at the market price of the Shares prevailing at the time of the grant.

A.10.8 Directors' Interests in the New ESOS

All Executive Directors and Non-Executive Directors will be eligible to participate in the New ESOS. The interests of the Executive Directors and Non-Executive Directors in the Shares as at the Latest Practicable Date are set out in *Section A.12 Interests of Directors and Substantial Shareholders* of this Circular.

A.11 CHANGE OF NAME

In view of the Acquisition, the Company is seeking the approval of the Shareholders to change the name of the Company from "Radiance Group Limited" to "Global Invacom Group Limited". The change of name of the Company will only take effect after Completion.

The name "Global Invacom Group Limited" has been reserved with ACRA on 23 September 2011 until 25 May 2012, following which the reservation will have to be extended. Approval from Shareholders for the proposed change of name will be by way of passing of the Special Resolution.

A.12 INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the interests of Directors in the Shares as recorded in the Register of Directors' Shareholdings pursuant to Section 164 of the Companies Act are as follows:

	Direct interest		Deemed interest	
Directors	**No. of Shares**	**%**	**No. of Shares**	**%**
Anthony Taylor(1)	–	–	155,832,093	59.08
Gary Stafford(1)	–	–	155,832,093	59.08
Malcolm Burrell(1)	–	–	155,832,093	59.08
Cosimo Borrelli	–	–	–	–
John Lim Yew Kong	–	–	–	–
Basil Chan	–	–	–	–
Total	**–**	**–**	**155,832,093**	**59.08**

Note:

(1) Mr Anthony Taylor, Mr Gary Stafford and Mr Malcolm Burrell fall within the group of beneficiaries under The Pacific Trust.

As at the Latest Practicable Date, the interests of the substantial shareholders of the Company in the Shares as recorded in the Register of substantial shareholders maintained pursuant to Section 88 of the Companies Act are as follows:

	Direct interest		Deemed interest	
Substantial shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
Vistra Corporate Services Limited[(1)]	155,832,093	59.08	–	–
Prospect China Limited	14,000,000	5.31	–	–
Total	**169,832,093**	**64.39**	**–**	**–**

Note:

(1) Holding Shares on discretionary trust for The Pacific Trust.

The Shares held by the substantial shareholders of the Company and the Shares in which the Directors are deemed interested do not carry different voting rights from other Shares.

Mr John Lim Yew Kong, the Lead Independent Director of the Company, was appointed by the Company to be the Chairman of a committee to assist in and oversee the process of the Acquisition (the "**VSA Committee**"). Under the terms of Mr Lim's appointment as Chairman of the VSA Committee, Mr Lim will be paid fees of up to an aggregate of S$60,000 based on the occurrence of certain milestones. The milestones are (i) appointment as Chairman of the VSA Committee, (ii) completion of due diligence site visit, (iii) signing of the Sale and Purchase Agreement, (iv) submission of this Circular to the SGX-ST, (v) convening of the EGM, and (vi) Completion. The terms and appointment of Mr Lim as Chairman of the VSA Committee have been reviewed by the Remuneration Committee and approved by the Board of Directors. The fees paid to Mr Lim is to compensate him for the additional time required of him to oversee the process of the Acquisition.

MBE Corporate Advisory Pte Ltd ("**MBE Corporate Advisory**") was appointed on 26 October 2010 by the Company to provide financial and corporate advisory services, and to assist in and oversee the process of the Acquisition. The mandate with MBE Corporate Advisory was terminated with effect from 1 November 2011. Mr Basil Chan, an Independent Director of the Company appointed on 25 April 2012, is the founder, managing director and sole shareholder of MBE Corporate Advisory. Total billings for FY2010 and FY2011 for these services amounted to less than S$200,000. The terms and appointment of MBE Corporate Advisory have been reviewed and approved by the Board of Directors.

The Nominating Committee then (excluding Mr Lim who abstains from expressing his view on his appointment of the Chairman of the VSA Committee) was of the view that the fees paid to Mr Lim and Mr Chan would not affect their independence for the following reasons:

(i) Mr John Lim, as an Independent Director of RGL, was appointed by the Company to chair the VSA Committee to oversee the process of the Acquisition. The terms of his appointment as Chairman of the VSA have been reviewed by the Remuneration Committee and approved by the Board;

(ii) The S$60,000 fee to be paid to Mr John Lim is not a significant amount, considering that the project had commenced since September 2010, and is to compensate for the additional time required of him to oversee the process of the Acquisition;

(iii) The fee paid to Mr John Lim is based on work done and the majority of the fee is paid prior to and not tied to the successful completion of the Acquisition; and

(iv) Total billings for services rendered by MBE Corporate Advisory amounted to less than S$200,000 and the mandate with MBE Corporate Advisory had been terminated on 1 November 2011. In addition, the mandate is a one-off transaction and is not recurring.

Save as disclosed in this Circular, none of the Directors or substantial shareholders has any interest, whether direct or indirect, in the Proposed Transactions.

A.13 RECOMMENDATION OF INDEPENDENT FINANCIAL ADVISER IN RELATION TO THE ACQUISITION

Provenance Capital Pte. Ltd. has been appointed as the IFA to advise the Independent Directors in relation to the Acquisition.

The letter from the IFA to the Independent Directors of the Company is set out in *Appendix A* of this Circular, and Shareholders' attention is drawn to it.

Taking into consideration the factors set out in its letter, the IFA is of the view that, on balance, the Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and the Independent Shareholders. Accordingly, the IFA advises the Independent Directors to recommend that Independent Shareholders vote in favour of the Acquisition to be proposed at the EGM.

A.14 RECOMMENDATION OF THE INDEPENDENT DIRECTORS

The Proposed Transactions

Mr Anthony Taylor, Mr Gary Stafford and Mr Malcolm Burrell are Executive Directors of the Company. They also hold executive positions within the GIHL Group. They are also three out of the 47 Vendors. Accordingly, Mr Anthony Taylor, Mr Gary Stafford and Mr Malcolm Burrell will abstain from making any recommendation or voting on resolutions in respect of the Acquisition.

Mr Cosimo Borrelli, the Non-Executive Director of the Company, who in his capacity as one of the joint and several liquidators of Thumb (China) Holdings Group Limited, sold 138,235,390 Shares, representing approximately 52.41% of the issued share capital of the Company to Global Invacom Limited, a subsidiary of GIHL, pursuant to a conditional share purchase agreement dated 26 March 2010, is deemed not to be independent for the purposes of the Acquisition. Accordingly, Mr Cosimo Borrelli will also abstain from making any recommendation on resolutions in respect of the Acquisition.

In view that the Directors are potential participants of the New ESOS and are therefore interested in both the Existing ESOS and the New ESOS, they have accordingly abstained from making any recommendation on Ordinary Resolutions 6 (termination of the Existing

ESOS) and 7 (adoption of the New ESOS). They will also abstain from voting on Ordinary Resolutions 6 and 7 in respect of any Shares held by them.

Additionally, all employees of the Radiance Group, GIHL and its subsidiaries who will benefit or are likely to benefit from the Existing ESOS and/or from the implementation of the New ESOS and who are also Shareholders will abstain from voting on Ordinary Resolutions 6 and 7 in respect of any Shares held by them. As explained in *Section A.2.9 Commencement of Certain Voting Abstentions* of this Circular, The Pacific Trust is a discretionary trust constituted for the benefit of all the employees and officers of GIHL. As such, Vistra, the trustee of The Pacific Trust, is considered to be interested in the Existing ESOS and the New ESOS and will abstain from voting in respect of the 155,832,093 Shares (representing approximately 59.08% of the entire issued and paid-up share capital of the Company) held by it in its capacity as trustee of The Pacific Trust on Ordinary Resolutions 6 and 7.

The Company will also procure that the Directors and all potential participants of the New ESOS, who are to personally abstain from voting any Shares held by them at the EGM on the resolutions relating to the adoption of the New ESOS, will decline to accept appointment as proxies for any Shareholder to vote on Ordinary Resolutions 6 and 7 unless (i) the Shareholder concerned does not have any personal interest in relation to the Resolution(s) in question and (ii) such Shareholder shall have given instructions in his proxy form as to the manner in which his votes are to be cast in respect of Ordinary Resolutions 6 and 7.

Having considered and reviewed, amongst other things, the terms of the Sale and Purchase Agreement, the rationale for and the financial effects of the Proposed Transactions, the risk factors and other investment considerations, and all other relevant facts set out in this Circular, the Independent Directors are unanimously of the opinion that:

(a) the Acquisition as a reverse takeover transaction and an interested person transaction;

(b) the Share Consolidation;

(c) the allotment and issue of the Consideration Shares;

(d) the Compliance Placement;

(e) the New General Share Issue Mandate; and

(f) the proposed change of name of the Company,

are in the best interests of the Company, and accordingly, they recommend that Shareholders vote in favour thereof at the EGM.

A.15 EXTRAORDINARY GENERAL MEETING

The EGM, notice of which have been set out in *Appendix I – Notice of Extraordinary General Meeting* of this Circular, will be held at 3 Temasek Boulevard #02-161, Suntec City Mall (e-Life@Suntec), Singapore 038983 on 15 June 2012 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the resolutions (with or without modifications) set out in the notice of the EGM.

A.16 ACTION TO BE TAKEN BY SHAREHOLDERS

A Shareholder who is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf should complete, sign and return the attached proxy form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach 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 EGM.

A Depositor is not regarded as a Shareholder entitled to attend the EGM 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 EGM.

Vistra holds an aggregate of 155,832,093 Shares (constituting 59.08% of the issued and paid-up share capital of the Company), in its capacity as trustee for The Pacific Trust. The Pacific Trust is a discretionary trust constituted for the benefit of all the employees and officers of GIHL, which include, amongst others, the Vendors. The Vendors are deemed interested in the Shares held by Vistra. As such, Vistra will abstain from voting in respect of Ordinary Resolutions 1, 3, 6 and 7 as set out in the Notice of EGM at the EGM.

Mr Anthony Taylor, Mr Gary Stafford and Mr Malcolm Burrell are Executive Directors of the Company and their direct and deemed interests in the Company as at the Latest Practicable Date constitute approximately 59.08% of the issued and outstanding Shares. As they are interested in the Acquisition, each of Mr Anthony Taylor, Mr Gary Stafford and Mr Malcolm Burrell will abstain and procure that their respective associates (including Vistra) abstain from voting in respect of Ordinary Resolutions 1, 3, 6 and 7 as set out in the Notice of EGM at the EGM.

Mr Anthony Taylor, Mr Gary Stafford and Mr Malcolm Burrell will also not accept nominations to act as proxies, corporate representatives or attorneys to vote in respect of all the resolutions set out in the Notice of EGM unless the Shareholders appointing them have indicated clearly how votes are to be cast in respect of all the resolutions.

A.17 RESPONSIBILITY STATEMENT OF THE DIRECTORS OF RGL AND THE DIRECTORS OF GIHL

The Directors of RGL collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosures of all material facts about the Acquisition, the RGL Group and the Directors of RGL are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or other publicly available sources or obtained from a named source, the sole responsibility of the Directors of RGL has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

The Directors of GIHL collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosures of all material facts about the GIHL Group and the Directors of GIHL are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or other publicly available sources or obtained from a named source, the sole responsibility of the Directors of GIHL has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

A.18 FINANCIAL ADVISER'S RESPONSIBILITY STATEMENT

DMG & Partners Securities Pte Ltd, as Financial Adviser to the Company in relation to the Acquisition, acknowledges that, having made due and careful enquiries and to the best of its knowledge and belief and based on the information provided by or on behalf of the Company, the GIHL Group and the Vendors, this Circular constitutes full and true disclosure of all material facts about the Acquisition and the GIHL Group as at the date of this Circular. DMG & Partners Securities Pte Ltd is not aware of any other material facts, the omission of which would make any statement in this Circular (other than the Letter from Provenance Capital Pte. Ltd. to the Independent Directors of Radiance Group Limited set out in *Appendix A*, the Reporting Auditors' Report on the Unaudited Proforma Consolidated Financial Statements of the Enlarged Group for the Financial Years Ended 31 December 2009, 2010 and 2011 set out in *Appendix B,* the Independent Auditors' Report on the Consolidated Financial Statements of GIHL For the Three Years Ended 31 December 2009, 2010 and 2011 set out in *Appendix C* and the Valuation Report set out in *Appendix F* of this Circular) misleading in any materials respect as at the date of this Circular.

Where information has been extracted from published or otherwise publicly available sources, the sole responsibility of DMG & Partners Securities Pte Ltd has been to ensure that such information has been accurately and correctly extracted from these sources or as the case may be, reflected or reproduced in this Circular.

A.19 CONSENTS

(a) Moore Stephens LLP, Singapore, being the Auditors to the Company and the Reporting Auditors, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of:

(i) its name and references to its name; and

(ii) the Reporting Auditors' Report on the Unaudited Proforma Consolidated Financial Statements of the Enlarged Group for the Financial Years Ended 31 December 2009, 2010 and 2011 as set out in *Appendix B* of this Circular,

in the form and context in which they appear in this Circular and to act in such capacity in relation to this Circular.

(b) Moore Stephens LLP, London, being Auditors to GIHL, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of:

(i) its name and references to its name; and

(ii) the Independent Auditors' Report on the Consolidated Financial Statements of GIHL for the Three Years Ended 31 December 2009, 2010 and 2011 as set out in *Appendix C* of this Circular,

in the form and context in which they appear in this Circular and to act in such capacity in relation to this Circular.

(c) Provenance Capital Pte. Ltd., being the IFA in relation to the Acquisition, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of:

(i) its name and references to its name; and

(ii) the Letter from Provenance Capital Pte. Ltd. to the Independent Directors of Radiance Group Limited as set out in *Appendix A* of this Circular,

in the form and context in which they appear in this Circular and to act in such capacity in relation to this Circular.

(d) PA Strategy Partners Ltd, being the Independent Valuer, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of:

(i) its name and references to its name; and

(ii) the Valuation Report as set out in *Appendix F* of this Circular,

in the form and context in which it appears in this Circular and to act in such capacity in relation to this Circular.

(e) Each of the Financial Adviser, the Share Registrar and Share Transfer Office, the Legal Adviser to the Company in relation to the Acquisition, the Legal Adviser to the Company in relation to UK Law, has each given and have not withdrawn its written consent to the issue of this Circular with the inclusion herein of its name and reference to its name in the forms and context in which they appear in this Circular and to act in such capacity in relation to this Circular.

A.20 DOCUMENTS AVAILABLE FOR INSPECTION

The following documents 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 for a period of six months from the date of this Circular:

(a) The Memorandum and Articles of Association of the Company;

(b) The Sale and Purchase Agreement;

(c) The letter from Provenance Capital Pte. Ltd. to the Independent Directors of Radiance Group Limited as set out in *Appendix A*;

(d) The Reporting Auditors' Report on the Unaudited Proforma Consolidated Financial Statements of the Enlarged Group for the Financial Years Ended 31 December 2009, 2010 and 2011 as set out in *Appendix B*;

(e) The Independent Auditors' Report on the Consolidated Financial Statements of GIHL for the Three Years ended 31 December 2009, 2010 and 2011 as set out in *Appendix C*;

(f) The Valuation Report as set out in *Appendix F*;

(g) The letters of consent referred to in *Section A.19 Consents* of this Circular; and

(h) The material contracts entered into by the GIHL Group referred to in *Section B.12 Material Contracts of the GIHL Group* of this Circular.

A.21 INTEREST OF FINANCIAL ADVISER AND OTHER INFORMATION

In the reasonable opinion of the Directors, the Financial Adviser does not have a material relationship with the Company save that the Acquisition is advised by the Financial Adviser.

A.22 MATERIAL CONTRACTS OF THE RADIANCE GROUP

Save for the Sale and Purchase Agreement, there are no contracts entered into by the Radiance Group, other than contracts entered into in the ordinary course of business of the Group, within the two years preceding the Latest Practicable Date and which are or may be material in the context of the Group.

A.23 MATERIAL LITIGATION

Save as disclosed below, the Radiance Group has not, as at the Latest Practicable Date, engaged in any legal or arbitration proceedings (either as plaintiff or defendant), including those which are pending or known to be contemplated, which may have or have had in the 12 months before the date of this Circular, a material effect on its financial position or profitability, and the Directors have no knowledge of any proceedings pending or threatened against the Company or any facts likely to give rise to any litigation, claims or proceedings which might materially affect the financial position or the business of the Company and/or the Enlarged Group.

As announced by the Company on 20 May 2010, in May 2010, the Group's wholly-owned subsidiary, Radiance Energy Technology Co., Ltd ("**RET**"), incorporated in Beijing, PRC, received a Statement of Claim from Thumb Mining Investments Co., Ltd ("**Thumb Mining**"), a company incorporated in Beijing, PRC, filed with the Beijing No. 2 Intermediate People's Court (the "**Beijing Intermediate Court**"), claiming RMB28,000,000 in compensation for economic loss suffered as a result of an alleged breach of a lease agreement and for affecting the normal operations of Thumb Mining. The Beijing Intermediate Court dismissed the claim filed by Thumb Mining in August 2010.

As announced by the Company on 8 September 2010, in September 2010, RET was served with the same Statement of Claim by DaDing Century Properties Holdings Limited ("**DaDing Century**"), the new name of Thumb Mining, with the Beijing Chaoyang District People's

Court (the "**Beijing District Court**") in which an asset preservation order was granted by the Beijing District Court against RET freezing RET's bank account with balances totalling approximately RMB23,000,000 (approximately S$4,600,000).

As announced by the Company on 16 November 2011, the Beijing District Court had in October 2011 dismissed the claim filed by DaDing Century on the grounds of insufficient evidence or relevant information to support the claim.

A.24 ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Letter to Shareholders from the Board of Directors of the GIHL Group in this Circular.

Yours faithfully

For and on behalf of the Board of Directors

John Lim Yew Kong	Basil Chan
Lead Independent Director	Independent Director

Global Invacom Holdings Limited

(Company Registration No.: 06743598)
(Incorporated in England and Wales)

Directors:	**Registered Office:**
Anthony Brian Taylor (Managing Director)	Winterdale Manor
David Jonathan Wren Fugeman (Sales and Marketing Director)	Southminster Road
Ivan Horrocks (Sales and Marketing Director)	Althorne
Gary Patrick Stafford (Business Development Director)	Essex CM3 6BX
Malcolm John Burrell (Technical Director)	United Kingdom
David Gerald Smith (Technical Director)	
John Stephen Parfitt (Operations Director)	
Jenifer Michelle Gray (Human Resource Director)	

16 May 2012

To: The Shareholders of Radiance Group Limited

Dear Sir/Madam

PROPOSED ACQUISITION BY RADIANCE GROUP LIMITED (THE "COMPANY") OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF GLOBAL INVACOM HOLDINGS LIMITED ("GIHL") FROM THE SHAREHOLDERS OF GIHL (THE "ACQUISITION")

B.1 INTRODUCTION

This letter has been prepared by the directors of GIHL, on behalf of the GIHL Group, for inclusion in this Circular. Except where the context otherwise requires, capitalised terms defined in the Circular shall apply throughout this letter.

B.2 INFORMATION ON THE GIHL GROUP

B.2.1 Introduction

The GIHL Group is one of the world-leading suppliers of satellite TV equipment and is renowned in the field of commercial RF technology and products. Globally, the two largest DBS service providers by number of subscribers are the DirecTV Group and DISH, both of which purchase large volumes of LNBs and switches. There are seven approved major suppliers to the DirecTV Group and DISH, of which GIHL is one. In terms of revenue, this makes the seven approved major suppliers world-leading suppliers of such products. On the technology front, GIHL is the only company engaged in the production of LNB, switches, VSAT, fibre, wireless HD transmission and dishes. Hence, the Directors of GIHL believe that GIHL is one of the world leaders in technology among its peers.

The DirecTV Group and DISH are in direct competition with each other in the United States. The GIHL Group is able to supply such products to both the DirecTV Group and DISH. However, there may be issues with GIHL Group supplying to both the DirecTV Group and DISH if the volume of such products supplied by the GIHL Group increases significantly in the future. In many other markets, it is possible to supply to two or more dominant broadcasters as there are dominant broadcasters that are not in direct competition with each other, for example, BSkyB and Canal+.

The GIHL Group's operating subsidiary, GIL, was established on 2 April 2008 as a result of the merger of GCL and Invacom. GCL was established in 1988 and Invacom in 2000. Headquartered in Althorne, UK, the GIHL Group is principally engaged in the design, manufacture (the majority of which is outsourced to third party contract manufacturers) and marketing of products into the satellite TV and cable peripherals industries. In April 2012, it also started the manufacturing of satellite dishes. The GIHL Group outsources the majority of its manufacturing activities to the contract manufacturers in Asia, with RGL being the largest of them.

The product offering of the GIHL Group includes satellite dishes, LNBs, VSAT ODUs and satellite signal distribution equipment, such as multi-switches, accessories, as well as the ground-breaking fiber IRS and fibre MDU. The success of the GIHL Group is built upon the foundation of its experienced and talented RF and microwave design engineers, coupled with good customer relationships, a proven operations capability, and a strong and cohesive executive team. With a long and proven track record of innovative products development and sound financial performance, the GIHL Group has established itself as an industry leader.

The GIHL Group has had a significant trading relationship with the Radiance Group over 13 years. Please refer to *Section B.3 General Information on the GIHL Group* and *Section B.7 Prospects, Trends and Future Plans* in this Circular for more information on the GIHL Group, its business and prospects.

The GIHL Group's core strength comprises its technology and technical prowess in the RF specialist area. There are only a handful of companies in the world which offer commercial RF solutions and products to satellite broadcast companies, and the Directors believe that the GIHL Group is a leader in this field. The GIHL Group has a proven track record in the successful commercialisation of leading-edge technology in satellite communications for its customers.

The GIHL Group owns multiple patents relating to RF and to the best knowledge and belief of the Directors, has achieved many world-firsts in the course of its relatively short history. Approximately 75% of the GIHL Group's 70 employees are engineers in RF or related technology with vast experience, and GIHL's technical directors are considered to be among the world's leaders in their respective technical fields. For further information on the achievements of the GIHL Group, please refer to *Section B.4.9 Intellectual Property* of this Circular.

The GIHL Group has established a long business relationship with its key customer EchoStar[(1)], which is one of the two leading satellite broadcast companies in the USA with more than 14 million customers[(2)]. The GIHL Group has been supplying its products to EchoStar for more than ten years, and the relationship has grown from strength to strength as the GIHL Group provides a wide range of products such as switches and LNBs. At the same time, the GIHL Group has been working with British broadcaster BSkyB over a span of 15 years to supply a range of innovative products and solutions including the ADX and the tvLINK® range. The GIHL Group has also been working with Hughes, supplying Ku and Ka band VSAT components.

The GIHL Group has also leveraged on its technical strengths to develop the world's first fibre IRS[(3)] which was rolled out in 2009. Fibre IRS offers multiple advantages over traditional co-axial IRS, including shorter installation time and cost efficiency over larger networks. As a result, fibre IRS is a particularly attractive solution for residences within

MDUs. The Directors are particularly excited about the prospects of this product and expect to see increasing acceptance of the fibre products over time. For further information on the product offerings of the GIHL Group, please refer to *Section B.4.3 Principal Products* of this Circular.

Notes:

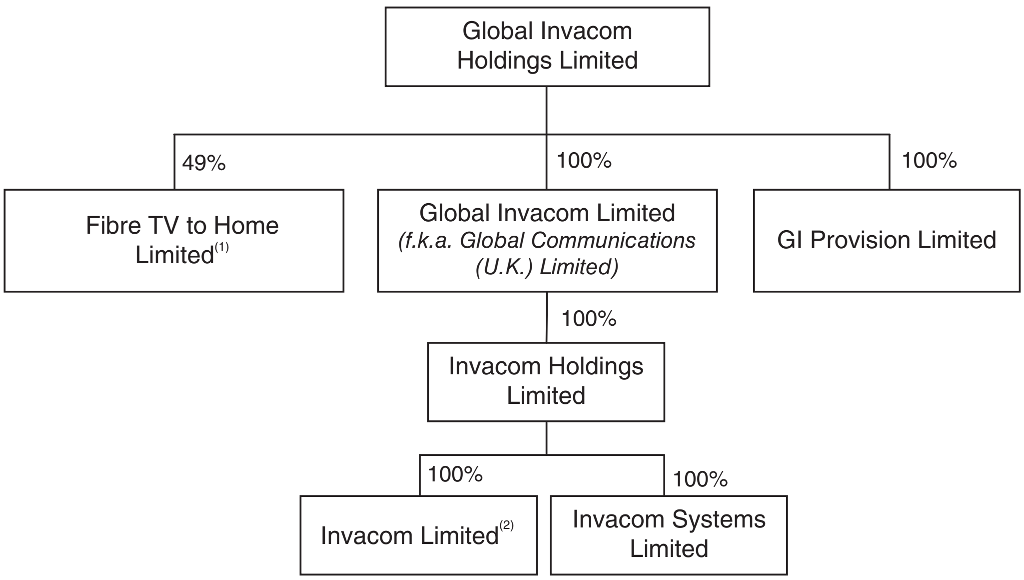
(1) Headquartered in Englewood, Colorado, EchoStar has 25 years of experience in designing, developing and distributing advanced television set-top boxes and related products for pay television providers and creates hardware and service solutions for cable, telecommunications, IPTV and satellite TV companies worldwide. (Source: www.echostar.com/Company.aspx). For more information on EchoStar, please refer to *Section B.4.14 Major Customers* of this Circular.

(2) Echostar, through its marketing and service provider partner, DISH services more than 13.945 million satellite TV customers, as of 20 September 2011. (Source: http://dish.client.shareholder.com/)

(3) TELE-satellite Digital TV Magazine, Issue 0805. (Available at http://magazine.tele-satellite.com/eng/TELE-satellite-0805.pdf). We have not asked TELE-satellite Digital TV Magazine for its consent to the inclusion of the information referred to above for the purposes of Section 249 of the SFA and TELE-satellite Digital TV Magazine is thereby not liable for these statements under Section 253 and 254 of the SFA. While the Directors have taken reasonable action to ensure that the information is extracted accurately and fairly and has been included in this Letter in its proper form and context, they have not independently verified the accuracy of the relevant information.

B.2.2 Group Structure of the GIHL Group

As at the Latest Practicable Date, the corporate structure of the GIHL Group is as follows:



Notes:

(1) GIHL holds 49% of the total shares in Fibre TV to Home Limited. Accordingly, Fibre TV to Home Limited is an associated company (and not a subsidiary) of GIHL. The remaining 51% of the shares in Fibre TV to Home Limited is owned by Mr Paul Charles Clark (24.5%), Mr Sean Robin McCartney (24.5%) and Ms Susan Anne Jennings (2%). Save for their shareholdings in Fibre TV to Home Limited, none of Mr Paul Charles Clark, Mr Sean Robin McCartney and Ms Susan Anne Jennings are related to any of GIHL, the Directors and/or the Controlling Shareholders of GIHL. Ms Susan Anne Jennings is a partner at Furley Page LLP, the legal adviser to the Company in relation to UK law.

(2) The intellectual property rights of the GIHL Group have traditionally been registered or applied in the name of Invacom Limited.

Please see *Section A.6.1.1 Enlarged Group Structure* in this Circular for a diagrammatic representation of the corporate structure of the Enlarged Group.

Details of the GIHL Group companies as at the Latest Practicable Date are as follows:

Name	Legal form of incorporation	Date and country of incorporation	Principal place of business	Principal businesses[(1)]	Authorised capital	% of equity interest held by the GIHL Group
GIHL	Private company limited by shares	7 November 2008, England and Wales	England and Wales	Investment holding	£1,000,000	–
GIL	Private company limited by shares	18 November 1988, England and Wales	England and Wales	Design of products for reception and transmission of satellite signals	£1,000,000	100%
Invacom Holdings Limited	Private company limited by shares	12 January 2001, England and Wales	–	Dormant	£1,000,000	100%
Invacom Limited	Private company limited by shares	8 May 2000, England and Wales	–	Dormant	£1,000,000	100%
Invacom Systems Limited	Private company limited by shares	12 January 2001, England and Wales	–	Dormant	£1,000,000	100%
GI Provision Limited	Private company limited by shares	6 April 2011, England and Wales	England and Wales	Design and sales of HD video transmission and reception technology	£1,000	100%
Fibre TV to Home Limited	Private company limited by shares	17 November 2009, England and Wales	England and Wales	Fibre TV installations	£20,000	49%

Note:

(1) Please see *Section B.4.1 History and Development, Section B.4.2 Industry Overview* and *Section B.4.3 Principal Products* of this Circular for more information on the GIHL Group companies' principal businesses.

Save as disclosed above, there are no other subsidiaries or associated companies of GIHL.

None of our subsidiaries or associated companies is listed on any stock exchange.

B.3 GENERAL INFORMATION ON THE GIHL GROUP

B.3.1 Share Capital

GIHL was incorporated under the 1985 Companies Act (UK) on 7 November 2008 in England and Wales as an investment holding company. GIHL's registered address and principal place of business is at Winterdale Manor, Southminster Road, Althorne, Essex

CM3 6BX, United Kingdom. GIHL's company registration number is 06743598 and its telephone and fax numbers are +44 (0) 1621 743 440 and +44 (0) 1621 743 676 respectively.

At the date of its incorporation, GIHL had an authorised share capital of £50,000 divided into 50,000 ordinary shares of £1 each. One share was issued at par, equivalent to £1. On 27 January 2009, the ordinary shares were sub-divided into 500,000 ordinary shares of £0.10 each. On the same date, GIHL's authorised share capital was increased by £950,000 by creating 9,500,000 ordinary shares of £0.10 each. The authorised share capital of GIHL as at 31 December 2010 was £1,000,000 divided into 10,000,000 ordinary shares of £0.10 each.

As of the Latest Practicable Date, GIHL has an issued and fully paid share capital of £32,994.20 comprising 329,942 ordinary shares of £0.10 each.

The articles of association of GIHL provide that for the allotment of new shares, the new shares will have to be offered to the existing members of GIHL in proportion to their shareholding. Where existing shares are transferred, the shares must be offered in sequence to firstly, the EBT, followed by the board of directors of GIHL for their contemplation of a share buy-back and cancellation by GIHL and lastly to the holders of ordinary shares in GIHL in proportion to their shareholding. For the purpose of the Acquisition, the shareholders of GIHL, being the Vendors, have agreed to waive their pre-emption rights as described in this paragraph.

The following is a summary of the changes in the issued share capital of each GIHL Group company from its date of incorporation until the Latest Practicable Date:

GIHL

Date	**No. of ordinary shares issued**	**Purpose of issue**	**Resultant issued share capital**
7 November 2008	1 ordinary share of £1	Incorporation	£1.00
27 January 2009	Authorised share capital sub-divided into ordinary shares of £0.10 each. Share in issue becomes 10 ordinary shares of £0.10 each	Sub-division in preparation for Management Buyout (details of which can be found in *Section B.3.3* and *Section B.3.4* of this Circular)	£1.00
23 February 2009	354,542 ordinary shares of £0.10 each	GIL share exchange as part of the Management Buyout to equalise shareholdings across the board of directors and to reduce the holdings of GIHL Group founders, Mr Roger and Mrs Helen Pannell, who are no longer actively involved in the business. GIL subsequently becomes 100% subsidiary of GIHL	£35,455.20

Date	No. of ordinary shares issued	Purpose of issue	Resultant issued share capital
10 August 2009	Buyback and cancellation of 20,000 ordinary shares of £0.10 each (note: transaction re-completed 20 March 2010 due to procedural errors)	Director leaving	£33,455.20
2 November 2009	500 ordinary shares of £0.10 each	Employee share options exercised	£33,505.20
27 November 2009	Buyback and cancellation of 10,906 ordinary shares of £0.10 each	Reduction of shares held in the EBT	£32,414.60
23 December 2009	Buyback and cancellation of 782 ordinary shares of £0.10 each	Employees leaving	£32,336.40
27 January 2010	Buyback and cancellation of 9 ordinary shares of £0.10 each	Director leaving; buyback of residual shares	£32,335.50
21 April 2010	15,000 ordinary shares of £0.10 each	To incoming director	£33,835.50
22 June 2010	Buyback and cancellation of 5,756 ordinary shares of £0.10 each	Employees leaving	£33,259.90
13 January 2011	250 ordinary shares of £0.10 each	Employee share option exercised	£33,284.90
1 April 2011	Buyback and cancellation of 1,750 ordinary shares of £0.10 each	Reduction of shares in the EBT in preparation for the Acquisition	£33,109.90
2 November 2011	Buyback and cancellation of 157 ordinary shares of £0.10 each	Employee leaving	£33,094.20
20 January 2012	Buyback and cancellation of 750 ordinary shares of £0.10 each	Employee leaving	£33,019.20
20 January 2012	Buyback and cancellation of 250 ordinary shares of £0.10 each	Reduction of shares held in the EBT	£32,994.20

GIL

Date	No. of ordinary shares issued	Purpose of issue	Resultant issued share capital
18 November 1988	2 ordinary shares of £1 each	Incorporation	£2.00
22 June 1999	Authorised share capital sub-divided into ordinary shares of £0.10 each. Shares in issue become 20 ordinary shares of £0.10 each	Sub-division in preparation for capital restructure 1 July 1999	£2.00
1 July 1999	999,980 ordinary shares of £0.10 each	Capital restructure to retain and incentivise key management team members. Four managers are made directors and are each issued with a 9% shareholding; the two founding directors, Mr Roger and Mrs Helen Pannell, retain a combined 64% holding. Restructuring also facilitates wider employee share ownership	£100,000.00
26 March 2001	30,000 ordinary shares of £0.10 each	To the EBT	£103,000.00
11 April 2006	Buyback and cancellation of 90,000 ordinary shares of £0.10 each (note: transaction re-completed 8 March 2010 due to procedural errors)	Director leaving	£94,000.00
31 May 2006	62,710 ordinary shares of £0.10 each	To shareholders in Invacom Holdings Limited in buyout by share exchange; Invacom Holdings Limited becomes 100% subsidiary of GIL	£100,271.00
28 July 2006	30,000 ordinary shares of £0.10 each	To the EBT	£103,271.00
2 August 2006	21,244 ordinary shares of £0.10 each	To directors	£105,395.40
14 February 2007	13,252 ordinary shares of £0.10 each	To directors	£106,720.60
30 November 2007	15,716 ordinary shares of £0.10 each	To directors	£108,292.20

Date	No. of ordinary shares issued	Purpose of issue	Resultant issued share capital
28 April 2008	Buyback and cancellation of 10,622 ordinary shares of £0.10 each (note: procedural errors, transaction re-completed 8 March 2010)	Director leaving	£107,230.00
23 February 2009	23,836 ordinary shares of £0.10 each	To directors	£109,613.60

Invacom Holdings Limited

Date	No. of ordinary shares issued	Purpose of issue	Resultant issued share capital
12 January 2001	2 ordinary shares of £1 each	Incorporation	£2.00
12 January 2001	Authorised share capital re-designated 'A' ordinary and 'B' ordinary (non-voting) shares. Shares in issue re-designated as 'A' ordinary shares	To facilitate employee shareholding	£2.00
12 January 2001	98 'A' ordinary shares of £1 each	To shareholders in Invacom in preparation for buyout of Invacom and Invacom Holdings Limited becoming its holding company	£100.00
28 February 2001	46,875 'A' ordinary shares of £1 each	Further issues to shareholders in Invacom in buyout by share exchange; Invacom becomes 100% subsidiary of Invacom Holdings Limited. GIL holds 52% of Invacom Holdings Limited, three directors hold 16% each	£46,975.00
31 March 2002	1,524 'B' ordinary shares of £1 each	Employee share scheme	£48,499.00
10 May 2004	63 'B' ordinary shares of £1 each	Employee share scheme	£48,562.00
31 March 2005	29 'B' ordinary shares of £1 each	Employee share scheme	£48,591.00

Invacom Limited

Date	No. of ordinary shares issued	Purpose of issue	Resultant issued share capital
8 May 2000	2 'A' ordinary shares of £1 each	Incorporation	£2.00
27 June 2000	39,373 'A' ordinary shares of £1 each	To company founders Mr David Smith, Mr Gary Stafford (directors) and GIL (investor)	£39,375.00
31 December 2000	7,500 'A' ordinary shares of £1 each	To third director to complete company foundation; GIL holds 52%, three directors hold 16% each	£46,875.00

Invacom Systems Limited

Date	No. of ordinary shares issued	Purpose of issue	Resultant issued share capital
12 January 2001	2 ordinary shares of £1 each	Incorporation	£2.00
12 January 2001	98 ordinary shares of £1 each	Issue to holding company Invacom Holdings Limited on incorporation	£100.00

Fibre TV to Home Limited

Date	No. of ordinary shares issued	Purpose of issue	Resultant issued share capital
17 November 2009	1,000,000 ordinary shares of £0.01 each	Incorporation	£10,000.00

GI Provision Limited

Date	No. of ordinary shares issued	Purpose of issue	Resultant issued share capital
6 April 2011	100,000 ordinary shares of £0.01 each	Incorporation	£1,000.00

B.3.2 Shareholding Structure

As at the Latest Practicable Date, the shareholders of GIHL and their respective shareholdings are summarised below:

	Direct interest		Deemed interest	
	No. of shares	%	No. of shares	%
GIHL Directors[(1)]				
Anthony Taylor	30,000	9.09	24,825	7.52
David Jonathan Wren Fugeman	30,000	9.09	24,825	7.52
Ivan Horrocks	900	0.27	24,825	7.52
Gary Stafford	30,000	9.09	24,825	7.52
Malcolm Burrell	30,000	9.09	24,825	7.52
David Smith	30,000	9.09	24,825	7.52
John Stephen Parfitt	30,000	9.09	24,825	7.52
Jenifer Michelle Gray	2,100	0.64	24,825	7.52
Substantial shareholders				
Vistra Corporate Services Limited[(2)]	24,825	7.52	–	–
Helen Pannell[(3)]	30,000	9.09	54,825	16.62
Roger Pannell[(4)]	30,000	9.09	54,825	16.62
Remaining employees of GIHL	62,117	18.85	24,825	7.52

Notes:

(1) The directors of GIHL fall within the group of beneficiaries under the EBT and are deemed to be interested in the shares held by Vistra Corporate Services Limited.

(2) Holding in its capacity as the trustee of the EBT.

(3) Mrs Helen Pannell is the spouse of Mr Roger Pannell and is deemed to be interested in the shares held by Mr Roger Pannell.

(4) Mr Roger Pannell is the spouse of Mrs Helen Pannell and is deemed to be interested in the shares held by Mrs Helen Pannell.

Save as disclosed above and in *Appendix H – List of Vendors*, GIHL is not directly or indirectly owned or controlled by another corporation, any government or other natural or legal person whether severally or jointly. The directors of GIHL are not aware of any arrangement the operation of which may, at a subsequent date, result in a change in control of GIHL.

Save as disclosed above, there are no relationships among the shareholders and directors of GIHL.

B.3.3 Significant Changes in Ownership

Significant changes in the percentages of GIHL shares held by the directors and substantial shareholders of GIHL since its incorporation resulted primarily from a management buyout which occurred in 2009 (the "**Management Buyout**"). For more information on the Management Buyout, please refer to *Section B.4.1 History and Development* of this Circular.

Save as disclosed in the table below and in *Section B.3.1 Share Capital* of this Circular, there have been no significant changes in the ownership of GIHL shares during the period from its incorporation up to the Latest Practicable Date.

	Pre-Management Buyout				Post-Management Buyout			
	Direct interest		Deemed interest		Direct interest		Deemed interest	
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
Present GIHL Directors[(1)]								
Anthony Taylor	28,968	2.70	18,924	1.76	30,000	8.46	18,924	5.34
David Jonathan Wren Fugeman	90,000	8.39	18,924	1.76	30,000	8.46	18,924	5.34
Ivan Horrocks	0	0.00	18,924	1.76	0	0.00	18,924	5.34
Gary Stafford	27,177	2.53	18,924	1.76	30,000	8.46	18,924	5.34
Malcolm Burrell	90,000	8.39	18,924	1.76	30,000	8.46	18,924	5.34
David Smith	29,397	2.74	18,924	1.76	30,000	8.46	18,924	5.34
John Stephen Parfitt	10,622	0.99	18,924	1.76	30,000	8.46	18,924	5.34
Jenifer Michelle Gray	700	0.07	18,924	1.76	700	0.20	18,924	5.34
Substantial shareholders								
Vistra Corporate Services Limited[(2)]	18,924	1.76	0	0.00	18,924	5.34	0	0.00
Helen Pannell[(3)]	310,796	28.98	329,721	30.75	30,000	8.46	48,924	13.80
Roger Pannell[(4)]	310,796	28.98	329,721	30.75	30,000	8.46	48,924	13.80
Mark Birchall	90,000	8.39	18,924	1.76	30,000	8.46	18,924	5.34

Notes:

(1) The directors of GIHL fall within the group of beneficiaries under the EBT and are deemed to be interested in the shares held by Vistra Corporate Services Limited.

(2) Holding in its capacity as the trustee of the EBT.

(3) Mrs Helen Pannell is the spouse of Mr Roger Pannell and is deemed to be interested in the shares held by Mr Roger Pannell.

(4) Mr Roger Pannell is the spouse of Mrs Helen Pannell and is deemed to be interested in the shares held by Mrs Helen Pannell.

The GIHL shares held by the directors of GIHL and/or substantial shareholders of GIHL do not carry different voting rights from other GIHL shares.

B.3.4 Moratorium

To demonstrate their commitment to the Enlarged Group, each shareholder of GIHL (including the directors and substantial shareholders of GIHL) has undertaken such moratorium in respect of the Consideration Shares as may be required by the SGX-ST.

Information on the moratorium undertakings by the shareholders of GIHL (including the directors and substantial shareholders of GIHL) is set out in *Section A.6.3 Moratorium* of this Circular.

B.4 HISTORY AND BUSINESS

B.4.1 History and Development

The history of the GIHL Group can be traced back to 1985 when Mr Roger Pannell and his wife, Helen, set up a partnership which was converted into a private company in 1988 adopting the name GCL. GCL designed, manufactured and sold RF accessories and products. From its early days, GCL modelled itself as a bespoke solutions provider, focusing on delivering specific solutions for the emerging satellite TV market.

The directors of GIHL believe that as a result of this business model, GCL had brought to market many pioneering developments. Please refer to *Section B.4.7.4 Significant Milestones* of this Circular for further information. In 1988, GCL designed and manufactured the first multiswitch, an electronic signal-splitting device that allows signal from a single satellite dish to be split into multiple receivers. This was followed by the production of another first, the Mini Magic Switch, in 1989, a switch that allowed an individual dual output LNB to feed up to four separate satellite receivers. In 1992, GCL designed the first-ever LNB stacker, a device which allows two separate LNB signals to travel within a single cable without interfering with each other. This was followed a year later in 1993 with yet another first, the ADX frequency extender, a two-in-one frequency extender which extends the tuning range of a receiver at both ends of the spectrum to maximise reception of satellite signals. In 1994, GCL rolled-out the ADXplus, an original GCL product which converts the frequencies of satellite signals down by 500MHz bringing it within the tuning range of older model receivers. 1997 saw GCL become the first company to design and manufacture DiSEqC switches, a device that allows a single receiver to pick-up signals from and send signals to different satellite sources.

GCL achieved record sales of over 1 million frequency extenders in 1998. Also in 1998, EchoStar (then EchoStar Communications Corporation) commissioned GCL to develop the SW21 switch, marking the beginning of GCL's relationship with EchoStar, a relationship that continues up to the present. In the same year, GCL conceived the tvLINK® for BSkyB and the first ever tvLINK® and supporting products were produced. The tvLINK® product allows a user to view and control Sky TV from a viewing location in a different room to that of the receiver.

In order to meet EchoStar's increasing demand for the SW21 switch, GCL outsourced the manufacturing of the SW21 switch to RGL in 1999. EchoStar changed all of its switch requirements to the SW21, which was supplied exclusively by GCL. This heralded the dawn of next stage in the business relationship between GCL and EchoStar, when GCL became a volume switch supplier of EchoStar.

In 1999, in order to incentivise key personnel and to encourage their commitment in the long-term, Mr Roger and Mrs Helen Pannell divested 36% of their shareholding in GCL (representing 360,000 shares) to four members of the management team including Mr Malcolm Burrell and Mr David Jonathan Wren Fugeman who were made directors.

By 2002, GCL enjoyed high sales volume of its tvLINK® products and multiswitches. GCL also began supplying tvLINK® products to Multichoice Africa (Pty) Ltd, the leading multichannel digital satellite television operator across the African continent. By this time, approximately 97% of all GCL products were being manufactured by RGL in the PRC.

In April 2007, Mr Roger and Mrs Helen Pannell took a sabbatical from GCL. Prior to taking his leave, Mr Roger Pannell appointed Mr Anthony Taylor as the new Managing Director of GCL in September 2006. Mr Roger and Mrs Helen Pannell have from 2007, ceased to play any active part in the business of the GIHL Group.

Invacom was formed in 2000 by Mr David Smith, Mr Gary Stafford and another partner, with GCL contributing £22,500 in cash and £22,500 in the form of a loan in exchange for a 51% stake in Invacom. Invacom's main business activity was the development and manufacture of LNBs. As switches produced by GCL were to be incorporated into LNBs, GCL saw potential in investing in a downstream business.

Between its incorporation in 2000 and the merger with GCL in 2008, Invacom's achievements include the design and production of an integrated VSAT-LNB and the world's first circular and linear polarised LNB. Please refer to *Appendix E – List of Patents and Patent Applications* of this Circular for details of the patent filed in relation to the circular and linear polarised LNB.

In 2006, Invacom became EchoStar's sole source for a bespoke LNB design. This relationship eventually led to the volume supply of LNBs by Invacom to EchoStar.

GCL continued to design, supply and manufacture new products, including rolling out the Stacker De-Stacker in 2007, a device which allows signals from two LNBs to be transmitted to two separate receivers via a single cable.

GIL in its present form is the result of a merger of the operations of GCL and Invacom undertaken on 1 April 2008. GIHL was incorporated on 7 November 2008 and became the holding company of GIL and its subsidiaries on 25 February 2009 pursuant to a share exchange agreement. The newly-formed GIHL Group continues to be a leading innovator in its field. Notably, the GIHL Group designed and produced the world's first Fibre LNB in 2007. Please refer to *Appendix E – List of Patents and Patent Applications* of this Circular for details of the patent filed in relation to Fibre LNB.

In 2009, the management team at that time undertook a Management Buyout wherein the members of the management team purchased shares of GIL from Mr Roger and Mrs Helen Pannell, reducing the combined shareholdings of Mr Roger and Mrs Helen Pannell from approximately 561,593 to 60,000 shares. Please refer to *Section B.3.3 Significant Changes in Ownership* of this Circular for further information on the Management Buyout.

In March 2010, GIL entered into a share purchase agreement with Thumb (China) Holdings Limited ("**TCH**") and the liquidators of TCH, pursuant to which GIL acquired a controlling stake in RGL, its main supplier. Pursuant to the requirements of the Code, on 16 August 2010, GIL undertook a mandatory unconditional cash offer ("**MGO**") for all the Shares, other than those already owned, controlled or agreed to be acquired by GIL, The Pacific Trust (being a concert party to GIL in relation to the MGO) or any party acting in concert with GIL. Under the terms of the MGO, GIL offered to acquire such outstanding Shares at a cash price of S$0.07618 per Share. At the close of the MGO on 14 September 2010, GIL received valid acceptances in respect of an aggregate of 10,291,703 Shares, representing approximately 3.90% of the then issued share capital of RGL. GIL transferred all the Shares acquired from the share purchase agreement and from acceptances to the MGO which amounted to 56.31% of the then issued share capital of RGL to The Pacific Trust, a discretionary trust constituted for the benefit of all employees and officers as well as former employees and former officers of the GIHL Group. As at the Latest Practicable Date, none of the GIHL Group companies held any Shares.

In September 2010, the GIHL Group commenced the sale of satellite dishes, which is a new product line under the DBS segment, in particular Zone 1 and Zone 2 Reflectors, to BSkyB. These satellite dishes were manufactured by KLM, a UK subcontractor.

In April 2011, GI Provision Limited, a wholly-owned subsidiary of GIHL, acquired from the liquidator of PCTL, the commercial records, fixtures and fittings, goodwill, intellectual property and third party intellectual property rights, equipment, stock and work in progress for the sum of £200,000. GI Provision Limited will continue to design, develop and license digital wireless technologies and audio/visual processing technologies, as PCTL did, which have synergistic alignment with the trading activities of the GIHL Group.

In April 2012, the GIHL Group entered into an equipment hire agreement and a framework agreement with KLM to lease KLM's manufacturing facilities in Birmingham, UK and the equipment to manufacture satellite dishes. The GIHL Group also hired the employees whom were previously employed by KLM for the satellite dish manufacturing business.

B.4.2 Industry Overview

B.4.2.1 DBS Market

The largest volume of satellite-related components and products is consumed by the DBS industry. DBS systems are primarily used to transmit video and audio signals for home entertainment across most of the USA, Europe, Australasia and elsewhere.

Globally, the two largest DBS service providers in terms of television subscribers are the DirecTV Group and DISH. Both the DirecTV Group and DISH service the USA, and have approximately 42.06 million television subscribers worldwide between them. Presently, the DirecTV Group leads the way with approximately 28 million television subscribers[1], followed by DISH, with an estimated 14.06 million television subscribers[2]. BSkyB of the UK,

(1) As at 31 December 2010, based on the aggregate number of subscribers for DirecTV U.S. and DirecTV Latin America, as disclosed in the 2010 Annual Report of DirecTV. (Available at: http://investor.directv.com/). We have not asked DirecTV for its consent to the inclusion of the information referred to above for the purposes of Section 249 of the SFA and DirecTV is thereby not liable for these statements under Section 253 and 254 of the SFA. While the directors of GIHL have taken reasonable action to ensure that the information is extracted accurately and fairly and has been included in this Letter in its proper form and context, they have not independently verified the accuracy of the relevant information.

(2) As at 30 June 2011, as disclosed in Form 10-Q filed by DISH with the United States Securities and Exchange Commission. (Available at: http://dish.client.shareholder.com/results.cfm). We have not asked DISH for its consent to the inclusion of the information referred to above for the purposes of Section 249 of the SFA and DISH is thereby not liable for these statements under Section 253 and 254 of the SFA. While the directors of GIHL have taken reasonable action to ensure that the information is extracted accurately and fairly and has been included in this Letter in its proper form and context, they have not independently verified the accuracy of the relevant information.

with a television subscriber base of not less than 10 million television subscribers[(1)], is the next largest broadcaster, followed by Canal+ of France, which has 7 million subscribers[(2)]. The number of subscribers after these four major companies drops significantly, either due to immaturity of market, multiple competitors in the DBS market, government regulations or language considerations.

Global consumers are increasingly considering pay-television a basic home service and demanding a wide range of programming options. With the cost of expanding terrestrial coverage considerably inhibitive[(3)], it is believed that markets for the DBS systems will further expand, given that DBS has economies of scale for continental coverage and has the channel capacity to offer a wide selection of high quality television programming.

B.4.2.2 Fibre Market

The increased popularity of services such as HD TV, video on demand, video telephony and conferencing has increased the demands by consumers for fast internet and multimedia access[(4)]. Although consumers are demanding faster data, video and audio upload speeds, the distribution networks outside and inside buildings are often overwhelmed due to their older wiring and transmission methods. For this reason, broadcasters and network operators are increasingly replacing existing copper cables with fibre optic cables.

Additionally, notwithstanding DBS's unique capability of providing coverage over large geographical areas, the major DBS broadcasters have not achieved great success in the MDU market. The MDU market presents great opportunities for broadcasters and service providers pushing the benefits of optical fibre directly to multiple living areas. There are approximately 26 million occupied apartments out of a total of 123 million homes in the

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(1) As disclosed in the Results for the Twelve Months Ended 30 June 2011, as released by British Sky Broadcasting Group PLC. (Available at: http://corporate.sky.com/investors/rns_and_sec_filings/24de29b72a88492bac9f54d06e2c39f3/2011.htm). We have not asked British Sky Broadcasting Group PLC for its consent to the inclusion of the information referred to above for the purposes of Section 249 of the SFA and British Sky Broadcasting Group PLC is thereby not liable for these statements under Section 253 and 254 of the SFA. While the directors of GIHL have taken reasonable action to ensure that the information is extracted accurately and fairly and has been included in this Circular in its proper form and context, they have not independently verified the accuracy of the relevant information.

(2) Canal+ Website (Available at: http://www.canalplusfrance.fr/communiques-de-presse/). We have not asked Canal+ for its consent to the inclusion of the information referred to above for the purposes of Section 249 of the SFA and Canal+ is thereby not liable for these statements under Section 253 and 254 of the SFA. While the directors of GIHL have taken reasonable action to ensure that the information is extracted accurately and fairly and has been included in this Letter in its proper form and context, they have not independently verified the accuracy of the relevant information.

(3) International Telecommunication Union, *World Telecommunication / ICT Development Report 2010 – Monitoring the WSIS Targets*, at page 170. (Available at: http://www.itu.int/ITU-D/ict/publications/wtdr_10/material/WTDR2010_Target8_e.pdf). We have not asked International Telecommunication Union for its consent to the inclusion of the information referred to above for the purposes of Section 249 of the SFA and International Telecommunication Union is thereby not liable for these statements under Section 253 and 254 of the SFA. While the directors of GIHL have taken reasonable action to ensure that the information is extracted accurately and fairly and has been included in this Letter in its proper form and context, they have not independently verified the accuracy of the relevant information.

(4) ADC KRONE Website, *Taking Fibre Inside The MDU: Considerations For Running Fibre to Individual Units*, at page 2. (Available at: http://www-wsp.adckrone.com/pdf/en-pdfs/whitepaper/201519BE.pdf). We have not asked ADC KRONE for its consent to the inclusion of the information referred to above for the purposes of Section 249 of the SFA and ADC KRONE is thereby not liable for these statements under Section 253 and 254 of the SFA. While the directors of GIHL have taken reasonable action to ensure that the information is extracted accurately and fairly and has been included in this Letter in its proper form and context, they have not independently verified the accuracy of the relevant information.

USA(1), which translates to approximately 17% of such occupied homes. There is also a large MDU market in Europe, given the large distribution of population in apartment-type dwelling in France (34.3%), Germany (54.4%), Italy (53.4%) and other major cities(2). Based on the last census in the UK, Britain had 11.4% of its 21.6 million households living in apartments(3).

The GIHL Group's fibre solutions are developed to capitalise on this potential. In using a single shared satellite dish, together with the advantages of transmitting digital video signals transposed on analogue carrier waves by laser over fibre, the MDU market is being opened up for DBS broadcasters and network operators.

B.4.2.3 VSAT Market

The VSAT service market is currently dominated by two major players – Hughes with 626,000 installed systems and Viasat Inc. with 380,000 installed systems. The next largest service is provided by the Thailand-based Shin Satellite Corporation with 189,555 systems set up across South-East Asia, Australia, New Zealand and Southern China(4) as at December 2009.

To meet broadband data requirements which arise from "full coverage for all" policies mandated by many governments around the world in recent years, VSAT solutions have been deployed by companies such as Avanti Communication Group plc in the UK and Eutelsat in Europe. These solutions offer satellite-broadband services to any location within the satellite footprint, and operate mostly in the Ka band.

While smaller countries such as Singapore have switched to a fibre optic delivery system, the fact remains that the majority of countries in the world, including the USA and most countries in Europe, will continue to rely on satellite technology which has the advantage of being unaffected by geographical features such as mountains and large bodies of water. In addition, emerging nations are also unlikely to bury cables across large areas of undeveloped countryside given its impracticality and high costs. Hence, the Directors are of the view that the demand for VSAT technology will likely be high in the foreseeable future,

(1) U.S. Census Bureau, *American Housing Survey for the United States in 2009 – Data Tables.* (Available at: http://www.census.gov/hhes/www/housing/ahs/ahs09/1-1.xls). We have not asked U.S. Census Bureau for its consent to the inclusion of the information referred to above for the purposes of Section 249 of the SFA and U.S. Census Bureau is thereby not liable for these statements under Section 253 and 254 of the SFA. While the directors of GIHL have taken reasonable action to ensure that the information is extracted accurately and fairly and has been included in this Letter in its proper form and context, they have not independently verified the accuracy of the relevant information.

(2) European Environment Agency, *Housing Statistics – Tables, Figures and Maps, 2011.* (Available at: http://epp.eurostat.ec.europa.eu/statistics_explained/images/archive/a/a0/20101126170848%21Housing_statistics_2011.xls). We have not asked European Environment Agency for its consent to the inclusion of the information referred to above for the purposes of Section 249 of the SFA and European Environment Agency is thereby not liable for these statements under Section 253 and 254 of the SFA. While the directors of GIHL have taken reasonable action to ensure that the information is extracted accurately and fairly and has been included in this Letter in its proper form and context, they have not independently verified the accuracy of the relevant information.

(3) Office of National Statistics (UK), *Census 2001 – People and their homes in England and Wales.* (Available at: http://www.statistics.gov.uk/census2001/profiles/commentaries/housing.asp#premises). We have not asked the Office of National Statistics (UK) for its consent to the inclusion of the information referred to above for the purposes of Section 249 of the SFA and the Office of National Statistics (UK) is thereby not liable for these statements under Section 253 and 254 of the SFA. While the directors of GIHL have taken reasonable action to ensure that the information is extracted accurately and fairly and has been included in this Letter in its proper form and context, they have not independently verified the accuracy of the relevant information.

(4) Via Satellite Magazine, July 2010 edition. We have not asked Via Satellite Magazine for its consent to the inclusion of the information referred to above for the purposes of Section 249 of the SFA and Via Satellite Magazine is thereby not liable for these statements under Section 253 and 254 of the SFA. While the directors of GIHL have taken reasonable action to ensure that the information is extracted accurately and fairly and has been included in this Letter in its proper form and context, they have not independently verified the accuracy of the relevant information.

especially in emerging nations within Asia and Africa. This is evidenced by the rapid opening-up of communication channels based on mobile voice and data technologies across jurisdictions like the PRC, something which would not have been possible if users were to rely on cross-country cable-based systems[(1)].

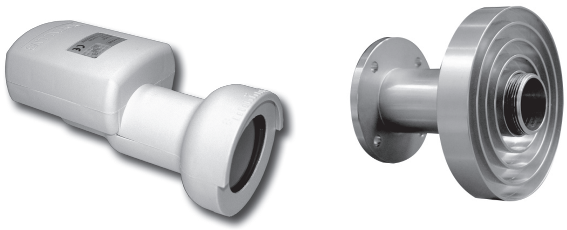
The satellite Internet market also continues to expand: the number of homes equipped for satellite Internet in the world has increased by over 30% a year over the last two years. VSAT growth in the enterprise market also continues to show double-digit growth, underscoring the ongoing need for two-way satellite terminals to connect companies in remote locations and where terrestrial networks are not deployed. These two key markets are expected to propel forward the satellite broadband market, with average annual revenue growth of 7.2% between 2010 and 2015. Growth in sub-Saharan Africa is expected to be 13% during this period and 18% in Russia and Central Asia[(2)].

B.4.3 Principal Products

The GIHL Group is principally engaged in the design, manufacture (majority of which is outsourced to third party contract manufacturers) and sale of RF, IF and fibre products used in satellite-related transmissions of video and audio signals as well as other types of data.

The product portfolio of the GIHL Group is extensive and currently consists of more than 400 product items covering all of the GIHL Group's market segments including DBS, fibre and VSAT. The GIHL Group has a established practice of selling and/or licensing finished products or customised OEM products to its customers, and the GIHL Group plans to continue to use this strategy to gain entry into specific markets, and to reduce competition faced by its product designs.

B.4.3.1 DBS



(1) Yuko Kishino, *China Interior Regions Telecommunications Network Expansion Project, 2004* (Available at http://www.jica.go.jp/english/operations/evaluation/oda_loan/post/2005/pdf/2-28_full.pdf). We have not asked Yuko Kishino for her consent to the inclusion of the information referred to above for the purposes of Section 249 of the SFA and Yuko Kishino is thereby not liable for these statements under Section 253 and 254 of the SFA. While the directors of GIHL have taken reasonable action to ensure that the information is extracted accurately and fairly and has been included in this Letter in its proper form and context, they have not independently verified the accuracy of the relevant information.

(2) Eutelsat – over 30 years of satellite communications, Eutelsat Press Kit, November 2011, available at http://www.eutelsat.com/news/media_library/newskit/press_kit.pdf. We have not asked Eutelsat for its consent to the inclusion of the information referred to above for the purposes of Section 249 of the SFA and Eutelsat is thereby not liable for these statements under Section 253 and 254 of the SFA. While the Directors have taken reasonable action to ensure that the information is extracted accurately and fairly and has been included in this Circular in its proper form and context, they have not independently verified the accuracy of the relevant information.

Traditionally, a majority of the sales of the GIHL Group comes from switches which form part of complex home installations in the USA. While the GIHL Group continues to make switches in high volume, it has simultaneously begun placing a greater emphasis on its LNB products. The shift in focus is in recognition that similar switch technology is being incorporated into LNBs found in satellite dish installations and the directors of GIHL see an opportunity for the GIHL Group to capitalise on its experience with switches to more easily infiltrate the LNB market.

When the GIHL Group entered the switch and LNB markets, it developed a range of standard products in order to provide off-the-shelf solutions for customers and to stimulate demand for its technical capabilities. The GIHL Group then proceeded to use the knowledge gained from the development of such standard products to develop bespoke solutions as well as switches and LNB products for OEM customers. In this way, the GIHL Group has been able to attain sole supplier position for specific LNB and VSAT products in relation to major customers such as DISH, EchoStar and Hughes.

In 2010, the GIHL Group began to supply satellite dishes to BSkyB.

B.4.3.2 Fibre

Over the last five years, the GIHL Group has developed various systems based on fibre optic technology. One of the technologies patented by the GIHL Group involves taking RF analogue signals at the satellite dish and converting them via laser into fibre optic transmission. Please refer to *Appendix E – List of Patents and Patent Applications* of this Circular for details of the patent filed in relation to optical distribution of DBS signals. The single fibre is then able to carry video, sound and data from multiple satellites to multiple locations along a passive (non-powered and non-amplified) optical network.

In the larger systems, the technology supplies tens of thousands of residences from a single dish head end tens of kilometres away from the receiving location whereas the entry level system supplies 64 residences from a single dish antenna. At each residence, a GTU connected to the fibre network gives the individual occupant the equivalent of a twin or quad output LNB at each residence, offering the possibility of connecting up to 4x HD set-top boxes or 2x recording HD set-top boxes.

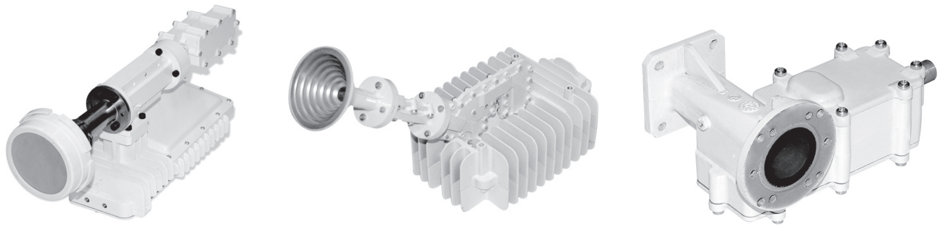
This system has been adopted in holiday homes, apartment blocks, secure housing, retirement accommodation, offices and new towns such as the Thames Gateway development near London, UK. Further development has allowed broadband and DDT to be incorporated onto the same fibre network. The directors of GIHL believe that the potential of this technology is enormous in every jurisdiction where satellite broadcast is available or will be rolled out.

In addition to bringing video signals into the home using fibre optics, the directors of GIHL also see a market for extending the technology to distribution around the home given its potentially lower cost, smaller physical size and better performance as compared to traditional coaxial cables. The emergence and rapid rise in popularity of IPTV also further encourage the GIHL Group to continue exploring the fibre optic market.

The GIHL Group is leading the way in working with a leading service provider and the ESA to develop an IP-based LNB, where the transmission and reception is via satellite, but at or close to the dish antennas the signal is converted to digital packetized data and transmitted around existing data networks, whether traditional copper TCP/IP networks, gigabit fibre or wireless.

Recognising that this is not the end game, the GIHL Group is constantly improving and moving beyond coaxial and fibre optics towards what currently appears to be the ultimate goal: wireless technology.

B.4.3.3 VSAT and Accessories



The GIHL Group also designs VSAT satellite components in the Ka and Ku frequency bands. These include LNBs, transmitters, OMTs and transceivers. In particular, the GIHL Group develops bespoke designs in high volume for Hughes, the market-leading service provider, which has captured a majority of the world market in the VSAT technology segment.

Historically, the GIHL Group has supplied VSAT satellite components in the long-established Ku frequency band. More recently, the GIHL Group has become one of the first volume suppliers of VSAT satellite components in the emerging Ka frequency band which is growing rapidly in use. The barriers to entry for the Ka frequency band are significantly greater than that of the Ku frequency band due to the increased technical difficulty involved in designing VSAT satellite components to conform to the tolerances required for the Ka frequency band.

The GIHL Group also designs, develops and supplies a range of accessories including amongst others, the tvLINK® range and the Stacker De-Stacker. Accessories tend to be products requested by the GIHL Group's customers, such accessories including installers and distributors to extend the standard features of a given delivery system. In some cases, accessories are customer branded products which the GIHL Group proceeds to market directly, or products that are further developed from these initial customer developments.

B.4.4 Business Process

Product idea → Design → Production → Sale and delivery

The idea for a new product usually emerges either as a result of R&D efforts initiated from within the GIHL Group or following on from discussions with parties within the industry. For more information on the product conceptualisation stage in the business process, please refer to *Section B.4.7 Research and Development* of this Circular.

From the new product idea, a BOM is drawn up to facilitate costs discussions between the GIHL Group and its contract manufacturers. The GIHL Group has a big part to play in negotiating the costs of key components used in each BOM. The GIHL Group liaises directly with key suppliers on component costs and future component developments. To ensure consistency in the quality of its products, contract manufacturers of the GIHL Group purchase key raw materials from suppliers designated by the GIHL Group.

As the design authority, the GIHL Group designs its products to meet or exceed customer specifications. All electronic and mechanical designs are conceived in the UK office and converted into drawings, specifications, assembly and test instructions.

The GIHL Group subcontracts the majority of its production activities to the Radiance Group and G-Star. The GIHL Group also began to manufacture satellite dishes in April 2012.

The Radiance Group manufactures the vast majority of the products of the GIHL Group in its factories in the PRC. In FY2011, the GIHL Group contracted the Radiance Group to provide services for a value of approximately S$45 million.

G-Star manufactures LNBs on behalf of the GIHL Group, as does the Radiance Group. G-Star was contracted to start production in 2010 as a lower cost alternative to the Radiance Group.

All production is carried out to the GIHL Group's designs, drawings, BOMs and specifications. The GIHL Group's subcontract manufacturers build to print. The GIHL Group is the technical innovator in respect of products development.

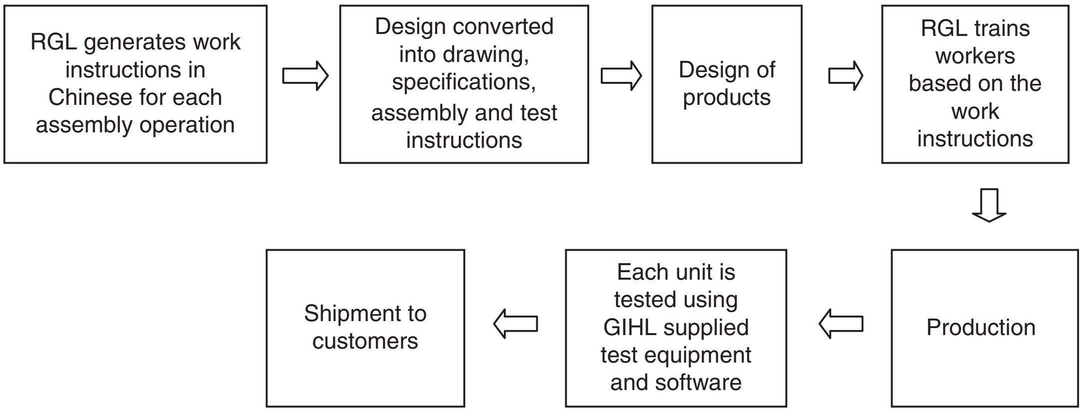
All test equipment and software used in the manufacture of products is supplied by the GIHL Group and specialist test equipment (mainly supplied by Agilent) is maintained by the GIHL Group on annual repair and calibration contracts. Test equipment is purchased in advance by the GIHL Group based on customer volume requirements and test time calculations. All test equipment on premises belonging to the Radiance Group is networked and test results stored in a database maintained by the GIHL Group. This test data can be accessed in real time from anywhere in the world where internet access is available. This gives the GIHL Group engineers the convenience of reviewing current production throughput, yields and fail codes.

Each manufacturing site working on contract with the GIHL Group is given a six-month forecast from which to order materials and plan production build/shipments. The forecast is derived from current stock and customer requirement information, which is turned into a build/ship plan by the manufacturers whose progress is reported to the GIHL Group every day by the factories. Daily yield reports are also supplied by the factories and based on these reports, GIHL Group engineers will liaise with the factory engineers and act on any issues arising.

The GIHL Group instructs the manufacturers on where to ship the stock and when. Stock ownership shifts from the manufacturers to the GIHL Group when the manufacturers ship the products from their manufacturing locations, except in situations where customers of the GIHL Group arrange for direct collection.

The integration of the GIHL Group with the Radiance Group will allow the GIHL Group increased control over its supply chain and allow the Enlarged Group to save costs through economies of scale.

B.4.5 Quality Control



Products of the GIHL Group undergo stringent quality control inspection at every stage of the business process. All drawings, BOM and procedures are controlled by the GIHL Group. All components purchased by contract manufacturers are specified by the GIHL Group and all key suppliers are pre-approved by the GIHL Group. Both G-Star and RGL's subsidiaries in the PRC are ISO9001 approved manufacturers.

In addition, prior to it leaving the premises of the contract manufacturers, each unit is tested using test equipment supplied by the GIHL Group and software developed specifically by the GIHL Group for the product in question.

As part of the ongoing improvement strategy adopted by the GIHL Group, all test equipment utilised by the Radiance Group is now connected to a network which is accessible by the GIHL Group in real time. The Directors believe that this system has the following advantages:

(a) the storage of test data for every unit manufactured by the Radiance Group and through the designation of a unique serial number for each unit, test data for any specific unit can be extracted from the database and examined at any time;

(b) accessibility to the database from anywhere in the world with an internet connection; and

(c) the test equipment is programmed to alert the operator if a particular unit has not undergone a prior test in the testing process. The test software will not allow that particular unit to undergo further testing. This ensures that all units undergo the full battery of tests without exception. At the final stage of testing, a unique serialised label is printed for each unit. The labelling software counterchecks each unit against its database and a label will not be printed until the unit has undergone and passed every single test.

For components manufactured by suppliers other than the Radiance Group, similarly stringent safeguards are adopted and representatives from the GIHL Group continually make site visits to factories of the suppliers to inspect the production and testing processes.

During the Period Under Review, there has been no significant rejection of any of the products of the GIHL Group.

B.4.6 Awards and Accolades

In 2006, Invacom and GCL were awarded First Prize in the ASTRA Innovation Contest 2006 for its work as a Hardware/Equipment Manufacturer in relation to the development of optical fibre distribution of DBS signals.

GIHL has also received the Innovation TELE-satellite & Broadband Award 04-05/2008 for the Global Invacom Optical LNB(1), the Innovation TELE-satellite & Broadband Award 08-09/2009 for the Global Invacom Optical LNB(2) and the TELE-satellite Award 12-01/2010 for the Global Invacom Optiscan(3).

B.4.7 Research and Development

One of the key factors contributing to the growth of the GIHL Group is its emphasis on R&D efforts. R&D activities are initiated by the Business Development Director, Mr Gary Stafford, and executed by the engineering team.

(1) TELE-satellite Digital TV Magazine, Issue 0805. (Available at http://magazine.tele-satellite.com/eng/TELE-satellite-0805.pdf) We have not asked TELE-satellite Digital TV Magazine for its consent to the inclusion of the information referred to above for the purposes of Section 249 of the SFA and TELE-satellite Magazine is thereby not liable for these statements under Section 253 and 254 of the SFA. While the directors of GIHL have taken reasonable action to ensure that the information is extracted accurately and fairly and has been included in this Letter in its proper form and context, they have not independently verified the accuracy of the relevant information.

(2) TELE-satellite Digital TV Magazine, Issue 0909. (Available at http://www.tele-satellite.com/content/eng/0909.pdf) We have not asked TELE-satellite Digital TV Magazine for its consent to the inclusion of the information referred to above for the purposes of Section 249 of the SFA and TELE-satellite Magazine is thereby not liable for these statements under Section 253 and 254 of the SFA. While the directors of GIHL have taken reasonable action to ensure that the information is extracted accurately and fairly and has been included in this Letter in its proper form and context, they have not independently verified the accuracy of the relevant information.

(3) TELE-satellite Digital TV Magazine, Issue 1001. (Available at http://www.tele-satellite.com/content/eng/1001.pdf) We have not asked TELE-satellite Digital TV Magazine for its consent to the inclusion of the information referred to above for the purposes of Section 249 of the SFA and TELE-satellite Magazine is thereby not liable for these statements under Section 253 and 254 of the SFA. While the directors of GIHL have taken reasonable action to ensure that the information is extracted accurately and fairly and has been included in this Letter in its proper form and context, they have not independently verified the accuracy of the relevant information.

B.4.7.1 Joint R&D Programmes with Industry Partners

The strategy of looking beyond the present needs of the market has enabled the GIHL Group to develop the optical LNB ahead of any competitors. For this particular product, a need was identified following discussions with various parties within the industry a full seven years prior to the launch of the product. During this time, the GIHL Group carried out background research and design work on the fundamental components of the system through a series of R&D programmes with parties who are long standing associates of the GIHL Group. The GIHL Group's strategy of jointly funding R&D programmes with its component partners has enabled GIL to procure components which are custom-made to its designs, giving GIL another significant lead over its competitors.

The GIHL Group's engineers work with various design tools and test equipment. The GIHL Group has expanded significant resources into acquiring several suites of the industry's leading software tools to simulate complex RF waveguide structures and PCB elements. These tools allow the GIHL Group's designers to simulate a complex system without needing to manufacture any prototype parts, thus reducing the design-prototype-test cycle time as well as allowing for testing of multiple designs in parallel which would otherwise be difficult to undertake due to time constraints during projects.

B.4.7.2 Joint R&D Programmes with Renowned Universities

In recent years, the GIHL Group has begun working with some of Europe's leading universities to explore new technologies that will further increase the GIHL Group's lead over its competitors. The GIHL Group offers research grants to engineering departments within its chosen universities and to date has in place research programmes with the University of Belfast in Ireland, the University of Kent in England, the University of Bristol in England, the University of Bath in England and the University of Lille in France. These collaborations with universities allow the GIHL Group access to R&D activities which it would otherwise have to allocate additional resources to undertake internally. Pending successful outcome of these research programmes, the GIHL Group intends to undertake more research programmes with additional universities.

B.4.7.3 Joint R&D Programmes with the ESA

The GIHL Group also intends to continue applying for R&D funding from the ESA and other European agencies. In addition, after Completion, the GIHL Group plans to explore other avenues of research funding within Asia.

Please refer to *Section B.4.7.5 Grants from ESA, EC External Funded Projects Table* of this Circular for a list of past and current external funded projects.

B.4.7.4 Significant Milestones

To the best knowledge of the directors of GIHL, the GIHL Group has achieved a number of major industry milestones with its emphasis on R&D including the following:

Year	Milestone
1988	Design and manufacture of the first DBS multiswitch
1990	First Mini Magic Switch
1992	First LNB stacker
1993	First satellite TV frequency extender
1998	Invention of tvLINK® for BSkyB
2001	Launch of the world's first integrated VSAT-LNB
2004	Launch of another world first, the circular polar/linear polar LNB
2007	Launch of one cable frequency extenders
2009	The first optical LNB

B.4.7.5 Grants from ESA, EC External Funded Projects Table

Project	Project Number	Start Date	End Date	Funding	Contract Value Euro
DVB-RCS Terminal Outdoor Units	15961/02/ NL/US	February 2002	February 2003	ESA	1,029,026
Circular and Linear LNB Study	Na	December 2003	February 2004	ESA	25,097
Dual Linear and Circular Polarised LNB	18289/04/ NL/AD	June 2004	March 2005	ESA	342,568
Echostar LNB	18973/05/ NL/AD	May 2005	June 2006	ESA	1,335,654
13GHz Transceiver	19286/05/ NL/US	September 2005	September 2006	ESA	620,508
Optical Distribution of DBS Signals	20165/06/ NL/US	September 2006	October 2007	ESA	921,326
Triple Feed LNB	20166/06/ NL/US	September 2006	July 2007	ESA	902,712
Ka Band Transceiver	22221/09/ NL/US	May 2009	January 2011	ESA	773,366
RF Optical Components for DBS	22474/09/ NL/CLP	May 2009	January 2011	ESA	506,682
OPTOSAT Optical DBS for DTH	FP7-SME-2008-1-230881	January 2010	January 2012	EC	1,345,535
Case Study Award PhD Student Sponsorship Queens University Belfast Transmitting and Receiving Systems for DBS and VSAT	N.A.	September 2008	July 2012	UK Department of Trade and Industry	33,842
				Total	**7,836,316**

Expenses incurred for the GIHL Group's R&D activities for FY2009, FY2010 and FY2011 were approximately US$3.4 million, US$4.4 million and US$4.4 million respectively. This accounts for 4.7%, 8.2% and 7.0% of the GIHL Group's revenue for FY2009, FY2010 and FY2011 respectively. The Directors do not expect any significant changes to the R&D expense percentages in the near future. Such R&D expenses include R&D consumables, wages and salaries of engineers and relevant computer software.

B.4.8 Sales and Marketing

The majority of the GIHL Group's sales are made from business to business. To facilitate this, the GIHL Group has two sales teams. The first team, headed by Mr David Jonathan Wren Fugeman and made up of three sales staff, is responsible for the DBS LNB, switch and dish markets. The second team, headed by Mr Ivan Horrocks and comprise four sales staff, is responsible for the VSAT, fibre and accessories markets.

The GIHL Group's marketing strategies include making appearances at and sponsoring industry exhibitions, such as ANGA Cable Show, International Broadcast Convention (IBC), SATELLITE 2011, Confederation of Aerial Industries exhibitions, DISH Team Summit. Where possible, the brand name of GIHL Group appears on products but the majority of products are supplied as OEM for branding reasons.

B.4.8.1 DBS

Although the GIHL Group has a range of off-the-shelf LNBs and switches, these tend to be more technology demonstrators, used in fairly low volumes in niche markets. Our long-standing relationships with businesses responsible for installing in-home delivery systems for the satellite broadcasters allow us to work with them in advance of new technical requirements, be it in the LNB, switch or products in the re-transmission area. The GIHL Group sales and marketing team is tasked with building relationships such that the GIHL Group is appraised of new opportunities early enough to be involved in specifying the product.

The GIHL Group's ongoing goal is to have the most technically capable designers involved in specific areas of speciality, and this normally results in our design specialists being consulted by our customers for their expertise in technical product designs. This works for both parties, with the GIHL Group getting involved in new developments early, and our customers getting to try new products out with minimal risk incurred in terms of cost. In this way, the GIHL Group's sales and marketing team is cognisant of these developments and is able to initiate early discussions with the players in the supply chain.

The substantive work for the sales and marketing team of the GIHL Group commences when the RFP is sent out by a customer of the GIHL Group in the supply chain. In preparing the bid, the sales and marketing team of the GIHL Group will work closely with its internal design and operations groups to achieve the best overall technical solution and cost effective proposal in response to the RFP.

In the DBS LNB, switch and dish market, RF high frequency complex products are needed rapidly for new broadcasting offerings in high volumes. While cost is undoubtedly an important factor, performance, reliability, rapid delivery, efficient and safe logistics in respect of products and services are also critical factors. Although the GIHL Group's customers generally make profits from television subscriptions and not the delivery equipment, without the equipment being reliable and available in a timely manner, there can be no subscription.

B.4.8.2 Fibre

The fibre market is somewhat different as fibre products have been initiated from within the GIHL Group when it recognised that there was a problem servicing multiple locations from a single dish source. Fibre products are being rapidly adopted in install solutions where existing DBS reception technology is not viable. A very different sales and marketing strategy has to be adopted accordingly given that the GIHL Group is appealing to new markets or groups within existing customer bases.

The engagement of established satellite TV distributors has also been very important to the GIHL Group in getting its fibre product range launched. The major OEMs have started to take up all of the GIHL Group's fibre products, initially on small projects where fibre provided a solution for specific install problems, before moving onto major installation programmes with leading satellite broadcasters in Europe. Accordingly, the marketing of the fibre product range by the GIHL Group's sales team has been more focused on advertising in trade journals, industry-sponsored road shows and fibre based exhibitions. The Directors believe that being the only entity to offer such products has given the GIHL Group the opportunity and the competitive edge to provide all the components to put the entire system together as well as the tooling required for their installation.

The GIHL Group has a network of more than ten distributors across Europe, with a more focused approach in the Middle East, Asia Pacific and other regions. In the USA, the GIHL Group's distribution of its fibre products is limited by the fact that the majority of its USA products are bespoke design for customers using their own branding.

In order to widen the market appeal of its fibre products, the GIHL Group manufactures customised units for its OEM customers. Consistently developing customised units allows the GIHL Group to be able to sell modules to its OEM customers quickly, allowing them to customise the look of their products so that they can be distinguished from those of the GIHL Group. The GIHL Group is developing a range of custom components such as custom lasers, detectors, laser modules and custom semiconductors to enhance the performance of its future products.

The GIHL Group acquired, by way of subscription, 490,000 new shares of par value £0.01 each in the capital of Fibre TV to Home Limited, representing a 49% interest in the issued share capital of Fibre TV to Home Limited for a total consideration of US$7,955 in 2009. The consideration was arrived at after taking into account, *inter alia*, the par value of the shares. Fibre TV to Home Limited 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 primarily utilising fibre based products developed by GIL.

B.4.8.3 VSAT and Accessories

The VSAT market is dominated by a few major players most of which are customers of the GIHL Group, and like the DBS LNB, switch and dish markets, a technical relationship as well as a commercial one is crucial to marketing these products.

Accessories tend to be products requested by the GIHL Group's customers, such as installers or distributors to extend the standard features of a given delivery system. In some cases, accessories are customer branded products wherein the GIHL Group subsequently proceed to market directly, or products that are further developed from these initial customer developments. Sales of accessories tend to be through the GIHL Group's distribution networks, its web portal or via tele-marketing. Initial marketing for accessories in many cases has been made through television advertisements and the campaigns run by the broadcaster initiating the development often promotes certain Internet web sites which the GIHL Group may run and control. In this connection, the GIHL Group subsequently follows up with targeted advertising on trade magazines and advertising on the product specific Internet websites or *vis-a-vis* targeted distribution programmes.

B.4.9 Intellectual Property

Being in a high technology industry, the GIHL Group's competitive edge lies in its R&D and the resulting intellectual property. The GIHL Group's intellectual property consists of patents (and applications for patents), confidential information, trade secrets, technical data, know-how, designs and trademarks. The Business Development Director, Mr Gary Stafford, continually reviews all inventions and innovations within the GIHL Group to ascertain the level of protection required and the preferred protection method for all newly-generated intellectual property. In instances where the estimated costs of protecting certain intellectual property rights outweighs the potential value perceived to be derived from such protection, the GIHL Group may choose not to apply for any patents in respect of such invention or innovation but instead to protect it through other means. The GIHL Group is of the view that it is not always in the best interests of the GIHL Group to apply for patents in respect of its invention or innovation if the GIHL Group is required to publish the techniques used for the purpose of such application. The GIHL Group has recently developed custom components which include a semiconductor application-specific integrated circuit with its architecture built into them that makes it difficult to copy its products without obtaining a licence in respect of such technology from the GIHL Group. The Directors are of the view that the safeguards in place are sufficient to protect the invention and innovation of the GIHL Group.

B.4.9.1 Patents

Within the GIHL Group, Invacom has traditionally been the holding entity for all intellectual property rights belonging to the GIHL Group. As such, most patent applications have in the past been made in the name of Invacom. GIL also has in place arrangements with certain of its customers to file patents in the joint names of the customer and GIL where new intellectual property is generated in connection with the provision of bespoke products to that particular customer or where the customer partially funds the R&D activities for a certain new product.

A list of the GIHL Group's patents and patent applications as of the Latest Practicable Date is provided in *Appendix E – List of Patents and Patent Applications* of this Circular. For a general overview of patents and their impact on the business of the GIHL Group, please see *Section 3 Patents* of *Appendix D – Summary of Relevant Laws and Regulations* to this Circular.

In addition to the patent and patent applications in *Appendix E – List of Patents and Patent Applications* of this Circular, the GIHL Group has filed three additional patent applications as of the Latest Practicable Date. As these patent applications have not progressed to publication, they have not been set out in detail in this Circular for reasons of confidentiality.

As of the Latest Practicable Date, the GIHL Group does not own any registered patents other than as disclosed in this Circular.

B.4.9.2 Trademarks

As at the Latest Practicable Date, the GIHL Group owns the following trademarks:

No.	Trademark	Country of registration	Date of application	Application/ Registration Number	Status	Expiry date
1	ADX	UK	8 February 1995	2 010 365	Registered	8 February 2015
2	LOFTBOX	UK	30 June 1999	2 201 534	Registered	30 June 2019
3	TVLink®	EC	5 January 2000	001 449 842	Registered	5 January 2020
4	LOFT BOX	EC	25 August 2000	001 826 007	Registered	25 August 2020
5	AVILYNX	EC	2 January 2004	003 597 465	Registered	2 January 2014
6	GLOBAL SWITCH MASTER	EC	8 April 2004	003 755 485	Registered	8 April 2014
7	WHOLE BAND	EC	5 January 2007	005 599 139	Registered	5 January 2017
8	WHOLE BAND	EC	8 January 2007	005 599 857	Registered	8 January 2017
9	FIBRE IRS	EC	12 September 2008	007 229 107	Registered	12 September 2018
10	AXAR	UK	25 November 2008	2503347	Registered	25 November 2018

The GIHL Group does not own any registered trademarks other than as disclosed in this Circular. Save as disclosed in this Circular, as at the Latest Practicable Date, the business and profitability of the GIHL Group is not materially dependant on any patents, trademarks, copyrights, registered designs or grant of licences from third parties.

B.4.10 Seasonality

B.4.10.1 DBS

The GIHL Group derives the majority of its sales from DBS-related products such as switches, LNBs, dishes and accessories. DBS-related products accounted for approximately 86% of the aggregate sales of the GIHL Group on average in FY2009, FY2010 and FY2011. While the end market continues to see demand throughout the year, there are relative high points and low points in respect of the GIHL Group's sales, especially in the major markets such as the USA and Europe.

The market for the GIHL Group's DBS products picks up in September as American football season in the USA and the European soccer seasons in Europe begin. New subscribers or returning subscribers sign up with the satellite broadcasters as the sporting seasons commence. The rising demand for the GIHL Group's DBS products also coincides with the shortening daylight hours seen especially in the southern states of the USA and southern Europe during the last quarter of the year, where the evenings are cooler and the weather is more changeable, driving people indoors earlier in the day. This is followed by the build-up to Thanksgiving in the USA and Christmas elsewhere. The prospect of spending more time indoors together during the festive season coupled with the attractive packages of movies and sports channels put together by satellite broadcasters on package deals ordinarily drive sales up towards Christmas.

The recent popularity of HD flat screen televisions which is attributable to the reduced retail prices for larger and larger screens has driven the market in two ways. Those who have newly acquired an HD ready flat screen want to see HD on it and subscribe to HD satellite television and those who have upgraded their existing flat screen move the old screen to a secondary location currently serviced in many cases by their old tube-based television and also want HD at the second location. While this process works for those who purchase a new flat screen in preparation for the holiday season and plan ahead to subscribe to HD or upgrade a second location, those receiving flat screens as gifts want HD as soon as possible after Christmas day, leading to a scramble in January and February to get enough of the GIHL Group's DBS products to our customers so that installers can hook up the new or upgrading subscribers as soon as possible. Increasingly, the 3D capable television is following the same pattern.

The market demand usually dips in many markets which the GIHL Group operates in during the summer months when summer sports come into season. Generally, subscriptions to satellite television and the corresponding demand for the GIHL Group's products are proven to be less popular with subscribers when the weather is better. The GIHL Group's lowest months of sales usually occur in May, June and July. That said, an occasion such as the Olympics, the FIFA World Cup or other major sporting event causes a summer blip as does a re-pointing programme, where a broadcaster moves channels to a different satellite for strategic reasons and requires new equipment to facilitate the process. This is ideally done over the summer months to inconvenience subscribers the least.

B.4.10.2 Fibre

The sale of our fibre products is generally active all year round and are also less affected by seasonality as they tend to be installed in newly-built MDU properties or refurbishment of existing properties both of which tend to lead to more rapid development in the summer months.

B.4.10.3 VSAT

The GIHL Group's VSAT products are at this moment in time unaffected by these trends as they are more focused on transfer of business data. As this moves to more consumer-based Internet access over the next few years, this may change, although subscribers seem less inclined to switch off their Internet services over the summer than they do for subscriber-based television.

B.4.11 Staff Training

The employees of the GIHL Group are its strongest asset and most important resource. They are paramount to the success of the GIHL Group's business. Therefore, the GIHL Group places great emphasis on ensuring that its employees are equipped with the relevant knowledge and understanding in order to fully fulfil their respective roles within the GIHL Group.

The level of training provided to employees of the GIHL Group varies according to job role and responsibilities. A substantial amount of training is provided 'on-the-job'.

The majority of the engineers employed by the GIHL Group have been employed for a number of years, are experienced and have attained high levels of education and professional qualifications. The GIHL Group benefits from a low level of staff turnover and recruitment of new employees is more often due to expansion rather than replacement. When recruiting, the GIHL Group targets engineers with a strong track record and who bring with them a wealth of prior experience and new ideas.

All new employees serve a three-month probationary period during which they undergo induction training. Company orientation and health and safety training are also provided during the induction period.

Once employed, appraisals are carried out annually and are used to identify any further training requirements and to set targets and objectives for each employee. The GIHL Group encourages learning and provides support for both related qualifications and continuous professional development wherever required.

These practices ensure that the employees of the GIHL Group are fully capable and effective.

B.4.12 Insurance

As at the Latest Practicable Date, the GIHL Group has taken out insurance policies in respect of the following:

(1) Public liability in connection with the GIHL Group's business;

(2) Product liability in connection with the GIHL Group's business;

(3) Employers liability in connection with any employee during the course of the GIHL Group's business;

(4) Material damage in relation to the GIHL Group's assets including buildings, plant and machinery;

(5) Business interruption in relation to a loss or damage in accordance with material damage cover;

(6) Money, whether on-site or off-site;

(7) Computers, including office based, portable and re-instatement of data;

(8) Loss recovery;

(9) Marine/Goods in transit in relation to inventory held in storage or in transit;

(10) Personal accident & travel in connection with any employee during the course of the GIHL Group's business;

(11) Directors' and officers' liability; and

(12) Credit insurance for eligible customers
(please refer to *Section B.4.15 Credit Management* of this Circular).

The Directors of the GIHL Group are of the view that the above insurance policies are adequate for the GIHL Group's existing operations but acknowledge that the GIHL Group may nonetheless incur liabilities in unforeseen circumstances. For more information on the risk relating to insufficient insurance coverage, please refer to *Section B.8 Risk Factors Relating to the GIHL Group* of this Circular.

Delegated personnel will review the insurance coverage annually taking into consideration changes in the GIHL Group's business and external environment, to ensure adequate regulatory and business insurance remains in place for the business activities being undertaken by the GIHL Group.

B.4.13 Major Suppliers

We outsource the majority of the manufacture of our products to contract manufacturers based in the PRC, with RGL being the largest among them. Details of our major suppliers(1) accounting for 5% or more of the GIHL Group's total purchases for each of FY2009, FY2010 and FY2011 are provided below:

	Products/Components supplied	Percentage of total purchases (%)		
		FY2009	FY2010	FY2011
RGL(2)	LNBs and switches	82.5	66.7	72.5
KLM(3)	Satellite dishes	0.0	3.6	5.1

Notes:

(1) We have not asked any of our major suppliers (excluding RGL) for their consent to the inclusion of the information referred to above for the purposes of Section 249 of the SFA and our major suppliers are thereby not liable for these statements under Section 253 and 254 of the SFA. While the Directors have taken reasonable action to ensure that the information is extracted accurately and fairly and has been included in this Circular in its proper form and context, they have not independently verified the accuracy of the relevant information.

(2) RGL is the GIHL Group's largest supplier. RGL was incorporated in Singapore while its subsidiaries are established in Singapore, PRC, and the Cayman Islands. The manufacturing facilities are located in Shanghai and Shenzhen. RGL provides the GIHL Group with satellite communications products such as LNB and satellite signal distribution equipment and accessories.

(3) KLM is a steel stockholder based in Birmingham, UK that diversified into cold steel pressing, powder coating and assembly. GIL subcontracted dish manufacture and assembly to KLM from October 2010 to March 2012. In April 2012, the GIHL Group entered into an equipment hire agreement and a framework agreement with KLM to lease KLM's manufacturing facilities in Birmingham, UK and the equipment to manufacture satellite dishes. The GIHL Group also hired the employees whom were previously employed by KLM for the satellite dish manufacturing business. KLM intends to continue supplying steel to the GIHL Group.

RGL is the GIHL Group's top supplier of products for FY2009, FY2010 and FY2011. The GIHL Group believes that RGL is a reliable supplier and exports high quality products that are widely accepted by the customers of the GIHL Group. In addition to supplying the GIHL Group with satellite communications products, RGL provides a host of value-added services to the GIHL Group including inputs on the manufacturability of the GIHL Group's products and assistance in the development of the GIHL Group's product prototypes. RGL also makes recommendations on components suitability and process flow as well as sources for reliable vendors that offer competitive prices for the procurement of materials and components for the GIHL Group's turnkey projects. RGL has also been able to provide the GIHL Group with flexible, just-in-time delivery programmes allowing product shipments to be closely coordinated with the GIHL Group's inventory requirements and package products for shipments directly to the GIHL Group's distribution channels.

The decrease in percentage of total purchases from RGL in FY2010 was attributable to a reduction in sales to GIL's largest customer, EchoStar, when it adjusted its product line-up in that financial year. Please refer to *Section B.6.2 Review of Past Performance – FY2010 vs FY2009* for more details. The increases in purchases from KLM from 0% in FY2009 to 5.1% in FY2011 was due to the fact that the contract for supplying dishes was secured in FY2010 and thus, no supplies were made prior to FY2010.

Save as otherwise set out above and in *Section B.10.3 Other Transactions*, none of the directors and/or substantial shareholders of the GIHL Group have any interest, direct or indirect, in any of the above-mentioned suppliers.

B.4.14 Major Customers

Details of our major customers[(1)] accounting for 5% or more of the GIHL Group's total revenue for FY2009, FY2010 and FY2011 and the top five customers for the same periods are provided below:

		Percentage of total sales (%)		
	Products sold	**FY2009**	**FY2010**	**FY2011**
EchoStar[(2)]	DBS-LNB, switches and dishes, VSAT & accessories	79.3	75.9	70.2
BSkyB[(3)]	DBS-LNB, switches and dishes, fibre, VSAT & accessories	0.2	1.8	7.7
Raven Antenna Systems Inc ("**Raven**")[(4)]	DBS-LNB, switches and dishes	5.9	1.4	0.0
Hughes[(5)]	DBS-LNB, switches and dishes, VSAT & accessories	2.1	2.2	0.6
Alltrade Aerial and Satellite Ltd ("**Alltrade**")[(6)]	DBS-LNB, switches and dishes, VSAT & accessories	0.5	0.9	0.7
Draco Ltd ("**Draco**")[(7)]	VSAT & accessories	0.6	0.6	0.3
Shiron Satellite Communication Ltd ("**Shiron**")[(8)]	VSAT & accessories	0.9	0.1	0.0
Bauckhage Sat-Fachgroßhandlung ("**Bauckhage**")[(9)]	Fibre, VSAT & accessories	0.6	1.4	1.4
DISH[(2)]	DBS-LNB, switches and dishes, VSAT & accessories	0.6	0.7	1.3

Notes:

(1) We have not asked any of our major customers for their consent to the inclusion of the information referred to above for the purposes of Section 249 of the SFA and our major customers are thereby not liable for these statements under Section 253 and 254 of the SFA. While the Directors have taken reasonable action to ensure that the information is extracted accurately and fairly and has been included in this Circular in its proper form and context, they have not independently verified the accuracy of the relevant information.

(2) EchoStar is a technology company that is the owner and maintainer of the satellite fleet for its close affiliate DISH, amongst others. EchoStar also designs and manufactures set-top boxes to receive the Freeview broadcasts in the UK, as well as receivers for Bell TV in Canada. EchoStar was formerly the parent company of DISH until the latter was spun off in December 2007.

EchoStar and DISH are both publicly traded companies on the NASDAQ market. EchoStar has more than 25 years of experience in designing, developing and distributing television set-top boxes and related products for pay television providers, including DISH, as well as performing satellite operations. DISH provides more than 14.19 million customers (as of March 31 2011) satellite TV programming.

Sales to DISH increased in FY2011 due to an increase in spare parts supplied as more of the GIHL's Group was in the field.

(3) BSkyB is a public satellite broadcasting company operating in the UK. It is the largest pay-TV broadcaster in the UK with approximately 10,000,000 subscribers. BSkyB was formed in 1990 by the merger of Sky Television and British Satellite Broadcasting. The GIHL Group has significantly increased its sales volume to BSkyB in the FY2010 and FY2011 as it was appointed as one of BSkyB's suppliers of satellite dishes in early FY2010. This is in addition to the LNBs and accessories that the GIHL Group has always supplied.

(4) Raven was engaged in the business of designing and manufacturing satellite antenna equipment used for both DTH and two-way VSAT applications worldwide. Raven manufactured out of the USA and UK, and had manufacturing partners in Asia. Sales to Raven decreased in FY2011 due to changes made in the kits sold by Raven to DISH which included LNBs supplied by GIL and the fact that the GIHL Group began supplying directly to the end customer.

(5) Hughes is a provider of broadband satellite network products for businesses and consumers. Hughes pioneered the development of high-speed satellite Internet services, which it markets globally under the "Hughes Net" brand. Hughes Net delivers satellite products and services directly throughout North America, Brazil, Europe and India. Hughes is Hughes Communications Inc.'s main operating subsidiary. Sales to Hughes decreased in FY2011 as the switch over from Ku to Ka band took longer than expected.

(6) Established in 1988 and incorporated as a limited company in 1995, Alltrade is a major distributor to the installation and retail trades for over 21 years offering, reliable and high quality service. Alltrade's network of affiliated distribution partners offer UK coverage for free-to-air digital satellite service and BSkyB.

(7) Founded in 1967, Draco is a privately owned, financially independent company. As an authorised distributor for the television industry, Draco represents a multitude of leading companies in the international broadcasting field. Draco offers an extensive range of products and professionally advanced solutions. This range includes: remote controls, set-top boxes, tripods, lighting, video and audio editing systems, broadcasting matrixes, compression programs, subtitling systems, and storage products.

(8) Shiron, a technology leader in the satellite broadband communication market, was founded in 1996. The company's unique broadband satellite system, InterSKY, is based on the Digital Video Broadcasting open standard solution together with advanced patent-protected technologies. Enjoying global coverage, Shiron has a customer base that includes major satellite operators, telecommunication companies, Internet Service Providers and government agencies, as well as public and private companies. The decrease in sales to Shiron was due to the fact that the product being supplied was at the end of life.

(9) Bauckhage is based in Wiehl, north of Cologne, Germany and is recognised as one of Germany's leading distributors to the satellite and aerial industries, with sub-distribution partners located throughout Germany, Austria and the Netherlands. The increase in sales to Bauckhage in FY2011 was due to the greater penetration of fibre products into the German market.

EchoStar is the GIHL Group's most substantial customer accounting for more than 75% of the GIHL Group's total revenue for the Period Under Review. EchoStar has been the GIHL Group's major customer for more than ten years, purchasing mainly switches, LNBs and stackers from the GIHL Group. Additionally, the GIHL Group is the sole source supplier to EchoStar in respect of certain products such as switches, given the GIHL Group's strength in designing specialized and bespoke products.

None of the GIHL Group's directors, key executives or substantial shareholders has any interest, direct or indirect, in any of the above customers and save as disclosed above, the GIHL Group is not materially dependent on any other contracts with other customers. Please refer to *Section B.6 Management's Discussion and Analysis of Financial Condition and Results of Operations* of this Circular for more details.

For details of the order book of the GIHL Group, please refer to *Section B.7.4 Order Book* of this Circular.

B.4.15 Credit Management

B.4.15.1 Credit Terms to Our Customers

The GIHL Group has in place a credit management policy which includes periodic credit assessments for all new and existing customers. The credit period granted to existing customers is usually 30 to 60 days from the date of invoice. The credit terms granted to the customers of the GIHL Group are determined by their financial background, the length of the business relationship and their reputation in the market. In addition, existing clients are also evaluated based on their payment track record. The creditworthiness of new customers is assessed by the Finance Director, Ms Andrea Jane Fearnley, and is approved by the Directors.

The average trade receivables' turnover days of the GIHL Group for the last three financial years are as follows:

	FY2009	FY2010	FY2011
Average trade receivables' turnover days(1)	35	48	41

Note:

(1) Average trade receivables' turnover days is computed as follows:

(average trade receivables/revenue) x number of days

Where:

"average trade receivables" is defined as the average of the opening and closing amount of relevant financial year.

"number of days" is defined as the number of calendar days in the relevant financial year.

The average trade receivables' turnover days increased from 35 days in FY2009 to 41 days in FY2011. Challenging economic conditions in 2010, particularly in the US and Europe pushed receivables up in 2010. However, increased revenues during FY2011 over FY2010, and continued proactive credit control has subsequently reduced the receivables turnover days in FY2011. The GIHL Group continues to monitor this carefully.

The GIHL Group has a specialist credit insurance policy which mitigates its exposure to default by any of its customers which the GIHL Group considers significant. Credit limits are given to customers based on the rating and agreed limits approved by the insurer. During the Period Under Review, the GIHL Group has such specialist credit insurance policy on all its major customers (accounting for 5% or more of the GIHL Group annual revenue) and other smaller customers. The GIHL Group also has a dedicated credit controller who manages, on a daily basis, the position of outstanding trade receivables and notifies the insurer of any potential default, in line with the terms of the policy. Liability under the specialist credit insurance policy is limited to a maximum value of £4.2 million (approximately US$6.7 million) per contract period. There was a single claim made in December 2007 in relation to a customer totalling £46,910. The customer in relation to the claim was not a major customer at the time of the claim and is no longer a customer. No further sales were made to the customer during the dispute or after the claim was settled by the insurer. There were no claims made during the Period Under Review.

The trade receivables as at 31 December 2011 amounted to approximately US$6.8 million. The ageing for trade receivables of the GIHL Group as at 31 December 2011 is as follows:

	0 to 30 days	**31 to 60 days**	**> 60 days**
Trade receivables' ageing (%)	65.4	21.3	13.3

As at the Latest Practicable Date, 100% of trade receivables as at 31 December 2011 had been collected.

Provisions for doubtful debts of the GIHL Group for the past last three financial years are as follows:

	FY2009	**FY2010**	**FY2011**
Allowance for doubtful debts as a percentage of gross accounts receivables	Nil	Nil	Nil

Actual bad debts written off over the Period Under Review are immaterial.

B.4.15.2 Credit Terms from Our Suppliers

Payment terms granted to the GIHL Group by the Radiance Group have typically been 60 to 90 days. Payment terms granted by other suppliers have typically been 30 days but can vary from supplier to supplier and are dependent on their trading terms.

The average trade payables' turnover days for the Period Under Review are as follows:

	FY2009	**FY2010**	**FY2011**
Average trade payables' turnover days(1)	59	82	69

Note:

(1) Average trade payables' turnover days is computed as follows:

(average trade payables/cost of sales) x number of days

Where:

"average trade payables" is defined as the average of the opening and closing amount of relevant financial year.

"number of days" is defined as the number of calendar days in the relevant financial year.

The average trade payables' turnover days increased from 59 days in FY2009 to 69 days in FY2011. Following the cash requirements post acquisition of its shareholding in RGL, the subsequent mandatory general offer and funding of deal related transactions in 2010, the

GIHL Group decided to adopt a more prudent approach with respect to payments to its suppliers in order to improve working capital which increased payables' turnover days to 82 in FY2010. However, during FY2011 the GIHL Group has returned to more favourable payment terms with its suppliers which has reduced payables' turnover days to 69 from 82 in FY2010.

B.4.16 Inventory Management

The GIHL Group's inventory comprises mainly finished products which are stored in three primary locations, namely Atlanta, Denver and Stevenage. The GIHL Group's inventory is stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving items. The majority of the value of the GIHL Group's inventory is concentrated in the USA and the UK. At any time, there may also be inventory in transit to these locations.

Ownership of products officially transfers to the GIHL Group at the point when the contract manufacturers ship the products from its manufacturing locations except in situations where customers of the GIHL Group arrange for direct collection. In all other cases, ownership of the products transfers from GIHL to their customers when the goods are delivered to the customers and acknowledged by the customer on a delivery note.

The inventory system adopted by the GIHL Group is used to purchase and track its stock in all locations up to the point of sale. Once a year, a full stock count and reconciliation exercise take place in all of the GIHL Group's warehouses. For high value inventory, cycle counts are undertaken on a regular basis. During these exercises, the GIHL Group will also evaluate the stock held by it and make provision in its balance sheet for anything seen as obsolete.

Our average inventory turnover days for FY2009, FY2010 and FY2011 are as follows:

	FY2009	FY2010	FY2011
Inventory turnover days[(1)]	56.4	80.5	74.9

Inventory turnover days increased from 56.4 days in FY2009 to 80.5 days in FY2010 mainly due to increased inventory position at the end of FY2010, caused by the roll steel held in stock, and the decrease of revenue by 25.7% over FY2009, resulting in slower inventory turnover. Inventory turnover days reduced from 80.5 days in FY2010 to 74.9 days in FY2011. This was mainly caused by the revenue increase of approximately 18% and the cost of sales increase of approximately 16% from FY2010 to FY2011 as increases in sales volume drove faster inventory turnover.

Note:

(1) For the Period Under Review, the average inventory turnover days is calculated on the basis of the average of the beginning and ending inventories balance in the relevant financial year divided by the cost of sales multiplied by 365 days.

Where the management considers obsolete or damaged inventory to have no residual value, our general policy is such inventory will be written off completely. Provisions made for inventory obsolescence, inventory written-off or inventory written down to net realisable value were as follows:

(US$)	FY2009	FY2010	FY2011
Provisions made	676,398	894,371	799,463

Provision made for inventory obsolescence increased from US$676,398 in FY2009 to US$894,371 in FY2010. The difference is due to an increase in provision of some inventory items which were initially provided at 50% of value in FY2009 but subsequently provided at 100% of value in FY2010, offset by sales of some slow moving/obsolete inventory. Some inventory items which were initially provided at 50% of value in FY2009 were subsequently provided at 100% of value in FY2010 as after another year had passed and very little of the identified inventory had been sold, it was then considered unlikely that any value of the inventory would be recoverable and thus the provision was increased. The majority of the products in question were slow moving or obsolete products due to a combination of factors including (i) overstocking of the products due to minimum production batch quantities but subsequently met with a lower demand than anticipated; and (ii) functionality of the product being superseded by newer products developed by the GIHL Group or customer specific product for which the demand had ceased. The increase in provision made for inventory obsolescence from FY2009 to FY2010 was not due to the increased inventory turnover days for the same period which was mainly caused by the increase in roll steel held in stock and reduction in revenue. Provision made for inventory obsolescence decreased from US$894,371 in FY2010 to US$799,463 in FY2011. The decrease was mainly attributable to the sale of some of the slow moving/obsolete inventory, provided for in prior years, offset by an increase in the provision of US$48,527 for additional products identified as slow moving or end of line products in FY2011.

B.4.17 Properties and Fixed Assets

As at the Latest Practicable Date, the GIHL Group does not own any real property. However, the GIHL Group leases the following buildings:

Location	Description	Lessor/ Licensor	Total construction area	Tenure	Annual rent (£)
Unit 3 Caxton Place, Caxton Way, Stevenage, Hertfordshire SG1 2UG, UK	R&D laboratory, administration offices, warehouses	Geoghan Bros Limited	400m^2	Lease commences from 4 May 2007 to 3 May 2017	52,300

Location	Description	Lessor/ Licensor	Total construction area	Tenure	Annual rent (£)
Winterdale Manor, Southminster Road, Althorne, Essex CM3 6BX, UK (the "**Althorne Property**")	R&D laboratory, registered office, administration offices	Roger and Helen Pannell	$600m^2$	Lease commences from 1 January 2009 to 31 December 2009, extended thrice to now expire on 31 December 2012(1)	34,128
Unit 76, Canterbury Innovation Centre, University Road, Canterbury, Kent CT2 7FG, UK	Administration offices	Basepoint Centres Limited	$38.8m^2$	License commences from 25 October 2010 and terminates on the expiry of two weeks' notice by licensor or licensee	14,487
Unit 1 Caxton Place, Caxton Way, Stevenage, Hertfordshire SG1 2UG, UK	R&D laboratory, administration offices, warehouses	Geoghan Bros Limited	$805m^2$	Lease commences from 24 February 2012 to 24 February 2022	65,000
115-117, Orega Bristol, Ten Victoria Street, Bristol, BS1 6BN, UK	R&D laboratory	Orega (Management) Limited	$121m^2$	License commences from 1 July 2011 to 30 June 2012. A new licence commencing from 1 July 2012 to 31 December 2012 has been entered into. Both licences can be terminated with three months' notice by licensor or licensee	77,161

Location	Description	Lessor/ Licensor	Total construction area	Tenure	Annual rent (£)
Unit 2a Argyle Street, Birmingham B7 5TJ, UK	Factory and administration offices	KLM Holdings Limited	647m^2	Lease commences from 1 April 2012 to 1 August 2012 (GIL has the right to require the lessor to grant ten years leases in agreed form in respect of the property, such option to be exercised in writing by 5.00 p.m. on 31 July 2012)	36,000
Unit 2b Argyle Street, Birmingham B7 5TJ, UK	Factory and administration offices	Kevin George McDonough, Anthony James McDonough, Janet McDonough and Lynda Savage	647m^2	Lease commences from 1 April 2012 to 1 August 2012 (GIL has the right to require the lessor to grant ten years leases in agreed form in respect of the property, such option to be exercised in writing by 5.00 p.m. on 31 July 2012)	36,000
32-34 Plume Street, Birmingham B6 7RT, UK	Factory and warehouse	Kevin George McDonough, Anthony James McDonough, Janet McDonough and Lynda Savage	1,254m^2	Lease commences from 1 April 2012 to 1 August 2012 (GIL has the right to require the lessor to grant ten years leases in agreed form in respect of the property, such option to be exercised in writing by 5.00 p.m. on 31 July 2012)	28,000

The material tangible fixed assets of the GIHL Group consist mainly of test equipment which is kept at its own premises and the premises of its contract manufacturers. The value of the property, plant and equipment reported by the GIHL Group for the Period Under Review is as follows:

(US$'000)	FY2009	FY2010	FY2011
Property, plant and equipment	2,044	1,713	2,970

Note:

(1) The lease of the Althorne Property from Mr Roger and Mrs Helen Pannell is an interested person transaction. For more information, please refer to *Section B.10.2 Present and On-going Interested Person Transactions* of this Circular.

The use and development of land (real property) in England is regulated by planning legislation, principally The Town & Country Planning Act 1990. Land contamination is subject to the Environmental Protection Act 1990 and the GIHL Group's activities at the properties are also subject to national laws and regulations governing water and air pollution, waste, emissions and other environmental issues. The directors of GIHL are not aware of any regulatory or environmental issues or requirements in relation to its use of any of the leased properties which are not satisfied or are likely to have a material adverse affect on the GIHL Group's business. There is no specific regulatory regime affecting the operation of the test equipment in use at the above buildings.

B.4.18 Competition

The in-depth knowledge of RF engineering required to develop solutions and produce quality RF electronic products for the satellite industry naturally presents a high entry barrier to prospective new entrants looking to break into the satellite peripheral industry.

The directors of GIHL consider the following companies to be the main competitors of the GIHL Group:

Company	Location of Headquarters	Competing Products
CalAmp Corporation	USA	LNB
Microelectronics Technology Inc.	Taiwan	LNB and VSAT
Pro Brand International, Inc.	USA	LNB
Sharp Corporation	Japan	LNB
Wistron NeWeb Corporation	Taiwan	LNB
Zinwell Corporation	Taiwan	LNB and switches

As no other company has developed and commercially marketed a full range of fibre optic LNBs and fibre IRS systems, the GIHL Group does not presently face competition for the sales of its fibre products. Please refer to *Appendix E – List of Patents and Patent Applications* of this Circular for details of the patents filed in relation to the GIHL Group's fibre optic LNBs and fibre IRS systems. While the Directors believe that the GIHL Group's fibre technology cannot be easily replicated, they nonetheless acknowledge that the emergence of competitors is inevitable in the long run. Notwithstanding the presence of competitors, the Directors believe that the GIHL Group has certain competitive strengths that give them an edge over its competitors. Please refer to *Section B.4.19 Competitive Strengths* of this Circular for further information.

To the best knowledge and belief of the Directors, there is no publicly available report showing the respective overall market shares of the GIHL Group and each of its competitors.

None of the directors, substantial shareholders or key executive of GIHL or their respective associates has any interest, direct or indirect, in any of the competitors of the GIHL Group.

B.4.19 Competitive Strengths

The Directors consider the following to be the core competitive strengths of the GIHL Group:

(a) Strong R&D capabilities

The GIHL Group believes that it has strong R&D capabilities in RF engineering which has enabled it not just to produce RF electronic devices for general sales but also to develop specific solutions to address problems faced by its customers. This ability to offer bespoke products at lower volumes than its competitors allows the GIHL Group to set itself apart from its competitors. On the other hand, our technical capabilities are such that we are able to design high volume products competitively. It is frequently the case that the major customers of the GIHL Group turn to the GIHL Group when they need a technically advanced and innovative solution to their problems.

The two Technical Directors of GIHL, Mr Malcolm Burrell and Mr David Smith have more than 30 and 23 years of working experience respectively in the RF industry. Mr Malcolm Burrell focuses on the development of switches and fibre products while Mr David Smith is responsible for the development of VSAT, DBS LNB products. Each of them leads a team of 11 to 14 technical staff. Most of the technical staff employed by the GIHL Group are engineers who have significant industry experience.

In addition to RF engineers, the GIHL Group also employs engineers specialising in various complementary disciplines including computer software engineers and mechanical design. Both of these design disciplines are also key to realising any complex RF product, in particular mechanical design, where the GIHL Group has built a highly skilled team in this area with many years of RF industry experience. As a testament to the skills and design prowess of the engineers employed by the GIHL Group, the GIHL Group has been granted and has filed numerous patents over the past six years, a list of which as at the Latest Practicable Date is provided in *Appendix E – List of Patents and Patent Applications* of this Circular.

(b) Forward-looking R&D strategies

The GIHL Group's forward looking strategy, coupled with the highly-skilled and experienced team of engineers based at both the GIHL Group's Althorne and Stevenage design facilities in the UK, give the GIHL Group a technology lead over its competitors. The GIHL Group plans to continue building on its current technology advantage and to exploit its present position at the forefront of the industry through on-going strategic investments in R&D to further widen the gap between itself and its competitors. In particular, the GIHL Group has identified optical components and LNB technology as promising areas to focus greater R&D efforts.

In addition to production for present volume sales, the GIHL Group also develops products on its own initiatives which are aimed at pre-empting future needs. Mr Gary

Stafford, the Business Development Director of GIHL with over 25 years of technical experience, is tasked with ensuring that ongoing R&D is targeted at areas of potential, which expands the GIHL Group's product offerings to meet market opportunities in the long term. This strategy has proved successful for the GIHL Group in the past, enabling it to pioneer various products in its more than 20-year long history. Please refer to *Section B.4.7 Research and Development* of this Circular for further details. The Directors believe that, going forward, the strategy will continue to benefit the GIHL Group.

(c) Collaboration strategies

The GIHL Group uses a strategy of R&D grants from the ESA and the EC to push forward its R&D at least two years in advance of general product development. This enables the GIHL Group to have an ongoing technical lead over its competitors and to secure supply agreements on key components by working with suppliers on these externally funded R&D programmes. Most of these grants have been in the form of contract awards and collaborations with the ESA. As a result, the GIHL Group has become an approved supplier to the ESA and is now updated on a monthly basis regarding the availability of new open requests for proposals. In addition to this, the GIHL Group makes direct applications to ESA for partial funding of its own research projects. The proposal applications for these have had a very high success rate. The Directors believe that the GIHL Group is viewed by the ESA as a major proven supplier able to carry out multiple ESA projects or contracts simultaneously.

The GIHL Group is now expanding into other areas of external funding, most recently being awarded a R&D grant under the EC Framework 7 programme on its first application attempt in January 2010. The R&D grant was in relation to optical fibre TV systems for an amount of €1.34 million. This source of funding will be evaluated further in the future, including the possibility of future applications for R&D grants.

In addition to this, the GIHL Group had in 2010 started a programme of collaboration with some of UK's leading universities, the first step being the application for a Case Study Award to support a PhD programme at Queen's University Belfast. Once again, the GIHL Group was successful in its first application attempt and plans to continue to take advantage of this means of funding fundamental R&D research to secure its long term research knowledge.

The GIHL Group will continue to expand its portfolio of external funding means in order to further increase its competitive edge.

In most collaboration arrangements, namely those with ESA, intellectual property rights are owned by the GIHL Group.

In 2011, the GIHL Group, via its subsidiary GI Provision Limited, entered into an agreement with the University of Bristol to secure the services of two of the university's professors, one with expertise in video coding and the other with expertise in wireless communications. This collaboration is beneficial to GI Provision Limited and the GIHL Group as it designs, develops and licenses digital wireless technologies and audio/visual processing technologies. GI Provision Limited is also currently exploring further opportunities to work in conjunction with the University of Bristol in related technology fields.

(d) Long-standing and strong relationships with key customers

The GIHL Group enjoys long-standing relationships with its key customers, namely EchoStar in the USA and BSkyB in the UK. The GIHL Group has been supplying to EchoStar since 1998 and to BSkyB since 1996. From supplying a single bespoke product to both EchoStar and BSkyB, the GIHL Group today supplies various products ranging from switches to satellite dishes in large volumes to both.

Details of the sales to both EchoStar and BSkyB can be found in *Section B.4.14 Major Customers* of this Circular.

(e) Established reputation in the satellite peripheral industry for providing quality products

GIL has been in the satellite peripheral industry, albeit operating under a different name, since 1986. The directors of GIHL believe that the GIHL Group has established a reputation in the satellite peripheral industry for providing quality products at competitive pricing. As part of its quality control process, the GIHL Group continually monitors its production processes and tests every unit prior to shipping to ensure that its products meet required quality specifications. In addition, the GIHL Group also provides after-sales technical assistance to its customers. In doing so, the GIHL Group offers its customers the opportunity to draw on its expertise to resolve any technical or operational difficulties in installing or operating its products.

(f) Stringent quality control processes

The GIHL Group has built a reputation as a supplier of quality products within the satellite TV and cable peripherals industries in general and more particularly, among its customers. This reputation has been built over many years and is the result of many factors including the stringent planning of products, the continuous and thorough testing of every product prior to shipment as well as periodic introductions of new and innovative products into the market.

All test equipment utilised by the Radiance Group in its manufacturing facilities in the PRC to test products made for the GIHL Group is connected to a network and the resulting data is stored in a database. Such data can be retrieved and examined by the GIHL Group at any time from a remote location. The computer software used to test the products is developed by engineers of the GIHL Group and is unique to the GIHL Group. The Directors believe that this test system allows the GIHL Group to have greater knowledge and control over the quality of each unit and allows for troubleshooting from a remote location, an advantage which the Directors believe is not enjoyed by its competitors. This rigorous testing system ensures that every single unit shipped out to customers of the GIHL Group meets the necessary quality standards without exceptions.

(g) Experienced management team

The GIHL Group has an experienced management team, many of whom have more than 20 years of experience in their respective fields. The GIHL Group believes that the commitment, experience and qualifications of its management team and employees have been a key factor in contributing to the GIHL Group's success and will continue to be the driving force in the growth and development of the GIHL Group.

Details of the working experience of the directors and key executive officers of the GIHL Group can be found in *Section B.9 Directors and Key Executive of the GIHL Group* of this Circular.

B.4.20 Government Regulations

As at the Latest Practicable Date, the GIHL Group has obtained all the relevant licenses relating to its business.

Save as disclosed under *Section B.8.3 Risks Relating to the UK – The GIHL Group's business is subject to certain English laws and regulations* and under *Appendix D – Summary of Relevant Laws and Regulations* of this Circular, the GIHL Group is not subject to any governmental regulations which will have a material impact on its business operations.

B.4.21 Employees

All full-time employees of the GIHL Group are based in England and Wales. The functional distribution of full-time employees of the GIHL Group over the Period Under Review is as follows:

(Number of employees)	FY2009	FY2010	FY2011
Management	7	11	12
Administrative	7	8	6
Technical	27	33	30
Production	13	13	12
Sales	7	7	8
Subtotal	**61**	**72**	**68**
Temporary workers	2	1	2
Total	**63**	**73**	**70**

The increase in 2010 was due to the recruiting of technical engineers to bring greater knowledge and expertise to the business. Our headcount decreased in FY2011 largely due to redundancy of engineers whom did not have the skills and expertise that we require as we develop and move the business forward offset by the addition of the employees, from PCTL to GI Provision Limited who possess skills not already in the GIHL Group.

The GIHL Group's employees are not unionised. The relationship between the management of GIHL and employees is good and there have been no industrial disputes with the employees since GIHL commenced operations.

B.5 FINANCIAL INFORMATION

RGL's financial year end is 31 December, while GIHL's financial year end was 31 March. In connection with the Acquisition and for the purpose of results reporting going forward, the GIHL Group changed its financial year end from 31 March to 31 December in September 2010 to align its financial year end to that of the Radiance Group. For the purpose of preparation of the proforma financial statements of the Enlarged Group, the financial statements of GIHL have been prepared based on 31 December as the financial year end for FY2009, FY2010 and FY2011 and were audited by Moore Stephens LLP, London. The Directors are of the opinion that the change in financial year end will not have a significant impact on the financials of the GIHL Group going forward.

The following selected financial information should be read in conjunction with the full text of the Circular, including the Independent Auditors' Report on the Consolidated Financial Statements of GIHL for the Three Years ended 31 December 2009, 2010 and 2011 as set out in *Appendix C* of this Circular.

B.5.1 Profit and Loss Accounts of the GIHL Group

		AUDITED	
(US$'000)	**FY2009**	**FY2010**	**FY2011**
Revenue	71,783	53,359	62,875
Cost of sales	(52,388)	(38,731)	(45,035)
Gross profit	19,395	14,628	17,840
Administration expenses:			
– Costs associated with past services received	–	(8,567)	–
– Other administration expenses	(10,665)	(11,577)	(12,535)
Total administration expenses	(10,665)	(20,144)	(12,535)
Loss on foreign exchange derivative instruments	(124)	–	–
Foreign exchange (losses)/gains	(214)	103	(242)
Operating profit/(loss)	8,392	(5,413)	5,063
Interest receivable	5	26	1
Interest payable	(33)	(58)	(21)
Impairment against investments	(389)	–	–(1)
Profit/(Loss) before tax	7,975	(5,445)	5,043
Income tax expense	(1,964)	(411)	(952)
Profit/(Loss) for the year	6,011	(5,856)	4,091
Foreign exchange on translation of foreign subsidiary	–	–	48
Total comprehensive income/(loss) for the year	6,011	(5,856)	4,139
Earnings/(Loss) per GIHL share (US$)(2)	18.16	(17.69)	12.36

Notes:

(1) Less than US$1,000.

(2) For comparative purposes, the earnings per GIHL share for the Period Under Review have been computed based on net profit/(loss) for the year and the pre-Acquisition issued share capital of 330,942 GIHL shares as at 31 December 2011.

B.5.2 Balance Sheets of the GIHL Group

(US$'000)	FY2009	AUDITED FY2010	FY2011
Non-current assets			
Intangible assets	–	–	890
Property, plant and equipment	2,044	1,713	2,970
Available-for-sale financial assets	8	8	8
	2,052	1,721	3,868
Current assets			
Inventories	8,032	9,045	9,429
Trade and other receivables	6,708	7,634	7,448
Prepayments	149	166	151
Cash and cash equivalents	8,951	1,263	1,880
	23,840	18,108	18,908
Total assets	25,892	19,829	22,776
Equity			
Issued share capital	47	48	48
Share premium	3,757	3,934	3,937
Reserves	(10,105)	(10,065)	(9,999)
Retained earnings	20,555	14,713	18,616
	14,254	8,630	12,602
Non-current liabilities			
Deferred taxation	210	158	261
Current liabilities			
Tax payable	1,011	71	312
Foreign exchange derivative instruments	110	–	–
Trade and other payable	10,307	10,970	9,601
	11,428	11,041	9,913
Total equity and liabilities	25,892	19,829	22,776
NTA per GIHL share (US$)[1]	43.07	26.07	35.39

Note:

(1) NTA per GIHL share has been computed based on the GIHL Group's NTA as at the end of the relevant financial year and the pre-Acquisition issued share capital of 330,942 GIHL shares as at 31 December 2011.

B.5.3 Profit and Loss Accounts of the GIHL Group

(Translated to Singapore Dollars)[(1)]

(S$'000)	FY2009	FY2010	FY2011
Revenue	104,358	72,712	79,047
Cost of sales	(76,160)	(52,779)	(56,618)
Gross profit	28,198	19,933	22,429
Administration expenses:			
– Costs associated with past services received	–	(11,674)	–
– Other administration expenses	(15,505)	(15,776)	(15,759)
Total administration expenses	(15,505)	(27,450)	(15,759)
Loss on foreign exchange derivative instruments	(180)	–	–
Foreign exchange (losses)/gains	(311)	140	(305)
Operating profit/(loss)	12,202	(7,377)	6,365
Interest receivable	7	35	1
Interest payable	(48)	(80)	(26)
Impairment against investments	(566)	–	–[(2)]
Profit/(Loss) before tax	11,595	(7,422)	6,340
Income tax expense	(2,855)	(560)	(1,196)
Profit/(Loss) for the year	8,740	(7,982)	5,144
Foreign exchange on translation of foreign subsidiary	–	–	60
Total comprehensive income/(loss) for the year	8,740	(7,982)	5,204
Earnings/(Loss) per GIHL share (S$)[(3)]	26.41	(24.12)	15.54

Notes:

(1) For the convenience of Shareholders, the above financial statement has been translated and presented in S$. The translation is made with reference to the average exchange rate for the relevant financial year set out in the section entitled "*Exchange Rates*" of this Circular and has not been audited.

(2) Less than S$1,000.

(3) For comparative purposes, the earnings per GIHL share for the Period Under Review have been computed based on net profit/(loss) for the year and the pre-Acquisition issued share capital of 330,942 GIHL shares as at 31 December 2011.

B.5.4 Balance Sheets of the GIHL Group

(Translated to Singapore Dollars)[1]

(S$'000)	FY2009	FY2010	FY2011
Non-current assets			
Intangible assets	–	–	1,153
Property, plant and equipment	2,871	2,198	3,851
Available-for-sale financial assets	11	10	10
	2,882	2,208	5,014
Current assets			
Inventories	11,283	11,608	12,224
Trade and other receivables	9,423	9,797	9,656
Prepayments	209	213	196
Cash and cash equivalents	12,573	1,621	2,437
	33,488	23,239	24,513
Total assets	36,370	25,447	29,527
Equity			
Issued share capital	66	62	62
Share premium	5,277	5,048	5,104
Reserves	(14,195)	(12,918)	(12,962)
Retained earnings	28,874	18,883	24,134
	20,022	11,075	16,338
Non-current liabilities			
Deferred taxation	295	203	338
Current liabilities			
Tax payable	1,420	91	404
Foreign exchange derivative instruments	155	–	–
Trade and other payable	14,478	14,078	12,447
	16,053	14,169	12,851
Total equity and liabilities	36,370	25,447	29,527
NTA per GIHL share (S$)[2]	60.50	33.47	45.88

Notes:

(1) For the convenience of shareholders, the above financial statement has been translated and presented in S$. The translation is made with reference to the average exchange rate for the relevant financial year set out in the section entitled *"Exchange Rates"* of this Circular and has not been audited.

(2) NTA per GIHL share has been computed based on the GIHL Group's NTA as at the end of the relevant financial year and the pre-Acquisition issued share capital of 330,942 GIHL shares as at 31 December 2011.

B.6 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of the results of operations of the GIHL Group should be read in conjunction with the Independent Auditors' Report on the Consolidated Financial Statements of GIHL for the Three Years ended 31 December 2009, 2010 and 2011 as set out in *Appendix C* of this Circular.

The discussion in this section, except for historical information, may contain forward-looking statements that involve risks and uncertainties. Please refer to the *Cautionary Note Regarding Forward Looking Statements* of this Circular. Under no circumstances should the inclusion of such forward-looking statements herein be regarded as a representation, warranty or prediction with respects to the accuracy of the underlying assumptions by the GIHL Group, the Vendors, the Financial Adviser, or any other person. Shareholders are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date thereof.

Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Circular, particularly in *Section A.7 Risk Factors* and *Section B.8 Risk Factors* of this Circular.

B.6.1 Overview

The GIHL Group is principally engaged in the design, manufacture (majority of which is outsourced to third party contract manufacturers) and marketing of products into the satellite TV and cable peripherals industries. The product offering includes dish antennas, LNBs, VSAT ODUs and satellite signal distribution equipment, such as multi-switches, accessories, as well as the ground-breaking fibre IRS and fibre MDU ranges.

During the Period Under Review, as the GIHL Group outsourced substantially the manufacturing activities to contract manufacturers in Asia and does not engage in any material manufacturing activities, the GIHL Group did not have any production utilisation rate data.

GIHL is an investment holding company and as at the Latest Practicable Date, its business operations are carried out through its key operating subsidiary, GIL. GIL was established on 2 April 2008 as a result of the merger of GCL and Invacom. Invacom has become dormant since the merger while GIHL's remaining subsidiaries namely Invacom Holdings Limited and Invacom Systems Limited have been dormant throughout the Period Under Review. At present, it is envisaged that these subsidiaries will remain dormant.

Revenue

Revenue is recognised when it is probable that economic benefits will flow to the GIHL Group and can be reliably measured. This is usually on despatch of the goods to the customer.

We categorise our products into the following segments:

Digital Broadcast Services – LNB, Switches and Satellite Dishes

During the Period Under Review, revenue was primarily generated from the sale of core components such as the RF video switch ranges namely 4x4, 3x3, 3x4, 2x1 and CP-CP-LP LNB's for satellite based communication systems. These are all bespoke components for major customers as well as off-the-shelf standard solutions. Revenue from the DBS segment accounted for 89.5%, 83.6% and 84.0%% of the GIHL Group's total revenue for FY2009, FY2010 and FY2011 respectively. Revenue from DBS products – LNB and switches is predominantly denominated in US$ and sold mainly into the North American market primarily servicing one major customer, EchoStar. Revenues from EchoStar accounted for US$56.9 million in FY2009, US$40.5 million in FY2010 and US$44.1 million in FY2011, accounting for 79.3%, 75.9% and 70.2% of total revenues generated respectively. The GIHL Group started producing bespoke satellite dishes for a UK customer namely BSkyB, under contract between October 2010 and June 2012 and is valued at approximately US$6.4 million. Please refer to the *Section B.4.14 Major Customers* of this Circular for further details.

Fibre

The GIHL Group launched its range of fibre optic based LNB and decoder products in mid 2009. The majority of volumes have been sold into the European market with lesser numbers being shipped into the Asian and North American markets. The fibre products are sold via distributors as well as directly to the leading broadcasters.

VSAT and Accessories

The GIHL Group has designed and manufactured a range of Ku VSAT products including transmitters and LNBs. This has led the GIHL Group to manufacture bespoke components for major customers in the form of a Ka LNB and wave guide assemblies for a major VSAT supplier namely Hughes, primarily serving the USA and Europe markets. In 2010, the GIHL Group developed a Ka transceiver and started manufacture of a bespoke solution for the market leader, Hughes, in the North American and Europe VSAT market.

The GIHL Group also designs and manufactures a range of accessories including amongst others, the tvLINK® range primarily for the UK market and the Stacker De-Stacker for the European market.

Seasonality

Please refer to *Section B.4.10 Seasonality* of this Circular for details relating to the seasonality of GIHL Group's revenue.

Key factors affecting the GIHL Group's revenue

Key factors affecting the GIHL Group's revenue include the following:

(a) ability to maintain our competitiveness by keeping abreast of the latest technology in the satellite related fields and the needs of our customers;

(b) ability to retain existing and secure new customers;

(c) availability of component parts to meet production demand;

(d) ability to recruit and retain key staff, who are instrumental to the strong engineering and product development capabilities;

(e) PRC contract manufacturers to remain cost competitive; and

(f) significant adverse changes in the social, economic, political and regulatory conditions in the countries or territories where our products are designed, manufactured and sold.

Cost of Sales

The table below sets out the breakdown of the components of our cost of sales:

(US$'000)	FY2009	%	FY2010	%	FY2011	%
Contract manufacturers	45,330	86.5	30,355	78.4	37,277	82.8
Others	7,058	13.5	8,376	21.6	7,758	17.2
Total	**52,388**	**100.0**	**38,731**	**100.0**	**45,035**	**100.0**

Our cost of sales comprises costs of contract manufacturers and others, representing 73.0%, 72.6% and 71.6%% of revenue for FY2009, FY2010 and FY2011 respectively.

We outsource the majority of the production of our products to third party contract manufacturers. The majority of our contract manufacturers are based in the PRC except for the manufacturing of satellite dishes which was outsourced to a UK based contract manufacturer, KLM, between October 2010 and March 2012. Contract manufacturer's costs are the single largest component of our cost of sales, accounting for 86.5%, 78.4% and 82.8%% of total cost of sales for FY2009, FY2010 and FY2011 respectively.

The contract manufacturer's costs represent the prices charged by them, which include PCBs, electronic components (including connectors and semiconductors), zinc and aluminium castings, plastic components and housings, power supply sub assemblies and modules, cost of labour and a mark-up. The manufacturer's prices are reviewed quarterly in line with the GIHL Group's major customer's price reviews. Prices are set for the quarter once agreed. Prices are reviewed within the quarter only if there are material changes to the raw material costs of more than 10%. Finished products are shipped from the contract manufacturers' premises to the GIHL Group's storage facilities or leased storage facilities in the UK and USA, or shipped directly to the customers. Finished products for EchoStar are shipped directly from the PRC contract manufacturers to the USA storage facilities as directed by EchoStar. Freight and storage costs form part of others within cost of sales. The GIHL Group is responsible for the product once it leaves the contract manufacturer's premises except when the customer makes their own collection. Our contract manufacturers work on a six-month forecast basis, and will invoice once the goods are shipped.

Others within cost of sales include steel (specifically purchased for the bespoke satellite dish product), freight and storage as described in the preceding paragraph, duty and OEM products. In aggregate, others within cost of sales accounted for 13.5%, 21.6% and 17.2% of our total cost of sales for FY2009, FY2010 and FY2011 respectively. Others within cost of sales as a percentage of total cost of sales increased from 13.5% in FY2009 to 21.6% in

FY2010 due to the increase in the purchase of specific fibre products to support the GIHL fibre range including optical splitters and fibre cable. These fibre accessories are purchased and resold to customers without going through any contract manufacturer. We launched our range of fibre optic based LNB and decoder products in mid 2009. The increase in others within cost of sales over the Period Under Review is also attributable to the cost of steel used in the satellite dishes range introduced late in 2010. However, others within cost of sales decreased from 21.6% in FY2010 to 17.2% in FY2011 despite the increase in sales of fibre products as two substantial contracts with the broadcasters in Europe required fibre products without the fibre accessories.

Administration Expenses

Administration expenses comprise costs associated with past services received and other administration expenses, as detailed below.

(US$'000)	FY2009	%	FY2010	%	FY2011	%
Other administration expenses:						
Depreciation and amortisation	604	5.7	425	2.1	383	3.1
Salaries and staff related costs	6,021	56.5	6,153	30.5	7,577	60.4
Consumables	482	4.5	1,320	6.6	999	8.0
Other costs	3,558	33.3	3,679	18.3	3,576	28.5
Costs associated with past services received	–	–	8,567	42.5	–	–
Total	**10,665**	**100.0**	**20,144**	**100.0**	**12,535**	**100.0**

Costs Associated with Past Services Received

GIL acquired 52.41% of the issued share capital of RGL on 1 August 2010 and made a mandatory general offer ("**MGO**") for the entire issued share capital of RGL on 16 August 2010. Following the close of the MGO on 15 September 2010, GIL received valid acceptances representing an additional 3.90% of the issued share capital of RGL. Following the close of the MGO, GIL transferred all the RGL shares it held to an independent trust, The Pacific Trust and consequently, GIL ceased to be a shareholder of RGL. The beneficiaries of The Pacific Trust are a group of employees of the GIHL Group and the transfer of the RGL shares to The Pacific Trust was in recognition of their past services performed for the GIHL Group. Therefore, the full cost of the shares and the associated transaction costs are included in administration expenses by way of the fact the transfer was made in respect of past services received. This is a non-recurring expense and this transaction is not expected to be repeated.

Other Administration Expenses

Other administration expenses comprise depreciation of property, plant and equipment, amortisation of purchased patents, wages and salaries of our management, engineers, marketing and administrative staff, social security costs, pension costs, share-based payment charges (the fair value attributable to employee share options vesting during the period), R&D consumables and other costs. Other costs include premises lease, maintenance and local government levys, travel costs, insurance, audit and accountancy fees, entertaining, motoring expenses, marketing, recruitment, training, postage and office costs and legal and professional fees.

Loss on Foreign Exchange Derivatives Instruments

The GIHL Group enters into, from time to time, fixed forward currency contracts to sell US$ and purchase GBP in order to mitigate exposure to fluctuations in exchange rates in settling GBP costs. These gains or losses arise if there is a difference between the fixed forward rate entered into and the spot rate on maturity.

Foreign Exchange (Losses)/Gains

These gains or losses are transactional being timing differences between recognition of income or expense and settlement of receivables and payables.

Interest Receivable/Payable

Interest receivable is mainly comprised of interest receivable from banks. Interest payable is mainly attributable to interest paid to GIHL's directors/shareholders in relation to the loan notes connected with the Management Buyout transaction in 2009 and loans made to enable GIL to complete the MGO in 2010 which were non-recurring events. Please refer to the *Section B.10.1 Past Interested Person Transactions* of this letter for details.

Impairment Against Investments

The GIHL Group reviews its investments annually, to ensure the carrying amount is no more than the recoverable amount. For FY2009, and subsequently in FY2011, it was deemed that the investment in PCTL was impaired and the impairment was charged to the Income Statement. Please see "FY2010 vs FY2009" and "FY2011 vs FY2010" below for details.

Taxation

The GIHL Group is subject to taxes in accordance with the prevailing tax regulations of the country in which the GIHL Group operates. For the Period Under Review, the GIHL Group's revenue was generated in the UK and was subject to tax at the then prevailing statutory corporate tax rates.

For FY2009, FY2010 and FY2011, GIHL Group was subject to a statutory corporate tax rate of 28.0%, 28.0% and 26.0% respectively (the rate changed from 28.0% to 26.0% on 1 April 2011).

During the Period Under Review, the GIHL Group claimed R&D tax credits available to small medium enterprises and large companies in accordance with the prevailing tax regulations in the UK. Tax credits are available for projects which seek to achieve an advance in overall knowledge or capability in a field of science or technology through the resolution of scientific or technological uncertainty. Expenses incurred on eligible projects are subject to uplift for computing tax payable. The effective tax rate for each of the past three financial years is lower than the statutory corporate tax rate due to adjustments for carried forward tax losses in FY2009 (from prior periods due to retrospective R&D tax credit claims), the R&D tax credit for each of the past three financial years and the effect of capital allowances in FY2011 offset by increases due to the effect of non deductible expenses for each of the past three financial years and the effect of capital allowances in FY2009 and FY2010. For the purpose of computing the tax charge for the period, the expense for costs associated with past services received in FY2010 is not allowable. Capital allowances are available on certain categories of expenditure to replace accounting depreciation for which a tax deduction is not available. In both FY2009 and FY2010 capital allowances were less than the accounting depreciation charged resulting in an increase to the tax charge. In FY2011, capital allowances exceeded the accounting depreciation resulting in a credit to the tax charge.

Foreign Exchange on Translation of Foreign Subsidiary

In April 2011, the GIHL Group incorporated a limited liability company, GI Provision Limited, a wholly-owned subsidiary of GIHL. The functional currency of GI Provision Limited is Pound Sterling which is translated to United States dollar for consolidation in the GIHL Group financial statements. The income statement is translated at an average yearly rate and monetary items on the statement of financial position at the closing rate. Non-monetary items on the statement of financial position are translated at the historical rate. The difference is the foreign exchange gain or loss on translation of a foreign subsidiary which is classified as other comprehensive income.

B.6.2 Review of Past Performance

Breakdown of Past Performance by Products

The breakdown of the GIHL Group's revenue, operating profit and operating profit margin for each of these product groups are set out below:

Revenue

(US$'000)	FY2009	%	FY2010	%	FY2011	%
DBS – LNB, switches, satellite dishes	64,276	89.5	44,617	83.6	52,835	84.1
Fibre	1,628	2.3	4,483	8.4	6,060	9.6
VSAT & accessories	5,879	8.2	4,259	8.0	3,980	6.3
Total	**71,783**	**100.0**	**53,359**	**100.0**	**62,875**	**100.0**

Operating Profit/(Loss)

(US$'000)	FY2009	FY2010	FY2011
DBS – LNB, switches, satellite dishes	6,992	1,403	3,525
Fibre	592	1,294	925
VSAT & accessories	808	457	613
Cost associated with past services received	–	(8,567)	–
Total	**8,392**	**(5,413)**	**5,063**

Operating Profit Margin

(%)	FY2009	FY2010	FY2011
DBS – LNB, switches, satellite dishes	10.9	3.1	6.7
Fibre	36.4	28.9	15.3
VSAT & accessories	13.7	10.7	15.4

Revenue Breakdown by Geographical Regions

The GIHL Group's revenue is geographically grouped based on the location of the customers' billing address as set out below:

Revenue

(US$'000)	FY2009	%	FY2010	%	FY2011	%
USA	63,204	88.0	43,386	81.3	47,502	75.6
Europe(1)	6,274	8.7	8,043	15.1	13,422	21.3
RoW(2)	2,305	3.2	1,930	3.6	1,951	3.1
Total	**71,783**	**100.0**	**53,359**	**100.0**	**62,875**	**100.0**

Notes:

(1) Europe revenues predominantly consist of sales to the UK, Denmark, Netherlands, Italy, France, Spain, Ireland and Germany.

(2) RoW revenues predominantly consist of sales to Malaysia, Israel and PRC.

Our geographical segmentation of revenue is based on our customers' billing addresses. While it is possible to segment our revenue by geographical regions, the allocation of costs cannot be done in a similar manner with reasonable accuracy. This is because our cost of sales and administration expenses are not directly traceable to an individual geographical region given that such costs and expenses are incurred in the UK and shared between different geographical regions. As such, it is not meaningful to provide a breakdown of operating profit or operating profit margin by geographical region.

FY2010 vs FY2009

Revenue

Revenue decreased by US$18.4 million or 25.6% from US$71.8 million in FY2009 to US$53.4 million in FY2010 due to a decrease of US$19.7 million and US$1.6 million in revenue from DBS products and VSAT and accessories respectively, offset by an increase of US$2.9 million in revenue from fibre products. The decrease in revenue from DBS products was mainly attributable to the reduction in EchoStar's demand for RF video switches. New replacement products were developed but were not required until 2011 as the customer's inventory levels were sufficient due to the increased inventory intake during 2009. In addition, there was a change in the broadcast technology used by one of EchoStar's customers which led to cessation of sales of legacy switch products. An LNB was planned to be phased out but the replacement product was not ready for launch within 2010.

Engineering delays on the introduction and qualification of a new LNB product also led to reduced revenues. Revenue from fibre products increased by US$2.9 million or 181.2% from US$1.6 million in FY2009 to US$4.5 million in FY2010 mainly due to increasing recognition of fibre products as a viable alternative to cable products, and was being purchased by OEMs in addition to distributors. Revenue from VSAT and accessories decreased by US$1.6 million or 27.1% from US$5.9 million in FY2009 to US$4.3 million in FY2009 mainly due to a shift from Ku band to Ka band devices. GIHL having focused on producing the older Ku band devices, deferred the introduction of the new Ka band devices to 2011.

The decrease in revenues from the USA of US$19.8 million or 31.3% from US$63.2 million in FY2009 to US$43.4 million in FY2010 is due to the reasons outlined above. The increase in revenues from Europe of US$1.7 million or 27.0% from US$6.3 million in FY2009 to US$8.0 million in FY2010 is mainly attributable to the launch of the fibre range of products being sold predominantly to the distributor and OEM market in Europe, accounting for US$2.4 million but this was offset by a decrease of VSAT and accessories into Europe in excess of US$0.5 million due to reduced sales to the distributor market for accessories. Fibre sales to the RoW also increased by US$0.4 million. The decrease in revenue from the RoW of US$0.4 million or 17.4% from US$2.3 million in FY2009 to US$1.9 million in FY2010 of revenues from the RoW is mainly attributable to a decision to withdraw a low margin VSAT product sold into Israel.

Cost of Sales

Cost of sales decreased by US$13.7 million or 26.1% from US$52.4 million in FY2009 to US$38.7 million in FY2010. Cost of sales in relation to total revenue during FY2009 was 73.0% whereas FY2010 were 72.6%. Others within cost of sales increased by US$1.4 million or 20.0% from US$7.0 million in FY2009 to US$8.4 million in FY2010, whereas cost of contract manufacturers within cost of sales decreased by US$14.9 million or 32.9% from US$45.3 million in FY2009 to US$30.4 million in FY2010. The decrease in cost of contract manufacturers was due mainly to the decrease in sales of DBS products. Some fibre products are produced by contract manufacturers and are reported within cost of contract manufacturer. Other fibre products are purchased from vendors and are reported in others within cost of sales. The increase in sale of fibre products led to an increase in purchases of products/accessories for sale with the range of fibre products thus increasing the others within cost of sales.

Gross Profit

Gross profit decreased by US$4.8 million or 24.7% from US$19.4 million in FY2009 to US$14.6 million in FY2010 which was in line with the decrease in revenue. Gross profit margin has increased slightly by 0.4 percentage points from 27.0% in FY2009 to 27.4% in FY2010.

Administration Expenses – Costs Associated with Past Services Received

During FY2010, GIL acquired 52.41% of the issued share capital of RGL and made a MGO for all the issued share capital of RGL. Following the close of the MGO, GIL received valid acceptances representing an additional 3.90% of the issued share capital of RGL. GIL transferred all the RGL shares it held to an independent trust, The Pacific Trust, and consequently GIL ceased to be a shareholder. The beneficiaries of The Pacific Trust are a group of employees of the GIHL Group and the transfer of the RGL shares to The Pacific Trust was in recognition of their past services performed for the GIHL Group. Therefore, the full cost of the shares and the associated transaction costs which amounted to approximately US$8.6 million were included in administration expenses by way of the fact the transfer was made in respect of past services received. This is a non-recurring expenses and this transaction is not expected to be repeated.

Administration Expenses – Other Administration Expenses

Administration expenses increased by US$0.9 million or 8.4% from US$10.7 million in FY2009 to US$11.6 million in FY2010. This is attributable mainly to an increase in R&D consumables in FY2010 of US$0.8 million.

Operating Profit and Operating Profit Margin

Operating profit decreased by US$13.8m or 164.3% from US$8.4 million in FY2009 to losses of US$5.4 million in FY2010. The decline in operating profit is mainly due to the one-off administration expenses of US$8.6 million for past services received. Excluding the one-off administration expenses, for comparative purposes, operating profit decreased by US$5.2 million or 61.9% from profits of US$8.4 million in FY2009 to profits of US$3.2 million in FY2010 and the operating profit margin declined from 11.7% in FY2009 to 5.9% in FY2010. The decrease in operating profit is mainly due to the decrease in revenue and increase in the administration expenses (excluding the one-off transaction) over FY2009 due to our continuing effort to invest in R&D for the future development of the business.

The operating profit margin for our DBS products declined by 7.8 percentage points from 10.9% in FY2009 to 3.1% in FY2010. This was mainly due to a decrease in the revenue from DBS products and increase in administration expenses.

The operating profit margin for our fibre products declined by 7.5 percentage points from 36.4% in FY2009 to 28.9% in FY2010. However, the decrease in revenue from DBS products in FY2010 caused the administration expenses to be apportioned to the fibre product segment, thus reducing the operating profit margin of fibre products.

The operating profit margin for our VSAT and accessories declined by 3.0 percentage points from 13.7% in FY2009 to 10.7% in FY2010. This was mainly due to decrease in the revenue from VSAT and accessories and increase in administration expenses.

Loss on Foreign Exchange Derivative Instruments

Due to fluctuations in foreign exchange rates between the date of maturity of fixed forward contracts and spot rates, a loss was recognised in FY2009 of approximately US$124,000.

Foreign Exchange (Losses)/Gains

Due to fluctuations in foreign exchange rates between the date of recognising income or expenditure and the settlement of the corresponding receivable or payable, a loss of approximately US$214,000 was recorded in FY2009 and a gain of approximately US$103,000 was recorded in FY2010.

Interest Receivable/Payable

Interest receivable increased by US$21,334 from US$4,986 in FY2009 to US$26,320 in FY2010. This was due to a higher balance of cash being available for long term deposit over the 2010 period.

Interest payable increased by US$25,451 from US$33,049 in FY2009 to US$58,500 in FY2010. The majority of the increase is attributable to the interest paid on short term loans from directors and substantial shareholders to the GIHL Group in March and April 2010. The loans were provided to assist the GIHL Group to satisfy the confirmation of financial resources criteria of a mandatory general offer when entering into a sale and purchase agreement to purchase shares in RGL. All loans were repaid by September 2010. Please refer to the *Section B.10.1 Past Interested Persons Transactions* of this letter for more details.

Impairment Against Investments

The impairment in FY2009 was related to the investment in PCTL. The GIHL Group acquired an aggregate 16% interest in the issued share capital of PCTL in 2008 and 2009 with a total investment amounting to £250,000, equivalent to US$388,970. Of the £250,000 investment, £200,000 was made by way of a subscription agreement for 9,345 shares and £50,000 was made by way of a convertible loan agreement with PCTL and other parties. As a result of the conversion of the convertible loan, the GIHL Group's shareholding in PCTL increased to a total of 16,029 shares, representing 4% of PCTL's issued share capital as of 31 December 2010. The consideration was arrived at by negotiation for exclusivity of PCTL technology in the satellite related market and taking into consideration the funding requirements of PCTL. In view of PCTL's poor financial performance, the Directors impaired the investment down to US$240 in FY2009, being the nominal value of the shares of PCTL held by the GIHL Group. This gave rise to a one-off charge of US$388,730. PCTL went into creditors' voluntary liquidation in April 2011. During the same month, GI Provision Limited, a wholly-owned subsidiary of GIHL, acquired from the liquidator, acting on behalf of PCTL, the commercial records, fixtures and fittings, goodwill, intellectual property and third party intellectual property rights, equipment, stock and work-in-progress for the sum of £200,000. The consideration of £200,000 was arrived at taking into consideration the net book value of some of the assets, the funds required to repay a bank debt, legal fees and liquidator fees, and on a willing-buyer, willing-seller basis. The consideration was higher than the net asset value of the assets mentioned above. There was no impairment against investments in FY2010.

Profit/(Loss) Before Taxation

Profit before taxation decreased by US$13.4 million or 167.5% from a profit before taxation of approximately US$8.0 million in FY2009 to a loss before taxation of US$5.4 million in FY2010. This decrease is due mainly to the decrease in revenues and increase in administration expenses in FY2010 over FY2009. In particular, the one-off cost associated with past services received accounted for approximately US$8.6 million of the reduction in profit. Excluding the one-off transaction, profit before taxation for FY2010 would have been approximately US$3.2 million, a decrease of approximately US$4.8 million or 60.0% from approximately US$8.0 million in FY2009, mainly attributable to the decreased revenue and increased administration costs as explained above.

Taxation

Income tax expense decreased by US$1.6 million or 80.0% from approximately US$2.0 million in FY2009 to US$0.4 million in FY2010 mainly due to a lower profit before tax. Although FY2010 reported a loss, the costs in relation to past services received were not deductible for taxation purposes which led to a charge for tax in 2010. The increased R&D expenditure eligible for uplift under the R&D tax credit scheme further reduced the income tax expense.

Profit/(Loss) After Taxation

The GIHL Group recorded a loss after taxation of US$5.9 million in FY2010, representing a decrease of US$11.9 million from a profit of US$6.0 million in FY2009 due mainly to the reasons as explained above. In particular, the one-off cost associated with past services received accounted for approximately US$8.6 million of the reduction in profit after tax. Excluding the one-off transaction, loss after taxation for FY2010 would have been US$2.7 million, a decrease of US$3.3 million over FY2009 all attributable to the decreased revenue and increased administration costs as explained above.

FY2011 vs FY2010

Revenue

Revenue increased by US$9.5 million or 17.8% from US$53.4 million in FY2010 to US$62.9 million in FY2011 due to an increase of US$8.2 million and US$1.6 million in revenue from DBS products and fibre products respectively, offset by a decrease of US$279,000 in revenue from VSAT and accessories. The increase in revenue from DBS products of 18.4% was mainly attributable to the introduction of an LNB product which was planned for launch in FY2010, but was delayed, which accounted for approximately US$16.9 million of revenue. This in turn was offset by the reduction in legacy switch products of US$12.4 million. Dish manufacture accounted for an increase of US$3.7 million over FY2010. Revenue from fibre products increased by US$1.6 million or 35.6% from US$4.5 million in FY2010 to US$6.1 million in FY2011 mainly due to the continued increasing recognition of fibre products as a superior alternative to cable products by distribution outlets as well as prestigious property developers, small town developers and mobile home sites, and has continued to be purchased by OEMs in addition to distributors in greater volumes. Revenue from VSAT and accessories decreased by US$279,000 or 6.5% from US$4.3 million in FY2010 to US$4.0 million in FY2011 mainly due to a shift from Ku band to Ka band devices. The introduction of an advanced Ka band device has been delayed until FY2012.

The increase in revenue from the USA of US$4.1 million or 9.4% from US$43.4 million in FY2010 to US$47.5 million in FY2011 is due to the introduction of an LNB product and the reduction in legacy switch products as stated above. The increase in revenue from Europe of US$5.4 million or 67.5% from US$8.0 million in FY2010 to US$13.4 million in FY2011 is mainly attributable to the continued fulfilment of the dish manufacturing contract which accounted for US$3.7 million and the continued growth of the fibre range of products being sold predominantly to the distributor and OEM market in Europe. Revenue from the RoW has remained static at approximately US$1.9 million in FY2011 and FY2010; however revenue from a Malaysian customer in FY2010 of approximately US$721,000, which were not repeated in FY2011 as the contract had been completed, were replaced by revenues from a new customer based in Canada.

Cost of Sales

Cost of sales increased by US$6.3 million or 16.3% from US$38.7 million in FY2010 to US$45.0 million in FY2011. Cost of sales in relation to total revenue during FY2010 was 72.6% whereas FY2011 was 71.6%. Others within cost of sales decreased by US$618,000 or 7.4% from US$8.4 million in FY2010 to US$7.8 million in FY2011, whereas cost of contract manufacturers within cost of sales increased by US$6.9 million or 22.7% from US$30.4 million in FY2010 to US$37.3 million in FY2011. The increase in cost of contract manufacturers was due mainly to the increase in sales of DBS products. Some fibre products are produced by contract manufacturers and are reported within cost of contract manufacturer. Other fibre products are purchased from vendors and are reported in others within cost of sales. The increase in sales of fibre products would normally lead to an increase in purchases of products/accessories for sale with the range of fibre products thus increasing the others within cost of sales. However, two substantial contracts with the broadcasters in Europe purchased fibre products without the fibre accessories thus the other costs within costs of sales did not increase proportionately with the increased fibre revenue.

Gross Profit

Gross profit increased by US$3.2 million or 21.9% from US$14.6 million in FY2010 to US$17.8 million in FY2011 which was in line with the increase in revenue. Gross profit margin increased by 1.0 percentage point from 27.4% in FY2010 to 28.4% in FY2011 due to improved profit margin of DBS products.

Administration Expenses – Other Administration Expenses

Administration expenses increased by US$958,000 or 8.3% from US$11.6 million in FY2010 to US$12.5 million in FY2011. This is attributable mainly to an increase in employee benefits of US$1.4 million offset by a reduction in R&D consumables of US$321,000 in FY2011. The increase in employee benefits is due, in part, to the GI Provision Limited employee restructuring on acquisition of the business assets of PCTL in April 2011, GIL restructuring costs in July 2011 and annual salary increases.

Operating Profit and Operating Profit Margin

Operating profit increased by US$10.5 million or 194.4% from losses of US$5.4 million in FY2010 to profits of US$5.1 million in FY2011. The majority of the increase in operating profit is mainly due to the non-recurrence of the one-off administration expense of US$8.6 million for costs associated with past services received. Excluding the one-off administration expense in FY2010, for comparative purposes, operating profit increased by US$1.9 million or 59.4% from profits of US$3.2 million in FY2010 to profits of US$5.1 million in FY2011 and the operating profit margin increased from 5.9% in FY2010 to 8.1% in FY2011. The increase in operating profit is mainly due to the increase in revenue, and slightly improved gross margin, offset by an increase in the administration expenses (excluding the one-off transaction) over FY2010.

The operating profit margin for our DBS products increased by 3.6 percentage points from 3.1% in FY2010 to 6.7% in FY2011. This was mainly due to the increase in the revenue from DBS products.

The operating profit margin for our fibre products declined by 13.6 percentage points from 28.9% in FY2010 to 15.3% in FY2011. The decrease was mainly attributed to the reduced gross margins on volume sales to OEM customers.

The operating profit margin for our VSAT and accessories increased by 4.7 percentage points from 10.7% in FY2010 to 15.4% in FY2011. This was mainly due to increased sale of some of the more technologically advanced VSAT products which could command a higher gross margin and a reduction in the apportioned overhead due to reduced revenues.

Foreign Exchange (Losses)/Gains

Due to fluctuations in foreign exchange rates between the date of recognising income or expenditure and the settlement of the corresponding receivable or payable, a gain of approximately US$103,000 was recorded in FY2010 and a loss of approximately US$242,000 was recorded in FY2011.

Interest Receivable/Payable

Interest receivable decreased by approximately US$25,000 from US$26,000 in FY2010 to US$1,000 in FY2011. This was due to a lower balance of cash being available for long term deposit over the 2011 period.

Interest payable decreased by approximately US$37,000 from US$58,000 in FY2010 to US$21,000 in FY2011. The majority of the decrease is attributable to the interest paid on short term loans from directors and substantial shareholders to the GIHL Group in March and April 2010 no longer being payable as the loans were repaid by September 2010. The decrease was offset by interest payable on the late payment of corporation tax quarterly instalment payments for the twelve month statutory accounting period to 31 March 2010 which amounted to US$17,469.

Impairment Against Investments

The nominal value of the shares of PCTL held by the GIHL Group which totalled US$240 was fully impaired during FY2011 as PCTL went into creditors' voluntary liquidation in April 2011.

Profit/(Loss) Before Taxation

Profit before taxation increased by US$10.5 million or 194.4% from a loss before taxation of approximately US$5.4 million in FY2010 to a profit before taxation of US$5.0 million in FY2011. This increase is due mainly to the increase in revenue and gross margin and the non-recurrence of the one-off cost associated with past services received which accounted for approximately US$8.6 million of the reduction in profit in FY2010, offset by an increase in administration expenses in FY2011 over FY2010.

Taxation

Income tax expense increased by US$541,000 or 131.6% from US$411,000 in FY2010 to US$952,000 in FY2011 mainly due to higher taxable profits in FY2011 even though the tax rate in FY2011 was reduced from 28% to 26% on 1 April 2011. There was a slight increase in R&D expenditure eligible for uplift under the R&D tax credit scheme which further reduced the income tax expense but this was offset by a deferred taxation charge relating to origination and reversal of temporary differences and an under provision of tax payable in the previous year of approximately US$79,000 due to the change in functional currency.

Profit/(Loss) After Taxation

The GIHL Group recorded a profit after taxation of US$4.1 million in FY2011, representing an increase of US$10.0 million from a loss of US$5.9 million in FY2010 due mainly to the reasons as explained above and, in particular, the non-recurrence of the one-off cost associated with past services received.

Foreign Exchange on Translation of Foreign Subsidiary

In April 2011, the GIHL Group incorporated a limited liability company, GI Provision Limited, a wholly-owned subsidiary of GIHL. The functional currency of GI Provision Limited is Pound Sterling which is translated to United States dollar for consolidation in the Group financial statements. FY2011 was the first year of consolidation of a subsidiary whose functional currency is different to that of the parent. In FY2011 foreign exchange on the translation of GI Provision Limited totaled approximately US$48,000.

B.6.3 Liquidity and Capital Resources

Since our establishment, our capital expenditure and operating requirements have been financed through a combination of shareholders' equity, cash generated from operations and bank borrowings.

As at the Latest Practicable Date, our cash and cash equivalents amounted to approximately US$1.9 million. As at the Latest Practicable Date, we have total banking facilities of approximately US$4.0 million, which are not currently being utilised. Please refer to *Section B.6.5 Capitalisation and Indebtedness* of this Circular for further details of the banking facilities.

The directors of GIHL are of the opinion that, as of the Latest Practicable Date, after taking into account the cash and bank balances, available bank facilities, bank loans and cash from operating activities, the GIHL Group has adequate working capital to meet its present requirements for at least the next 12 months from the Latest Practicable Date.

A summary of our cash flow statement for the Period Under Review is set out in the table below:

(US$'000)	FY2009	FY2010	FY2011
Net cash generated from/(used in) operating activities	7,616	(7,619)	3,339
Net cash used in investing activities	(289)	(174)	(2,530)
Net cash (used in)/generated from financing activities	(7,925)	106	(192)
Net (decrease)/increase in cash and cash equivalents	(598)	(7,687)	617
Cash and cash equivalents at beginning of financial year	9,548	8,950	1,263
Cash and cash equivalents at end of financial year	8,950	1,263	1,880

FY2009

Net cash generated from operating activities before working capital changes was approximately US$9.2 million. Net cash outflow from changes in working capital was approximately US$767,000 mainly due to:

(i) a decrease in inventories of approximately US$134,000 due to a decrease in stock holding of switch products to meet customer requirements, offset by the holding of fibre accessories for the first time;

(ii) a decrease in trade and other receivables of approximately US$916,000 as collection issues were resolved with one of the existing customers and sales effectively ceased to this customer; and

(iii) a decrease in trade and other payables of approximately US$1.8 million as payment terms to suppliers were improved.

Net cash used in investing activities was approximately US$289,000, mainly for the purchase of test equipment for production lines, computers and improvements to leasehold, amounting to approximately US$199,000 in total and an investment in PCTL of approximately US$90,000.

Net cash used in financing activities amounted to approximately US$7.9 million mainly attributable to a group restructuring exercise undertaken in FY2009. The founding partners, Mr Roger Pannell and Mrs Helen Pannell and three other directors, Mr Mark Birchall, Mr David Fugeman and Mr Malcolm Burrell, swapped some of their shareholding in GIL for shares in the new interposed parent company, GIHL, but received an aggregate cash consideration of approximately US$7.7 million for the remainder of their shareholding. GIHL holds treasury shares, ordinary shares, via the EBT. The shares and bank account held by the EBT are consolidated in the financial statements of GIHL. Therefore, any purchase of shares from an employee by the EBT will result in a cash outflow as will any purchase and cancellation of shares by GIHL from an employee as GIHL transfer consideration for the shares to the employee. During FY2009 a director, Mr Mark Birchall, left the Company and 10,000 of his shares were purchased by the Trust and the remaining 20,000 shares were purchased and cancelled by GIHL. In additional to this, staff were given the option to purchase shares in GIHL which led to cash inflows. The net result of the sale and purchase of shares in GIHL amounted to an out flow of approximately US$252,000.

FY2010

Net cash used in operating activities before working capital changes was approximately US$4.9 million. This included a one-off outflow of approximately US$8.6 million for the costs associated with past services received. Net cash outflow from changes in working capital was approximately US$1.4 million. This was mainly due to:

(i) an increase in inventories of approximately US$1.0 million attributable mainly to the steel roll purchased and held in inventories for the manufacture of satellite dish of approximately US$1.2 million offset by a decrease in inventory due to reduced sales to EchoStar;

(ii) an increase in trade and other receivables of approximately US$943,000 mainly due to the new satellite dish sales to BSkyB and the extended terms they had been offered and an increase in the sales to distributors of fibre products in Europe; and

(iii) offset by an increase in trade and other payables of approximately US$663,000 due, predominantly, to favourable payment terms to the GIHL Group.

Net cash used in investing activities was mainly for the purchase of property, plant and machinery being furniture, test equipment and office computers of US$93,000 and the loan of US$81,000 to an associated company, Fibre TV to Home Limited.

Net cash generated from financing activities amounted to approximately US$106,000 attributable to the issuance of shares pursuant to exercise of options and offset by the purchase and cancellation, by GIHL, of shares from employees leaving GIHL. Approximately US$180,000 inflow from the share issue over 15,000 shares granted under option, vesting immediately, to a former director, Mr Andrew Jones, and approximately US$74,000 outflow from the cancellation of shares. In March/April 2010, GIL entered into a series of loan agreements with shareholders (Mr Roger and Mrs Helen Pannell) and directors (Mr Tony Taylor, Mr Malcolm Burrell, Mr David Fugeman and Mr Andrew Jones) to ensure that GIL had sufficient cash balances to satisfy the conditions required for a mandatory general offer which had been triggered as a result of GIL's acquisition of 52.41% of the share capital of RGL. The amount of loans extended by these shareholders and directors was equivalent to approximately US$3.7 million. All the loans were repaid during June, August or September 2010. Please refer to *Section B.10.1 Past Interested Person Transactions* of this Circular for more details on the said loans.

FY2011

Net cash generated through operating activities before working capital changes was approximately US$5.5 million. Net cash outflow from changes in working capital was approximately US$1.6 million. This is mainly due to:

(i) an increase in inventories of US$384,000;

(ii) a decrease in trade and other payables of approximately US$1.4 million due, predominantly to less favourable payment terms to us reducing trade payables by US$2.8 million offset by an increase in accruals due to late invoices received; and

(iii) offset by a decrease in trade and other receivables of approximately US$201,000.

Net cash used in investing activities was mainly for the purchase of property, plant and machinery being furniture, test equipment, office computers and tooling of approximately US$1.6 million, the acquisition of tangible and intangible assets amounting to approximately US$268,000 in total when the business assets of PCTL were purchased incorporating office computers, trading name and patents and the cost of internally generated capitalised development to the value of approximately US$629,000, being the wireless HD video transmission and reception technology.

Net cash used in financing activities amounted to approximately US$191,000 attributable to the issuance of shares pursuant to exercise of options offset by the purchase and cancellation, by GIHL of its own shares, and the purchase of GIHL shares by the EBT. Approximately US$3,000 inflow was attributable to the share issue over 250 shares granted under option and approximately US$26,000 outflow from the cancellation of shares purchased from a leaving employee and the EBT. In addition, during FY2011 a director, Mr Andrew Jones, left the Company and his 15,000 shares were purchased by the EBT. This combined with the sale of shares to two employees pursuant to shares granted under option, also from the EBT, resulted in a net outflow of approximately US$168,000. The price paid per share was determined in accordance with the articles of association of GIHL or the Option Agreement, and the latest unrestricted market value for tax purposes as agreed with Her Majesty's Revenue and Customs during the preceding 12 months.

B.6.4 Capital Expenditures, Divestment and Commitment

Capital Expenditure

(US$'000)	FY2009	FY2010	FY2011	From 1 January 2012 to the Latest Practicable Date
Acquisition				
Land and building	100	–	–	–
Plant, equipment and tooling	41	3	542	131
Computer equipment and software	58	90	1,095	396
Total	**199**	**93**	**1,637**	**527**

Acquisitions

The GIHL Group incurred land and buildings expenditure of US$100,000 in FY2009. These were related to the leasehold improvements to the Stevenage facility in FY2009.

The GIHL Group incurred US$41,000, US$3,000 and US$542,000 on plant, equipment and tooling in FY2009, FY2010 and FY2011 respectively. Plant and equipment relates to office equipment and furniture. From 1 January 2012 to the Latest Practicable Date, the GIHL Group incurred approximately US$131,000 on additional tooling for use in production lines for new LNB products in PRC.

The GIHL Group incurred US$58,000, US$90,000 and US$1.1 million on computer equipment and software for FY2009, FY2010 and FY2011 respectively. Computer equipment is mainly attributable to test equipment located at contract manufactures in the PRC used in production lines and general office computers for the UK sites. The increase in FY2011 is due to the set up of a production line for the new LNB product as noted above and the purchase of specific software for a new product design. From 1 January 2012 to the Latest Practicable Date, the GIHL Group incurred approximately US$396,000 on additional software for the new product design noted above and test equipment for the set up of a production line for a new LNB product.

Capital Commitment

As at the Latest Practicable Date, we do not have any material capital commitment.

Operating Lease Commitments

The minimum lease rentals to be paid under non-cancellable operating leases for the Period Under Review are as follows:

(US$)	FY2009	FY2010	FY2011
Within one year	208,999	182,826	147,961
Between one and five years	348,277	323,653	337,464
After five years	195,136	108,624	27,678
	752,412	615,103	513,103

The majority of operating leases relate to property. The rents payable under these leases are subject to renegotiation at various intervals specified in the leases. There are five leases in total, during the Period Under Review, and all relate to office, or office with warehouse, facilities in which the GIHL Group conducts its businesses except the property located at 5 Titan House, Calever Park, Aldermaston, Berkshire, RG7 8AA, UK, which is unoccupied. As such, the GIHL Group decided not to renew this lease when it expired on 13 July 2011. See *Section B.4.17 Properties and Fixed Assets* of the Circular for full particulars of the other premises.

Included within the commitments above are the telephone operating and hardware system.

B.6.5 Capitalisation and Indebtedness

The following table shows the cash and cash equivalents as well as capitalisation and indebtedness of the GIHL Group based on our unaudited management accounts as at 31 March 2012 and as adjusted for the estimated net proceeds from the issue of the 41,539,000 Placement Shares.

You should read this table in conjunction with *Appendix C – Independent Auditors' Report on the Consolidated Financial Statements of GIHL for the Three Years ended 31 December 2009, 2010 and 2011* and the *Section B.6 Management's Discussion and Analysis of Financial Condition and Results of Operations* of this Circular.

(US$'000)	As at 31 March 2012	As adjusted for the net proceeds from the issue of Placement Shares(1)
Cash and cash equivalents	3,459	10,903
Short term debt	0	0
Long term debt	0	0
Total Indebtedness	0	0
Total shareholders' equity and reserves	13,000	20,444
Total capitalisation and indebtedness	13,000	20,444

Note:

(1) Assuming 41,539,000 Placement Shares are issued at S$0.3087 each after taking into account placement commission of S$449,000, professional fees of S$3,046,000 and miscellaneous expenses of S$103,000. The Singapore dollars amount are converted to United States dollars amount based on the exchange rate of S$1.2393/US$1.00 as at the Latest Practicable Date.

Bank Borrowings

As at 31 March 2012 and the Latest Practicable Date, we have total banking facilities of approximately US$3.9 million and US$4.0 million respectively, which are not currently being utilised. We are not in breach of any of the terms and conditions or covenants associated with any credit management or bank loan which could materially affect our financial position and results or business operations, or the investment of our shareholders.

Contingent Liabilities

As at the Latest Practicable Date, the GIHL Group had no contingent liabilities.

B.6.6 Foreign Exchange Management

The GIHL Group's financial statements are prepared in US$, which is its reporting and functional currency. In its course of business, the GIHL Group may transact in GBP for its overheads. As such, the GIHL Group is subjected to fluctuations in foreign exchange, which may affect its financial performance. The percentages of the GIHL Group's sales and purchases denominated in US$ and other currencies for the Period Under Review are as follows:

Sales (%)	**FY2009**	**FY2010**	**FY2011**
US$	93.3	87.2	81.8
GBP	5.2	8.1	13.4
EURO	1.5	4.7	4.8
Total	**100.0**	**100.0**	**100.0**

Purchases (%)	**FY2009**	**FY2010**	**FY2011**
US$	81.2	62.7	73.3
GBP	18.6	22.6	26.5
EURO	0.2	0.4	0.2
SGD	–	14.3	–
Total	**100.0**	**100.0**	**100.0**

To the extent our sales and purchases are not naturally matched in the same currency and to the extent that there are timing differences between collections from the customers payments made to the suppliers, the GIHL Group will be exposed to fluctuations in the exchange rates between USD, GBP, Euro and SGD. Therefore, the GIHL Group's profit may be materially and adversely affected. Please refer to *Section B.8.1 Risk Factors Relating to the GIHL Group* of this letter for more details on the foreign exchange risk.

The exchange gain and loss of the GIHL Group for the Period Under Review are as follows:

(US$'000)	**FY2009**	**FY2010**	**FY2011**
Exchange (loss)/gain	(214)	103	(242)
As a percentage of profit/(loss) before income tax (%)	2.7	1.9	4.8

Currently, the GIHL Group does not have a formal hedging policy with respect to its foreign exchange exposure save for ad-hoc arrangements with banks, subject to the foreign exchange limit granted by the banks, to enter into forward contracts to lock into the exchange rate for US$/GBP.

The GIHL Group will continue to monitor its foreign exchange exposure in the future and will consider hedging any material foreign exchange exposure should the need arise. Should the GIHL Group enter into any hedging transaction in the future, such transaction shall be subject to review and approval by the board of directors. In addition, should the GIHL Group decide to establish any formal hedging policy in the future, such policy shall be subject to review and approval by the board of directors prior to its implementation. The GIHL Group's Audit Committee will review periodically the hedging policies, (if any), all types of instruments used for hedging as well as the foreign exchange policies and practices of the GIHL Group.

B.7 PROSPECTS, TRENDS AND FUTURE PLANS

B.7.1 Prospects

B.7.1.1 Growth in the advanced telecommunications market

Policymakers and government leaders throughout the world have recognised the important role that advanced telecommunications services will play in creating a "knowledge economy". These telecommunications services are viewed to assist in promoting economic growth, improving education, aiding development, and advancing political discourse throughout the world.

At present, many households in outlying remote areas in various jurisdictions do not have a realistic prospect of achieving access to high-speed Internet based on existing infrastructures. This constitutes a serious obstacle to making the benefits of an information society available to all residents and businesses globally. Increasingly, governments around the world have been quick to seize the opportunity to use the potential offered by satellite technologies to bridge the digital divide.

Indeed, while satellite technologies may constitute appropriate solutions, especially for rural, peripheral and island regions, their adoption is generally based on cost effectiveness. As such, delivery of electronic communications services including triple and quadruple play are provided through a variety of networks and platforms such as *x*DSL offered over telephone lines, cable modem over cable networks, fibre optics, satellites, wireless solutions and powerline communications. These technologies can be substitutes, competing with each other, but they can also complement, coexist with each other and form part of an integrated system according to local geographical needs.

Internationally, distance learning continues to be a significant driver for many government sponsored initiatives. This trend is particularly pronounced in developing countries where the weak IT infrastructure often warrants a greater need for remote learning. This is most notable in the new growth economies of Brazil, India and Mexico. For example, in India, a successful public private partnership is driving a huge expansion in distance learning to thousands of remote village locations that can only be supplied by a satellite based broadband service in the near to medium term. Another example is Brazil where distance learning projects currently serve 20,000 students in 700 classrooms in the state of Amazonas.

Emergency preparations and planning networks are also being recognised universally as imperatives for business and governments around the world. When a disaster strikes and the venerable ground networks are taken down, satellite is the first system to get up and running to keep operations running and enable key decisions to be made on the ground. This is not just the case in developing countries but in the USA where the government has a high speed bandwidth on demand backup system in place, otherwise known as the Intergovernmental Crisis Network, that instantly connects federal government and local agencies when the cable network fails.

An emerging global market is also being established for cost effective satellite backhaul for GSM cellular data which enables consumers to reach areas well beyond the jurisdiction of the cable infrastructure or point-to-point radio links that all cell networks currently rely on.

Broadband on the move is also a major growth area for satellite where in an ever increasingly connected world demand to be able to access all data services wherever the location of the user may be. In the case of the marine industry, this is now a significant growth area with many new satellite systems planned over the next few years to meet the increasing bandwidth demands of the world's estimated 80,000 vessels.

In this connection, major operators worldwide have been aggressively putting into place the infrastructure and equipment to support the increasingly widespread use of both cable and satellite technologies in the delivery of electronic telecommunications services, resulting in rising demand for various types of customer-premise equipments. In particular, the cable devices market is expected to ramp up quickly in North America, Europe, the Middle East, Asia and Asia Pacific to approximately US$3 billion worldwide by 2014(1).

(1) The information in this section has been extracted from "4Q09 Broadband CPE and Subscribers Market Forecast Report", Infonetics Research Market Report (December 2009). We have not asked the author of this report for its consent to the inclusion of the information referred to above for the purposes of Section 249 of the SFA and the author is thereby not liable for these statements under Section 253 and 254 of the SFA. While the Directors have taken reasonable action to ensure that the information is extracted accurately and fairly and has been included in this Letter in its proper form and context, they have not independently verified the accuracy of the relevant information.

B.7.1.2 Growth in the cable, satellite and IP television markets[1]

Homes with satellite and cable televisions in Central and Eastern Europe, North Africa and the Middle East have shown double-digit growth in the past two years, progressing in Central and Eastern Europe by 16.7% and in North Africa and the Middle East by 15.3%. Additionally, 58.9% of television homes in Western Europe have access to satellite or cable televisions. The percentages of homes with satellite or cable televisions in Central and Eastern Europe have also been increasing, with a current penetration rate of 50.9% as compared to 43.6% in 2008.

In a recent survey covering 46 countries in Europe, North Africa and the Middle East, satellite reception has been shown to be the growth driver for the television market, accounting for approximately 61.4% of the total television home base against homes with cable televisions. Satellite reception in homes has progressed over two years by 16% from 2008 while cable penetration appeared to have decreased by 1.8% from 2008. Western Europe, as a more established market for satellite reception, posted a 5.8% growth rate for the past two years, while double digit growth was recorded in other regions. North Africa and the Middle East saw a 16% growth in satellite reception, while Eastern Europe experienced a growth of 44%.

The Directors also observe the following trends in the satellite television and cable peripherals industries.

B.7.2 Trend Information

Saved as disclosed above and in *Section B.6 Management's Discussion and Analysis of Financial Condition and Results of Operations* and *Section B.8 Risk Factors* of this Circular and barring any unforeseen circumstances, there are no other known recent trends, uncertainties, demands, commitments or events that are reasonably likely to have material effect on the GIHL Group's net sales or revenue, profitability, liquidity or capital resources in FY2012.

The Directors are positive about the prospects of the GIHL Group's business for the following reasons:

(a) the GIHL Group's new product offerings, in particular those in optical fibre and satellite dishes, have experienced a year-on-year increase to date, and GIHL's directors expect this trend to continue in the coming years. The GIHL Group currently has over 20 new products in engineering under development and these products are either advances or generational developments of a current product in production, for a specific customer requirement, or speculative developments based on market extensive research.

(b) The sales trend of the GIHL Group has shown a long term upward trend since the inception of the original company in 1985. The Directors anticipate relatively steady growth in sales across the majority of product groups in 2012. The Directors believe that global market for LNBs will grow due to new uptake, emergence of a replacement

[1] The information in this section has been extracted from "Eutelsat Cable and Satellite TV Survey 2010", Eutelsat Communications (September 2010). We have not asked the author of this report for its consent to the inclusion of the information referred to above for the purposes of Section 249 of the SFA and the author is thereby not liable for these statements under Section 253 and 254 of the SFA. While the Directors have taken reasonable action to ensure that the information is extracted accurately and fairly and has been included in this Letter in its proper form and context, they have not independently verified the accuracy of the relevant information.

market in the western region as well as upgrade due to re-pointing. Demand for Ka band equipment which the GIHL Group has been shipping for a year now, is also expected to rise following the launch of Ka Band satellite. Barring any unforeseen circumstances, the Directors are optimistic about seeing healthy growth in the sales of its existing products. The GIHL Group is also slated to launch various new products in 2012. It is further expected that the gross margins of the majority of the GIHL Group's products will remain steady.

(c) With the development of new products and the expansion of the GIHL Group's business, the Directors foresee that there may be corresponding gradual increase in costs. However, the Directors are confident that the GIHL Group will be able to deal with such increase in costs as these are likely to be offset from the expected larger increase in sales over the same period.

B.7.3 Strategies and Future Plans

The GIHL Group intends to continue to invest in R&D

The GIHL Group will continue its strategy of investing in background research with its own R&D budget as well as with grants and funding from external sources such as the ESA with whom the GIHL Group conducts collaborative projects and other UK and EC Development Agency Grants. The GIHL Group is also keen to expand its collaboration with various European leading universities on research programmes to explore new technologies.

Apart from the above background research, the GIHL Group will also carry out further technical and marketing research to ensure that its future plans are in line with the needs of its major customers. Active interaction with the main customer base throughout the research process will ensure that the GIHL Group continues to develop products that address customers' needs and even anticipate customers' future needs.

In particular, the GIHL Group has identified the following key areas for R&D in the near future:

(1) DBS

The GIHL Group will continue to pursue the integration of multiple LNBs into one single product solution for many of its customers who utilise satellite multiple orbital slots. The GIHL Group will also continue to increase the integration of its DBS LNBs with other devices and components in order to offer high functionality and lower price on its products.

The GIHL Group intends to conduct further work on developing means of distributing an increasingly high density of satellite signals to multiple viewing locations at the lowest cost but with the higher system flexibility and future proofing. This may in turn lead to the development of new technology as in the case of optical fibre.

(2) Fibre

The GIHL Group believes that this is a major area of new product development and will continue to expand its engineering capability and product range in this area. The Directors believe that continued investment in research will result in the incorporation of new components and techniques into existing products which will not only increase product range but also create new markets the GIHL Group can expand into. Many new products are currently in the development pipeline and will greatly enhance the product range available to customers. Such focus on R&D will enable the GIHL Group to stay at the forefront of innovation and technology, ahead of its competitors. The GIHL Group will also continue its strategy of licensing its technology to key OEM partners in order to increase its product offerings and expand into new market sectors.

(3) VSAT

An increase in the global demand for broadband access has created many new opportunities for satellite delivery systems in many new markets, particularly the use of the higher frequency. Ka bands are difficult to produce in bulk due to high manufacturing tolerances required. As one of the few volume suppliers of the Ka band in the world, the GIHL Group has a significant advantage in this field and intends to capitalise on its extensive technical knowledge and experience to supply such technology to new markets. Through continuing investment in R&D, the GIHL Group intends to expand its current product range to provide products customised to customers' specific needs, further increasing its edge over its competitors.

The GIHL Group intends to enter into new business areas

The GIHL Group employs the strategy of entry into new business areas. Recent business areas that the GIHL Group has entered into include antennas and optical fibre. Entry into new business areas will enable the GIHL Group to offer a wider range of products to its customers, reducing its dependency on any one product area as well as offer more integrated solutions to problems that its customers may encounter.

The satellite peripheral supplier industry is set to change and the GIHL Group is on the cusp of an inflection point in its industry. The question for the GIHL Group has been how to take a leadership position that moves the organisation to the point where it is leading the adoption of new delivery systems and not simply enabling the full adoption of existing concepts.

In the DBS and VSAT industries, four major changes are occurring that the GIHL Group is positioning itself to take advantage of.

1. DBS TV distribution has become extremely complex via coaxial cables due to the ever increasing demands for bandwidth. A new approach is required and the GIHL Group, taking the lead with its fibre systems, now leads the market.

2. VSAT is moving from a low volume industrial market to a high volume consumer market. The GIHL Group is presently working with one of the world's largest satellite communications companies to introduce new products in 2012.

3. Satellite dish antennas for both DBS and VSAT are becoming more complex and customers are requesting a more integrated approach matching the dish to the LNB. This is further elaborated on below.

4. The marine satellite terminal market is moving from a low volume to medium volume business as Internet access in the marine world becomes ubiquitous. This is further elaborated on below.

The GIHL Group intends to continue to develop low energy products that are environmentally friendly

The GIHL Group will continue to combat the increasing use of electrical energy such as working with its suppliers and customers to develop low energy products manufactured using environmentally friendly materials as well as to minimise the use of non-recyclable materials.

The GIHL Group intends to continue to capitalise on the increasing complexity and integration of satellite dish antennas

Satellite Reflector Antennas are becoming more complex. In the past, these units have been designed with a low level of complexity and hence a very low commodity price. With the growth of the Ka band VSAT industry with the resultant high tolerances required, these products are becoming more difficult to manufacture. Currently, only one supplier has managed to make these antennas in high volume. This compares to the dozen or so quality manufactures of Ku band antennas in the world and the hundreds of low quality suppliers.

In the past, most of these manufacturers have been no more than metal bashing houses with only a very few, which had any electrical design capability. In most cases, these manufacturers have relied on companies like GIL to specify and design the electrical properties of the antenna as part of the LNB design.

As systems have become more complex operating in Ka band for both DBS and VSAT, as well as receiving signals simultaneously from multiple satellite orbits in order to increase service bandwidth, the design of these antennas has become more complex and specialised. At the same time, it has become very difficult, and in some cases impossible, to mix the electronics of one supplier with the dishes of another in the same system.

This presents the GIHL Group with another market opportunity where it can use its established in-house design skills to present customers with complete design solutions of products such as antennas and LNBs as a complete integrated solution. This is becoming more of an issue and is now a request the GIHL Group is getting from its established customers.

To take advantage of this, the GIHL Group has entered into satellite dish manufacturing, driven by the need for new high frequency Ka band designs to match and model the LNB, feedhorn and dish to get the required results.

The GIHL Group intends to capitalise on the marine market moving to medium volume

The widespread use of the Internet, and the ever increasing demand by end-users to be connected, at all times and everywhere, is slowly but surely penetrating into the mobile Satcom world in the air, train and ground platforms, but especially in marine applications.

The marine Satcom market has developed faster than the air and ground applications because the trip duration at sea is typically significantly longer than that of air or land trips. The early implementation of mobile Satcom solution called for larger antennas that were able to comply with the basic standards and satellite regulations that existed then, applicable only for larger vessels (such as oil rigs, tankers, ferries, and so on) that are typical for the marine world.

Market demand and the obvious business opportunity pushed the mobile Satcom antenna vendors to develop systems that are smaller in size. These are antennas able to fit onto smaller vessels. This enlarged the potential market to more vessels of smaller and smaller sizes. In the past few years, small sized Ku band antennas have become available at relatively low cost, opening a "broadband channel" to smaller sized vessels that can now enjoy constantly available internet connectivity at reasonable prices.

Nevertheless, as the technical design of smaller Ku band antenna systems is challenging and is hence only able to be carried out by a few designers of the LNB and transmitter electronics for these systems, the GIHL Group is able to integrate the dish with these parts and produce smaller overall products, thus increasing the market further.

The demands of Ka band are also going to increase this complexity and will hence result in a further narrowing of the antenna supply base as above for Ku band land-based systems. Once again, this is an opportunity for the GIHL Group, being one of the few vendors active in the high volume Ka market.

In addition to this, as the volume increases and new markets open up on smaller vessels, the need for lower cost terminals will grow. At present, the marine VSAT industry is primitive and it relies on many of the same manufacturing methods as the DBS industry did in the 1970's and 1980's. The antenna terminals and steerable platforms are not designed for high volume manufacture. They have hundreds of mechanical machined components, motors servos drive belts. They are hence very complex to assemble and rely on very labour-intensive methods of assembly and are thus high in cost. This market is ripe for integration and cost reduction along the same lines as the rest of the industry over the years.

The marine market has enjoyed strong growth, with 30% – 40% revenue growth per annum being typical for most operators. It is considered however that this is only the start of the growth curve for this industry with projections of the current annual terminal sales expected to increase from 10,000 units per year in 2010 to 65,000 units a year by 2020. With a typical marine antenna platform selling for around US$20,000, this presents a significant market in terms of sales revenue.

The satellite operators are now recognising the marine market as a distinct business area for growth and are beginning to launch new satellites aimed directly at this market, in particular the recent announcement by Inmarsat to launch a new global Ka band network for its high bandwidth marine customers is a significant example of the way the market is developing.

The GIHL Group is in a position to overhaul this industry sector based on its experience. It will however need to acquire an established manufacturer of Antenna Gimbals in order to gain in-house mechanical knowledge quickly. This is something which the GIHL Group is presently investigating.

Another area where this market is changing is in the installation of these terminals. At present, the installation is very labour-intensive and is carried out by very highly-trained specialist teams. Part of the reason for this is the complexity of routing the signal and control cables from the antenna platform on the deck of the vessel to the control electronics and data modem, normally below decks. The routing and EMC issues caused by this are major issues. The GIHL Group is presently addressing this with its optical technology where we have designed a system that replaces the current five coaxial cables with a single optical one. This reduces the installation time and complexity at the same time as addressing the EMC issues. These systems are currently in prototype and are due to enter the trials phase in the next few months.

In addition to this, the GIHL Group has begun supplying a marine arbitrator switch unit into this market that is used to switch between antennas on large installations.

The GIHL Group intends to continue to support education to develop a future pool of skilled engineers

The GIHL Group has been concerned for some time that the world is no longer educating and training the next generation of RF engineers. The electronics world has moved to digital technology, but there is still a need for RF engineers in any arena requiring wireless technology.

The GIHL Group is working with several universities to develop degree courses or masters degree courses aimed specifically at developing the engineers needed to ensure that the GIHL Group can grow as well as maintain state of the art development teams.

For more information on the GIHL Group's collaborations with various universities, please refer to *Section B.4.7 Research and Development* of this Circular.

B.7.4 Order Book

As at the Latest Practicable Date, the GIHL Group has an order book amounting to approximately US$4.8 million. The order book does not include blanket orders placed by the GIHL Group's largest customer, EchoStar. EchoStar blanket orders specify product and total value, but not volume and timescale. As a result, EchoStar blanket orders are not entered into the GIL Enterprise Resource Planning system. EchoStar monthly forecasts are used as a basis for orders placed on suppliers. Orders on the order book above US$300,000 in value are from BSkyB and Hughes. Such order books may be subject to cancellation, deferral or rescheduling by customers. Accordingly, the GIHL Group's order books at any particular date may not be indicative of its revenue for the succeeding period.

B.8 RISK FACTORS

B.8.1 Risk Factors Relating to the GIHL Group

The GIHL Group is dependent on certain key personnel for its business activities, including amongst others, engineering and product development, R&D, and the success of its operations will depend on its ability to attract and retain talented personnel

The GIHL Group relies on the expertise of certain key personnel for its business activities, namely Mr Malcolm Burrell, Mr Gary Stafford and Mr David Smith, who are fundamental to the strong engineering and technological development capabilities of the GIHL Group. Mr Malcolm Burrell, Mr Gary Stafford and Mr David Smith each possess significant technical expertise in the satellite industry, having not less than 29, 28 and 20 years of experience respectively in the industry in various capacities.

Mr Gary Stafford provides strategic directions and plays consultative roles in respect of the GIHL Group's engineering and product development activities. Mr Malcolm Burrell and Mr David Smith are technical directors who lead and manage the engineering and R&D teams in the GIHL Group. Specifically, Mr Malcolm Burrell heads a team of nine engineers and is responsible for the development of most of the products that position the GIHL Group as a world market leader for RF switches. Mr David Smith leads the R&D department which has produced a number of innovative, high performance LNBs still considered to be the industry standard today.

For further information on the professional qualifications and background of Mr Malcolm Burrell, Mr Gary Stafford and Mr David Smith, please refer to *Section A.6.10 Directors and Key Executives* of the Circular.

There is no assurance that these key personnel will continue to remain with the GIHL Group on acceptable terms, given the competition among satellite and cable peripheral equipment companies, universities and non-profit research institutions for experienced scientists and research personnel. The GIHL Group had made efforts to gain access to additional resources through collaborative arrangements with external academic institutions, but these measures merely supplement its own internal R&D strengths. If the GIHL Group fails to retain Mr Malcolm Burrell, Mr Gary Stafford and Mr David Smith, the R&D activities, the business and the prospects of the GIHL Group may be materially and adversely affected.

Furthermore, the GIHL Group relies on the expertise of its senior management personnel, many of whom would be difficult to replace and, accordingly, the loss of the services of any one of these individuals may compromise the GIHL Group's ability to achieve its objectives.

The recruitment and retention of qualified personnel will be crucial to the future success of the GIHL Group. There can be no assurance that the GIHL Group will be able to attract and retain necessary personnel on acceptable terms given the competition among satellite and cable peripherals companies, universities and research institutions for experienced management, sales, marketing and manufacturing personnel. If the GIHL Group fails to attract or retain talented personnel, the business, financial condition and results of operations of the GIHL Group may be materially and adversely affected.

The GIHL Group is dependent on a single major customer for a significant portion of the GIHL Group's revenue. If the GIHL Group loses the single major customer, the GIHL Group's sales and financial performance will be adversely affected

The GIHL Group is largely dependent on a major customer, EchoStar, for a substantial portion of its business. EchoStar is a technology company that is engaged in the business of designing, developing and distributing television set-top boxes and related products for pay television providers as well as performing satellite operations. Transactions with EchoStar accounted, in aggregate, for approximately 79.3%, 75.9% and 70.2% of the GIHL Group's total turnover for FY2009, FY2010 and FY2011 respectively. For details on the major customers of the GIHL Group including EchoStar, please refer to *Section B.4.14 Major Customers* of this Circular.

There is no guarantee that the GIHL Group will be able to retain EchoStar as its customer or that EchoStar will continue to place orders with the GIHL Group at current levels. The GIHL Group does not have a long term contract with EchoStar. Consequently, the GIHL Group's sales volumes and financial performance will be severely and adversely affected should the EchoStar's contribution to the GIHL Group's sales volume decline considerably or should EchoStar decide to discontinue its relationship with the GIHL Group.

Further, in view of the nature of the business of EchoStar, namely the satellite and cable peripherals industry, and the GIHL Group's strong dependence on EchoStar, the GIHL Group is exposed to risks associated with the satellite and cable communications industry.

A significant or prolonged economic downturn, in particular, a slowdown in the economy in the USA and Europe could have a material adverse effect on the GIHL Group's results of operations

The results of operations of the GIHL Group are affected by the level of business activities of its customers, which in turn are affected by the level of economic activity in the industries and the markets that they serve. A decline in the level of business activities of its customers could have a material adverse effect on the GIHL Group's revenues and profit margins. Whilst the GIHL Group will manage its expenses as a percentage of revenues, the GIHL Group may not be able to reduce the rate of growth in its costs on a timely basis or control its costs to maintain its margins.

In particular, a large proportion of the GIHL Group's sales is made to the USA and Europe. During the Period Under Review, aggregate sales to the USA and Europe accounted for approximately 97%, 96% and 97% of its total revenue respectively. Accordingly, any significant slowdown in the economy of the USA or Europe may lead to a slowdown in the GIHL Group's customers' business operations and, consequently, may result in its customers terminating or requiring less of its products and services. This will have a material adverse effect on the business, financial condition and results of operations of the GIHL Group.

The GIHL Group is dependent on a single manufacturer for its products, in particular, its satellite and cable peripheral products

The GIHL Group is predominantly dependent on a single supplier, namely the Company, for the manufacture of its satellite and cable peripheral products. The Acquisition will eliminate the GIHL Group's dependence on an outside manufacturer which will reduce the risk of disruption to the supply of its satellite and cable peripheral finished products.

The GIHL Group may not be able to obtain the materials and components required for its business at reasonable prices or in sufficient quantities

If the GIHL Group is unable to obtain the necessary materials or components, it may be unable to manufacture products of sufficient quality in sufficient quantities to meet its customers' needs and it may also be unable to develop new satellite and cable peripheral products.

Prices of certain components may also fluctuate rapidly such that the prices at the point of commitment of the GIHL Group's business differ from those at the time of actual billing. The GIHL Group's suppliers review their prices quarterly in line with the GIHL Group's customers' price reviews. Prices are for components and raw materials are fixed for the quarter once agreed upon. Prices are reviewed within the quarter only if the costs of raw materials increase or decrease by at least 10%. The GIHL Group may not be able to pass on such price increases to its customers.

Although the financial performance of the GIHL Group has so far not been adversely affected by such price fluctuations to any material degree, its financial performance in the future may be affected if the GIHL Group is unable to pass on the price increases to its customers.

The existing customers of the GIHL Group as well as the prospective customers of the GIHL Group may be competitors with one another

Certain of the GIHL Group's customers are competitors with one another and, as a result, the GIHL Group may be restricted in the type of services and products which it can provide to such customers. Certain of the GIHL Group's existing customers may discontinue the use of GIHL Group's services and products because the GIHL Group is providing services to their competitors. In addition, the GIHL Group may have to give up business opportunities from these prospective customers who are competitors of its existing customers. These restrictions and loss of business opportunities may adversely impact the growth of the GIHL Group if it is unable to find new customers.

Dependence on the continuous development of new technologies

The continuous development of new satellite technologies is essential to the GIHL Group's ability to provide services and products to its customers. This is achieved through a combination of internal technology development, collaborations with different external advisors and joint research programmes with external academic institutions.

If the GIHL Group is unable to continue such internal technology development, collaborations and joint research programmes, the GIHL Group may not be able to provide its customers with leading technologies.

The GIHL Group is exposed to foreign exchange fluctuations

The revenue and expenses of the GIHL Group are substantially denominated in £, € and US$ and its cash flows and revenue may be affected by fluctuations of the foreign exchange rates between £, € and US$. To the extent that the GIHL Group needs to convert US$ to £ for its operational needs in the UK and where the foreign currency exchange rate fluctuates, the profitability and cash flows of the GIHL Group would be affected.

The percentages of the GIHL Group's revenue and purchases denominated in various currencies in FY2009, FY2010 and FY2011 are as follows:

Sales (%)	**FY2009**	**FY2010**	**FY2011**
US$	93.3	87.2	81.8
GBP	5.2	8.1	13.4
EURO	1.5	4.7	4.8
Total	**100.0**	**100.0**	**100.0**

Purchases (%)	**FY2009**	**FY2010**	**FY2011**
US$	81.2	62.7	73.3
GBP	18.6	22.6	26.5
EURO	0.2	0.4	0.2
SGD	–	14.3	–
Total	**100.0**	**100.0**	**100.0**

For more details on the foreign exchange exposure of the GIHL Group, please see *Section B.6 Management's Discussion and Analysis of Financial Condition and Results of Operations* of this Circular. The GIHL Group presently does not have any specific hedging policy to manage its foreign exchange exposures and the GIHL Group may experience economic losses as a result of foreign currency exchange rate fluctuations.

The GIHL Group is dependent on its ability to utilise the results of its R&D efforts

The GIHL Group is in essence a R&D company. The aims of its R&D activities are, among other things, to ensure that its new products are cost-competitive and meet the technical specifications and requirements of its customers.

In the event that the R&D capabilities of the GIHL Group are limited and the GIHL Group fails to develop products which meet the requirements of its customers, such customers may not proceed with the orders for the new products and the resources employed in the R&D activities in relation to such products may be wasted. Accordingly, the business of the GIHL Group and its financial performance may be adversely affected.

The GIHL Group is exposed to stock obsolescence and inventory write-down

In the event that the competitors of the GIHL Group successfully develop similar or superior products, and such products are mass-produced and sold as direct substitutes for the products of the GIHL Group to the customers of the GIHL Group at comparative or more competitive prices as those charged by the GIHL Group, the GIHL Group may face obsolescence of its stock which may decrease its market share and affect its business and financial performance.

The leases in respect of premises occupied by the GIHL Group may be prematurely terminated

The GIHL Group presently operates out of (i) Stevenage, Hertfordshire; (ii) the Althorne Property; (iii) Canterbury, Kent; (iv) Birmingham; and (v) Bristol which are premises leased by the GIHL Group on renewable leases. Please refer to the Section *B.4.17 Properties and Fixed Assets* of this Circular for further details of these leases. Although the leases will be renewed automatically upon expiry, the leases may be prematurely terminated due to unforeseen circumstances that are beyond the control of the GIHL Group. In the event that the leases are prematurely terminated, the GIHL Group will be required to relocate some or all of its operations. This may have an adverse impact on its business and financial performance.

The GIHL Group's inability to maintain its competitiveness would adversely affect its financial performance.

The GIHL Group operates in a competitive environment and faces competition from existing competitors and new market entrants. Some of these existing competitors are able to produce products which are similar to those of the GIHL Group and compete with the GIHL Group in terms of scale, capacity for production, pricing, brand name, timely deliveries and customer service. In addition, competition could also increase as a result of new market entrants.

There is no assurance that the GIHL Group will be able to compete successfully in the future. Any failure to remain competitive will adversely affect the financial performance of the GIHL Group. Please refer to *Section B.4.18 Competition* and *Section B.4.19 Competitive Strengths* of this Circular for information on the competitive strengths of the GIHL Group and details of the major competitors of the GIHL Group.

The GIHL Group is exposed to manufacturing risks

In April 2012, the GIHL Group started manufacturing satellite dishes. The manufacturing processes are continually being modified and expanded to enhance production yields and increase production capacity. The GIHL Group may experience manufacturing problems in achieving satisfactory production yields and/or product delivery delays. These problems may arise as a result of, amongst others, capacity constraints, failure in the production equipment, shortage of raw materials, and delay in ramping-up production at the existing facilities. If the GIHL Group's manufacturing operations are unable to remain cost efficient, the future profitability of the GIHL Group may be adversely affected.

The future plans of the GIHL Group such as the set up of new production lines and/or launch of new products may not be successfully implemented

The GIHL Group has identified several growth plans as set out in *Section B.7 Prospects, Trends and Future Plans* of this Circular. The successful implementation of such future plans depends on several factors including advancement in the technical expertise of the GIHL

Group as well as recruitment and retention of skilled staff. Further, the GIHL Group may also incur additional unexpected costs relating to its future plans, which may adversely affect the results of its operations.

The GIHL Group gives no assurance that the implementation of its future plans, such as the set up of new production lines and/or launch of new products, will be commercially successful. Failure to achieve success will result in the GIHL Group incurring additional expenses without a corresponding increase in revenue. Accordingly, the financial performance of the GIHL Group may be adversely affected.

The GIHL Group may not have sufficient insurance coverage

The GIHL Group maintains insurance coverage for its fixed assets and inventories, details of which are set out in *Section B.4.12 Insurance* of this Circular.

However, the GIHL Group currently does not maintain any insurance policies against loss of key personnel. If such an event were to occur, the business of the GIHL Group, its financial performance and financial position may be materially and adversely affected.

The GIHL Group is subject to changes in discretionary consumer spending

The continued growth and success of the satellite and cable peripherals business of the GIHL Group will depend, in part, on factors such as employment, consumer confidence and disposable income, which can affect discretionary consumer spending. Changes in the market and economic conditions of the countries in which the GIHL Group's major customers operate may affect these factors and discretionary consumer spending. Adverse changes in these factors will materially and adversely affect the business and profitability of the GIHL Group.

The GIHL Group is exposed to the credit risks of its customers. Defaults in payments by its customers will adversely affect its financial position and profitability

As at 31 December 2011, the trade receivables of US$6.8 million accounted for approximately 35.9% of the GIHL Group's current assets. Therefore, the financial position and profitability of the GIHL Group is dependent on the credit worthiness of its customers. Generally, the GIHL Group's credit terms granted to its customers vary from 30 days to 60 days. Defaults in payment by its customers will adversely affect the GIHL Group's profitability.

Whilst the GIHL Group has not made any material allowances for doubtful debts or written off any debts for FY2009, FY2010 and FY2011, the GIHL Group is unable to ensure that the risks of the default by its customers will not increase in the future. For more details on the credit policies of the GIHL Group, please refer to *Section B.4.15 Credit Management* of this Circular.

B.8.2 Risk Factors Relating to the Industry

The GIHL Group may be unable to keep up with rapidly changing trends in the satellite and cable peripherals industry

The nature of the satellite and cable peripherals industry is characterised by rapidly changing trends. With the general shifting of market trends in consumer preference to innovative products, it is critical that the GIHL Group is able to continuously develop a range of products that appeals to consumer preferences and keeps up with emerging trends.

The GIHL Group is continuously exploring new products as well as improving on its existing products. However, there is no assurance that the GIHL Group will be able to respond to changing trends, consumer preferences and spending habits. In the event that the GIHL Group is unable to develop innovative and commercially viable products or improve its existing products to keep up with rapidly changing trends and consumer preferences, the GIHL Group's profitability and prospects will be materially and adversely affected.

The business of the GIHL Group depends on the adequate protection of its patents, intellectual property rights and other proprietary rights

The continued success of the GIHL Group depends on its ability to obtain and maintain adequate intellectual property protection for its technologies, products, preserve its trade secrets, prevent third parties from infringing upon its proprietary rights, and operate without infringing upon the proprietary rights of others. See *Section 3 Patents* of *Appendix D – Summary of Relevant Laws and Regulations* for a general overview of patents and *Appendix E – List of Patents and Patents Applications* for the list of patents and patent applications of the GIHL Group.

There can be no assurance that all existing patent applications of the GIHL Group will be successful or that any intellectual property right or protection which the GIHL Group presently holds will not be successfully challenged, narrowed, invalidated or circumvented.

There can also be no assurance that any intellectual property right or protection that the GIHL Group may obtain in future will provide competitive advantage for its products. It will not be certain from the outset whether the GIHL Group has infringed any patent claim upon commercialisation, unless and until a court rules on a patent claim in the context of litigation.

In the event that there is inadequate protection of the patents, intellectual property rights and other proprietary rights of the GIHL Group, or that the GIHL Group has infringed any patent claim upon commercialisation, the business, financial condition and results of operations of the GIHL Group may be materially and adversely affected.

B.8.3 Risks Relating to the UK

The operations and main assets of the GIHL Group are located in the UK. Shareholders may not be accorded the same rights and protection that would be accorded under Singapore law. In addition, it may be difficult to enforce a Singapore judgment against the GIHL Group's English subsidiaries and their directors and key executive

GIHL and its subsidiaries are established in England and Wales, and their main operations and assets are located in the UK. The GIHL Group and its operations and assets are therefore subject to the relevant laws and regulations of England and Wales. In addition, most of the GIHL Group's directors and key executive are non-residents of Singapore, and their assets are substantially located outside Singapore. As a result, it may be difficult for investors to effect service of process outside Singapore, or to enforce a judgment obtained in Singapore against GIHL and/or its subsidiaries or any of these persons.

The GIHL Group's business is subject to certain English laws and regulations

As the GIHL Group's business and operations are located in the UK, they are subject to relevant local government rules and regulations, including environmental and health regulations. Any changes in such government rules and regulations may have a negative impact on the GIHL Group's business.

Breaches or non-compliance with these English laws and regulations may result in the suspension, withdrawal or termination of the GIHL Group's business licenses or permits, or the imposition of penalties, by the relevant authorities. The GIHL Group's business licences are also granted for a finite period and any extension thereof is subject to the approval of the relevant authorities. Any suspension, withdrawal, termination or refusal to extend GIHL Group's business licenses or permits would cause the cessation of production of certain or all of its products, and this would adversely affect the GIHL Group's business, financial performance and prospects.

Please see *Appendix D – Summary of Relevant Laws and Regulations* of this Circular for a description of some of the government regulations that the GIHL Group is subject to.

The results and financial conditions of the GIHL Group are highly susceptible to changes in England's political, economic and social conditions as the GIHL Group's revenue is currently substantially derived from its operations in England

The GIHL Group conducts most of its operations out of England and accordingly derives a substantial portion of its revenue from operations in England. Thus, its business, financial condition, results of operations and prospects are affected to a significant degree by the economic, political and social conditions in England.

The British economy differs from the economies of other countries in many respects, including the amount of government involvement, level of development, growth rate and allocation of resources. The global financial markets have recently experienced significant deterioration which may adversely affect the GIHL Group's business operations. The British government has lowered interest rates and announced large fiscal stimulus packages to boost the domestic economy, the effects of which are yet to be fully determined. Any adverse change in the economic, political and social conditions or government policies in England could have a material adverse effect on overall economic growth, which in turn could have a material adverse effect on the GIHL Group's business.

The GIHL Group may be subject to changes in laws and regulations affecting the satellite and cable peripherals industries

The satellite and cable peripherals industries are regulated and the introduction of any new laws, regulations and policies, or amendments to any existing laws, regulations and policies that result in more stringent product standards, conditions and specifications and price controls on satellite and cable peripheral products in the UK and the countries where the customers of the GIHL Group are located may have an adverse impact on the GIHL Group's revenue and its prospects. In the event that these stringent regulations are breached or that the GIHL Group is unable to comply with the new laws, regulations and policies, the GIHL Group's licences and/or its business activities may be suspended and its prospects for profitability may be adversely affected.

Further, liberalisation or any policy changes to promote the setting up of satellite and cable peripherals production facilities may lead to increased competition for the GIHL Group. In such event, the GIHL Group's prospects for revenue and profit margin could decrease due to the increase in competition.

B.9 DIRECTORS AND KEY EXECUTIVE OF THE GIHL GROUP

Please see the *Section A.6.10 Directors and Key Executives* of this Circular for the particulars of the directors and key executive of the GIHL Group who are Executive Directors and will be the Proposed Key Executive of the Enlarged Group.

The particulars of the existing executive directors and key executive of the GIHL Group are set out below:

Name	Age	Residential address	Current designation in GIHL
Executive Directors			
Anthony Taylor	49	42 Station Road, Herne Bay Kent, CT6 5QH, United Kingdom	Managing Director
David Jonathan Wren Fugeman	46	50 Church Lane, Bocking, Essex, CM7 5SD, United Kingdom	Sales and Marketing Director
Ivan Horrocks	50	3 Willow Close, Chertsey, Surrey, KT16 2TG, United Kingdom	Sales and Marketing Director
Gary Stafford	51	35 White Horse Lane, St Albans, Herts, AL2 1JP, United Kingdom	Business Development Director
Malcolm Burrell	53	2 Chichester Drive, Chelmsford, Essex, CM1 7RY, United Kingdom	Technical Director
David Smith	44	18 Oakfields Avenue, Knebworth Hertsfordshire, SG3 6NP, United Kingdom	Technical Director

Name	Age	Residential address	Current designation in GIHL
John Stephen Parfitt	53	38 Kelmscott Crescent, Watford, Herts, WD18 0NG, United Kingdom	Operations Director
Jenifer Michelle Gray	45	116A Norsey View Drive, Billericay, Essex, CM12 0QU, United Kingdom	Human Resource Director
Key Executive			
Andrea Jane Fearnley	41	25 Gainsborough Crescent, Chelmsford, Essex, CM2 6DJ, United Kingdom	Finance Director

Information on the business and working experience, education and professional qualifications and areas of responsibilities of Mr Anthony Taylor, Mr Gary Stafford, Mr Malcolm Burrell and Mr David Smith can be found in *Section A.6.10 Directors and Key Executives* of this Circular.

Information on the business and working experience, education and professional qualifications and areas of responsibilities of the remaining executive directors and key executive of the GIHL Group are set out below:

B.9.1 Executive Directors

Mr David Jonathan Wren Fugeman is the Sales and Marketing Director of GIHL. He joined GCL in 1991 and was promoted steadily within the company to Sales and Production Manager in 1994 and Sales and Marketing Director in 1999.

Mr Fugeman began his working life in 1985 with various sales jobs. From 1987 to 1991 he was employed by English Electric Valve Company as a technician engineer. In 1991, he joined GCL as test manager, a position he held until 1993. From 1993 to 1994, Mr Fugeman was responsible for sales of the new ADX convertor, a GCL product. Mr Fugeman was promoted to the position of Sales and Production Manager in 1994, where he was responsible for putting in place and overseeing the supply chain for GCL. From 1999 to 2007, he held the position of Sales and Marketing Director where he was heavily involved in determining the product road map for GCL. In 2008, Mr Fugeman was appointed to the role of OEM Sales Director for GIHL, and was charged with the responsibility of commercialising new and existing products within the GIHL Group's OEM customer base and developing new and existing OEM customers. From 2010, Mr Fugeman has held the position of Sales and Marketing Director (DBS products). Mr Fugeman's present responsibilities include managing the accounts and maintaining the GIHL Group's relationships with major television service providers and operators.

Mr Ivan Horrocks is another Sales and Marketing Director of GIHL. Mr Horrocks joined GIHL in November 2008. Mr Horrocks began his career with the Ministry of Defence at the Automatic Weapons Research Establishment where he was employed as a health and safety advisor from 1978 to 1985. After an extended period of travel from March 1985 to April 1988, he set up his own company in 1988, Satellite Technology Ltd, which installed the then new DTH services. From August 1990 to November 1991, Mr Horrocks was employed by Berensohn AG Hamburg where he gained experience in sales. He formed Skywise UK

Limited in November 1991 to actively market and install satellite systems. From July 1995 to October 1997, Mr Horrocks was employed by National Satellite Installations in Johannesburg, South Africa where he was General Manager (Satfix & Sky Mark Divisions). He returned to the United Kingdom and from October 1997 he took up a position as general manager of Race Communications Limited. Mr Horrocks was employed by TRIAX UK Ltd between August 1998 and September 2001 as Southern Area Sales Manager. Between October 2001 and October 2008, Mr Horrocks was Sales Manager and Commercial Director of Alltrade Aerial & Satellite Ltd where he was responsible for developing sales strategies, identifying and implementing new product lines and maintaining key accounts.

Mr Horrock's primary remit was originally to take over the running of GIHL's national and international distribution network and oversee the roll out of its new and unique fibre products. His responsibilities have since also extended to include OEM Sales.

Mr John Stephen Parfitt is the Operations Director of GIHL. He was appointed the Operations Director for Invacom in 2003, moving on to become Operations Director of GIHL in April 2008. Mr Parfitt is responsible for the GIHL Group's production activities in Shanghai and his key responsibilities include forecasting, ensuring that the GIHL Group's production facilities meet the growing business model of the GIHL Group, negotiating contracts with suppliers, ensuring deliveries to EchoStar, liaising with EchoStar on pricing and identifying new manufacturing methods to streamline production activity.

Mr Parfitt began his career as a toolmaker in 1976. From 1982 to 1984, he was employed by Adams Bros & Burnley Ltd as an estimator/production engineer. In 1985, he undertook a 12 month course in manufacturing management at Cranfield University in the United Kingdom. After completing the course, he was employed by Marconi from 1986 to 1988 as a materials control manager, moving on to become a project manager in 1988 where he remained until 1994. From 1994 to 1995, he was employed by Grundig Microwave as operations manager. As operations manager his key responsibilities included scheduling supplier materials, budgeting for future spending and liaising with customer. In 1995, he moved to Channel Master UK Ltd where he was Operations Director responsible for production activities in Shanghai and Shenzhen until 2003 before joining Invacom.

Mr Parfitt has experience in heading up volume offshore manufacturing in complex LNBs and RF switches.

Ms Jenifer Michelle Gray is the Human Resource Director of GIHL. Ms Gray joined GCL in February 2007 as head of human resource, and was promoted to Human Resource Director in March 2010. She assumes responsibility for all employee relations, reward, compensation and benefits, employment law, recruitment & retention and training issues for GIHL.

Ms Gray began her employment working for National Westminster Bank from July 1983 to June 1985 as a grade one clerk moving onto a position as payroll clerk in Trustees Savings Bank from June 1985 to March 1987 and later moved to Union Bank of Switzerland where she was payroll supervisor from March 1987 to April 1992. From May 1992 to December 1999, Ms Gray held the position of human resource manager at Euro Brokers Financor Limited where she was responsible for the implementation and continued maintenance of the integrated personnel/payroll system.

From the beginning of 2000 to June 2002, Ms Gray took a sabbatical from employment to focus on her family.

From July 2002 to January 2007, Ms Gray was employed by DCK Concessions Ltd as human resource manager, where she was responsible for developing an efficient and professional human resource function to cater to a rapidly expanding business.

Ms Gray is a Chartered Member of the Chartered Institute of Personnel & Development.

B.9.2 Key Executive

Ms Andrea Jane Fearnley is the Finance Director of the GIHL Group. She was promoted to Finance Director of GIL in March 2010 from her previous position as Financial Controller of GIL. As Finance Director, she is responsible for the day to day running of the finance functions, monthly management reporting, annual reporting, liaising with the company's banks and she also serves as the point of contact for the company's auditors.

Ms Fearnley began her career as a receptionist at Allan Burrows Ltd in 1989. From 1990 to 1994, she was finance assistant at Allans Burrows Ltd. She was promoted to Finance Manager at Allan Burrows Ltd in 1994, a position she held until 2007. Ms Fearnley took a sabbatical from 2007 to 2008, returning to the workforce as financial controller of GIL. She was invited to join the company's management in August 2009.

Ms Fearnley is a member of the Association of Chartered Certified Accountants.

B.9.3 Present and Past Directorships

The present and past directorships of Mr Anthony Taylor, Mr Gary Stafford, Mr Malcolm Burrell and Mr David Smith held in the five years preceding the Latest Practicable Date can be found in *Section A.6.10 Directors and Key Executives* of this Circular. The present and past directorships of the remaining executive directors and key executives of the GIHL Group held in the five years preceding the Latest Practicable Date are as follows:

Name	Present directorships	Past directorships
David Jonathan Wren Fugeman	Enlarged Group Companies	Enlarged Group Companies
	Global Invacom Holdings Limited Global Invacom Limited (formerly known as Global Communications (UK) Ltd)	–
	Other Companies	Other Companies
	–	–
Ivan Horrocks	Enlarged Group Companies	Enlarged Group Companies
	Global Invacom Holdings Limited Global Invacom Limited (formerly known as Global Communications (UK) Ltd)	–
	Other Companies	Other Companies
	–	Alltrade Aerial & Satellite (UK)

Name	Present directorships	Past directorships
John Stephen Parfitt	Enlarged Group Companies Global Invacom Holdings Limited Global Invacom Limited (formerly known as Global Communications (UK) Ltd) Invacom Holdings Limited Invacom Limited Invacom Systems Limited	Enlarged Group Companies –
	Other Companies –	Other Companies –
Jenifer Michelle Gray	Enlarged Group Companies Global Invacom Holdings Limited Global Invacom Limited (formerly known as Global Communications (UK) Ltd)	Enlarged Group Companies –
	Other Companies –	Other Companies –
Andrea Jane Fearnley	Enlarged Group Companies GI Provision Limited	Enlarged Group Companies Global Invacom Holdings Limited Global Invacom Limited (formerly known as Global Communications (UK) Ltd) Fibre TV to Home Limited
	Other Companies –	Other Companies –

B.10 INTERESTED PERSON TRANSACTIONS

In general, transactions between the GIHL Group and any of its interested persons (namely, the directors of GIHL, chief executive officer, Controlling Shareholders and/or their respective associates) would constitute interested person transactions.

The interested persons of the GIHL Group include:

(a) The directors of GIHL, namely Mr Anthony Taylor, Mr Gary Stafford, Mr Malcolm Burrell, Mr David Jonathan Wren Fugeman, Mr Ivan Horrocks, Mr David Smith, Mr John Stephen Parfitt and Ms Jenifer Michelle Gray, and their respective associates; and

(b) The Controlling Shareholders of GIHL, namely Vistra, Mr Roger Pannell and Mrs Helen Pannell. Mr Roger Pannell and his wife, Mrs Helen Pannell, founded GCL in 1985, with each holding approximately 9.09% of the share capital of GIHL as at the date of this Circular. Mr Roger Pannell and Mrs Helen Pannell are deemed to be interested in all the shares held by each other by virtue of their relationship as husband and wife. In this connection, Mr Roger Pannell and Mrs Helen Pannell, who do not hold any executive functions in the GIHL Group, are deemed to collectively hold more than 15% of the total number of issued shares of GIHL, and accordingly, each of them is deemed a Controlling Shareholder of GIHL.

The following discussion sets out the interested person transactions for the Period Under Review and for the period from 1 January 2012 up to the Latest Practicable Date (collectively, "**Relevant Period**") which are material in the context of the Proposed Transactions based on the GIHL Group's transactions with its interested persons as construed accordingly.

Save as disclosed in this Circular, none of GIHL's directors, chief executive officer, Controlling Shareholders and/or their respective associates was or is interested, whether directly or indirectly, in any material transaction undertaken by the GIHL Group during the Relevant Period.

B.10.1 Past Interested Person Transactions

Lease of Property from Mr Roger Pannell and Mrs Helen Pannell

GCL entered into a lease agreement with Mr Roger Pannell and Mrs Helen Pannell dated 1 January 2007, pursuant to which Mr Roger Pannell and Mrs Helen Pannell leased the Althorne Property to GCL. For more information on the Althorne Property, please refer to *Section B.4.17 Properties and Fixed Assets* of this Circular.

The Althorne Property was leased to GCL for an initial three-year term commencing 1 January 2007 and ending 31 December 2009, at the rental rate of £56,900 per annum for the first year, £59,334 per annum for the second year and £61,116 per annum for the third year. The lease was subsequently renewed by GIL, as leasee, for a further one-year term from 1 January 2010 to 31 December 2010 at the rate of £61,285 per annum, payable by equal monthly installments in advance on the first day of each month.

In December 2010 the GIHL Group renewed the lease agreement at the rental rate of £64,172 per annum for the period commencing 1 January 2011 and ending 31 December 2011. The lease agreement contained an option for the landlord to renew the agreement upon its expiry, at a rent to be agreed. It was also agreed in the lease that the GIHL Group would undertake an independent valuation at the earliest opportunity and, if found materially different, the rent would be amended. As a result, the monthly rent payable from 1 February 2011 onwards was £2,773. Total annual payment for FY2011 was £35,838.

The relevant transaction was conducted on an arm's length basis and on normal commercial terms by way of independent valuation in November 2006 and subsequent annual increases based on the Retail Price Index of the November prior to the forthcoming rental year, per the lease agreement, until 1 February 2011 when an independent valuation was conducted.

Loans from Directors and Controlling Shareholders in February 2009

In February 2009, the management of GIL undertook a management buyout pursuant to which the Directors and Controlling Shareholders as disclosed below sold shares in GIL, receiving cash and loan notes in return. Loan notes were provided by the Company as the Company did not have sufficient cash balances at that time to satisfy the total consideration.

Name	Relation to GIHL	Number of Shares Sold	Total Consideration (£)	Cash Paid (£)	Loan Notes Issued (£)
Roger Pannell	Controlling Shareholder	280,797	2,083,514	1,704,874	378,640
Helen Pannell	Controlling Shareholder	280,796	2,083,506	1,704,867	378,639
David Jonathan Wren Fugeman	Director	60,000	445,200	364,293	80,907
Mark Birchall	Director	60,000	445,200	364,293	80,907
Malcolm Burrell	Director	60,000	445,200	364,293	80,907
	Total	**741,593**	**5,502,620**	**4,502,620**	**1,000,000**

The loans were carried out on an arm's length basis and were all repaid on 8 December 2009 with interest paid at 2.25% over the Bank of England interest rate.

Name	Relation to GIHL	Principal Value (£)	Interest Paid (£)	Repaid Principal (£)
Roger Pannell	Controlling Shareholder	378,640	8,094	378,640
Helen Pannell	Controlling Shareholder	378,639	8,094	378,639
David Jonathan Wren Fugeman	Director	80,907	1,730	80,907
Mark Birchall	Director	80,907	1,730	80,907
Malcolm Burrell	Director	80,907	1,730	80,907
	Total	**1,000,000**	**21,378**	**1,000,000**

Loans from Directors and Controlling Shareholders in March/April 2010

In March/April 2010, GIL entered into a series of unsecured loan agreements with the Directors and Controlling Shareholders as disclosed below. This was to ensure that GIL had sufficient cash balances to satisfy the conditions required for a mandatory general offer which had been triggered as a result of GIL's acquisition of 52.41% of the share capital of RGL.

Name	Relation to GIHL	Principal Value (£)	Interest Paid (£)	Repaid Principal (£)	Date	Repaid Principal (£)	Date
Roger Pannell	Controlling Shareholder	650,000	9,403	–	–	650,000	16/9/2010
Helen Pannell	Controlling Shareholder	650,000	9,403	–	–	650,000	16/9/2010
Anthony Taylor	Director	100,000	1,412	15,000	19/8/2010	85,000	16/9/2010
Malcolm Burrell	Director	300,000	4,340	–	–	300,000	16/9/2010
David Fugeman	Director	400,000	4,019	250,000	21/6/2010	150,000	16/9/2010
Andrew Jones[1]	Director	300,000	2,589	300,000	13/8/2010	–	–
		2,400,000	**31,166**	**565,000**	**–**	**1,835,000**	**–**

Note:

(1) Mr Andrew Jones has resigned as a director of GIHL with effect from 12 July 2010.

Upon the closing of the mandatory general offer, 3.9% of the minority Shareholders of RGL accepted the offer. All the loans were carried out on an arm's length basis and were repaid in June/August/September 2010 with interest paid at 2.5% over the Bank of England interest rate.

B.10.2 Present and On-going Interested Person Transactions

Lease of Property from Mr Roger Pannell and Mrs Helen Pannell

In December 2011, GIL entered into a lease agreement with Mr Roger Pannell and Mrs Helen Pannell for the lease of the Althorne Property ("**Lease Agreement**") at the rental rate of £34,128 per annum, payable by equal monthly installments in advance on the first day of each month, for the period commencing 1 January 2012 and ending 31 December 2012. The rental was determined based on the independent valuation of the prevailing market rent conducted by Abode Surveyors Ltd, on 30 November 2011, and transacted on normal commercial terms and an arm's length basis. The Lease Agreement contains an option for the landlord to renew the agreement upon its expiry, at a rent to be agreed.

Expenses incurred by GIHL on behalf of RGL

The GIHL Group incurred expenses on behalf of RGL during the period ended 31 December 2011 which have subsequently been recharged to RGL. The expenses comprised accountancy services relating to the Acquisition of US$290,560, freight charges and rectification fees relating to a manufacturing issue of US$361,715 and US$28,943 relating to the travel expenses of the Directors of GIHL travelling on RGL business. All expenses incurred were recharged at cost.

The GIHL Group continues to incur expenses on behalf of RGL and will continue to recharge expenses attributable directly to RGL at cost.

B.10.3 Other Transactions

This information is provided for the sake of full disclosure.

Provision of EMS from the Radiance Group to the GIHL Group

The GIHL Group has had a long standing trading relationship with RGL for more than 13 years. The Radiance Group provides EMS to the GIHL Group, which includes components for satellite communications products.

On 1 August 2010, GIL acquired 138,235,390 Shares in the capital of RGL, representing approximately 52.41% of the issued share capital of RGL, following which PricewaterhouseCoopers Corporate Finance Pte Ltd on behalf of GIL made a mandatory general offer for all the issued share capital of RGL (the "**MGO**"). Following the close of the Offer on 14 September 2010, GIL received valid acceptances amounting to 10,291,703 Shares, representing approximately 3.90% of the issued share capital of RGL.

Following the close of the MGO, GIL transferred all the Shares held by it to Vistra, the trustee of The Pacific Trust and consequently, GIL ceased to be a shareholder. The Pacific Trust subsequently became the Controlling Shareholder of RGL.

By way of a letter dated 29 September 2010, SGX-ST advised that The Pacific Trust is not considered to be independent of GIL and hence, any dealings between The Pacific Trust and GIL will be considered interested person transactions.

Between 1 August 2010 and 31 December 2010, the GIHL Group placed 26 purchase orders each exceeding S$100,000 in value with the Radiance Group, which, when aggregated with purchase orders which exceeded S$100,000 in value from the GIHL Group during the same financial year (the "**Transactions**"), exceeded 5% of Radiance Group's latest audited NTA for FY2010. Accordingly, the Transactions are deemed to be interested person transactions from the Radiance Group's perspective (but not from the perspective of the GIHL Group).

As required by Rule 906 of the Listing Manual, RGL has successfully obtained Shareholders' approval to ratify such Transactions on 25 January 2011. Given that it was envisaged that transactions between the Radiance Group and the GIHL Group were likely to continue to occur from time to time in the ordinary course of their businesses, RGL had on 25 January 2011 also obtained an interested person transactions mandate pursuant to Chapter 9 of the Listing Manual. The interested person transactions mandate sought to enable the Radiance Group (excluding subsidiaries listed on the SGX-ST or an approved exchange) or any of them, in the ordinary course of their businesses, to enter into certain categories of transactions with the GIHL Group which are necessary for the day-to-day operations of the Radiance Group, provided such interested person transactions are carried out on an arm's length basis and made on normal commercial terms. The interested person transactions mandate was subsequently renewed on 25 April 2012.

On Completion, the GIHL Group and the Radiance Group shall form part of the Enlarged Group and any transactions between GIL and the Radiance Group will no longer be deemed as interested person transactions from the perspective of the Radiance Group.

B.11 CONFLICTS OF INTEREST

In general, a conflict of interest arises when any of the Directors, chief executive officer and Controlling Shareholders of GIHL or their associates is carrying on or has any interest in any other corporation carrying on the same business or dealing in similar products as the GIHL Group.

None of the Directors, chief executive officer and Controlling Shareholders of GIHL or any of their associates has any interest, direct or indirect, in:

(i) any material transactions to which the GIHL Group was or is a party;

(ii) any corporation which carries on the same business or deals in similar products as the existing business of the GIHL Group; and

(iii) any enterprise or company that is the GIHL Group customer or supplier of goods or services.

Non-compete undertakings given by the Executive Directors

Each of Mr Anthony Taylor, Mr Malcolm Burrell, and Mr Gary Stafford will, in addition to the non-competition undertakings given in their service agreements, upon Completion, enter into separate deeds of undertaking not to compete with the Enlarged Group for the period during which each remains a Controlling Shareholder (in the event that he becomes a Controlling Shareholder of the Group), Director or key executive of the Enlarged Group, as the case may be. The obligations under the respective undertakings are identical, and will run concurrently, with the undertakings given in their respective service contracts.

B.12 MATERIAL CONTRACTS OF THE GIHL GROUP

The following contracts, not being contracts entered into in the ordinary course of business of GIHL and its subsidiaries (as the case may be), have been entered into by GIHL and its subsidiaries (as the case may be) within the two years preceding the Latest Practicable Date and are or may be material:

(a) The Business Asset Sale Agreement dated 19 April 2011 between Global Provision Limited (currently known as GI Provision Limited), PCTL (in Liquidation) and Mr Samuel Jonathan Talby, the liquidator acting on behalf of PCTL, in relation to the acquisition by Global Provision Limited of the certain assets and businesses of PCTL (in Liquidation) for a consideration of £200,000.

B.13 MATERIAL LITIGATION OF THE GIHL GROUP

The GIHL Group has not been engaged, in the past 12 months before the date of this Circular, in any litigation either as plaintiff or defendant in respect of any claims or amounts which are material in the context of the Acquisition, and the Directors have no knowledge of any proceedings pending or threatened against any of the companies in the GIHL Group or any facts likely to give rise to any litigation, claims or proceedings which might have a material effect on the financial position or profitability of the GIHL Group.

B.14 INTERESTS OF EXPERTS AND OTHER RELATIONSHIPS

No experts named in this Circular is employed on a contingent basis by GIHL, or has a material interest, whether direct or indirect, in the shares of any of the companies in the GIHL Group, or has a material economic interest, whether direct or indirect, in GIHL, including an interest in the success of the Proposed Transactions.

B.15 SIGNIFICANT CHANGES

GIHL's Directors are not aware of any event which has occurred since 31 December 2011, which may have a material effect on the financial information provided in the *Appendix C – Independent Auditors' Report on the Consolidated Financial Statements of GIHL for the Three Years ended 31 December 2009, 2010 and 2011* of this Circular. The Directors and GIHL Group's Directors are not aware of any event which has occurred since 31 December 2011, which may have a material effect on the financial information provided in *Appendix B – Reporting Auditors' Report on the Unaudited Proforma Consolidated Financial Statements of the Enlarged Group for the Financial Years Ended 31 December 2009, 2010 and 2011* of this Circular.

B.16 DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosures of all material facts about the GIHL Group and the Directors are not aware of any facts the omission of which would make any statement in this circular misleading. Where information in this Circular has been extracted from published or other 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 this Circular in its proper form and context.

Yours faithfully
For and on behalf of the board of directors of GIHL

Anthony Brian Taylor
Director

APPENDIX A – LETTER FROM PROVENANCE CAPITAL PTE. LTD. TO THE INDEPENDENT DIRECTORS OF RADIANCE GROUP LIMITED

16 May 2012

To: The Independent Directors of Radiance Group Limited
(deemed to be independent in relation to the Acquisition)

Mr John Lim Yew Kong (Lead Independent Director)
Mr Basil Chan (Independent Director)

Dear Sirs

ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF GLOBAL INVACOM HOLDINGS LIMITED ("GIHL") BY RADIANCE GROUP LIMITED (THE "COMPANY") FOR AN AGGREGATE CONSIDERATION OF US$49.0 MILLION (THE "ACQUISITION") AS AN INTERESTED PERSON TRANSACTION

*Unless otherwise defined or the context otherwise requires, all terms used herein have the same meanings as defined in the Circular to Shareholders of the Company dated 16 May 2012 (the "**Circular**").*

1. INTRODUCTION

1.1 Following the completion of the mandatory unconditional takeover offer by GIL of the remaining shares of the Company in September 2010, Vistra (who is the trustee of The Pacific Trust) became the major controlling shareholder of the Company, owning 56.31% of the issued Shares. The Pacific Trust is a discretionary trust constituted for the benefit of all the employees and officers of the GIHL Group, including Messrs Anthony Taylor, Gary Stafford and Malcolm Burrell, who became the Executive Directors of the Company pursuant to the takeover offer. GIHL is the holding company of GIL, a limited liability company principally engaged in the design, manufacture and marketing of products to the satellite TV and satellite communications industries.

Pursuant to the above takeover offer, it was the expressed intention of GIL to explore the feasibility of carrying out a series of corporate restructuring exercises to inject the existing businesses, undertakings and operating entities of the GIHL Group into the Company, resulting in the Company becoming the common holding entity of both the Radiance Group's business and the GIHL Group's business.

1.2 On 3 November 2010, the Company announced that it had entered into a Memorandum of Understanding with the shareholders of GIHL (the "**Vendors**") to acquire the entire issued and paid-up share capital of GIHL (the "**Acquisition**"). Messrs Anthony Taylor, Gary Stafford and Malcolm Burrell are also part of the Vendors group. Each of Messrs Anthony Taylor, Gary Stafford and Malcolm Burrell holds 9.09% of the shares of GIHL.

1.3 On 30 June 2011, the Company announced that it had entered into the Sale and Purchase Agreement with the Vendors in relation to the Acquisition which, if undertaken and completed, will result in the reverse takeover of the Company as defined under Chapter 10 of the Listing Manual (the "**Announcement**").

1.4 The Acquisition is also deemed as an interested person transaction ("**Interested Person Transaction**") pursuant to Chapter 9 of the Listing Manual. Each of Messrs Anthony Taylor, Gary Stafford and Malcolm Burrell would be an "interested person" as defined in Chapter 9 of the

Listing Manual and the proposed acquisitions by the Company of each of Messrs Anthony Taylor, Gary Stafford and Malcolm Burrell's portion of the Sale Shares as part of the Acquisition would be classified as interested person transactions as defined in Chapter 9 of the Listing Manual. As at the Latest Practicable Date, Vistra (who is the trustee of The Pacific Trust) owns 59.1% of the total number of issued Shares. As mentioned above, The Pacific Trust is a discretionary trust constituted for the benefit of all the employees and officers of the GIHL Group, which include, amongst others, the Vendors. Accordingly, all the Vendors are deemed to be interested in all the Shares held through Vistra. The Acquisition as a whole is therefore deemed to be an Interested Person Transaction.

In addition, the purchase consideration of US$49.0 million (representing approximately S$60.66 million) for the Acquisition represents approximately 142.46% of the latest audited NTA of the Radiance Group as at 31 December 2011. Rule 906 of the SGX-ST Listing Manual requires the Company to obtain Shareholders' approval for any interested person transaction of a value equal to or more than 5% of the Radiance Group's latest audited NTA. Accordingly, the Acquisition is subject to the approval of the Shareholders pursuant to Rule 906 of the SGX-ST Listing Manual and the appointment of an independent financial adviser to advise on whether the Acquisition is carried out on normal commercial terms and not prejudicial to the interests of the Company and the minority Shareholders.

1.5 In connection with the above and to comply with the requirements of Chapter 9 of the Listing Manual, Provenance Capital Pte. Ltd. ("**Provenance Capital**") was appointed by the Company as the independent financial adviser ("**IFA**") to advise the Directors who are deemed to be independent in respect of the Acquisition ("**Independent Directors**"). Messrs Anthony Taylor, Gary Stafford and Malcolm Burrell are deemed as "interested persons". We understand that Mr Cosimo Borrelli, who is the Non-Executive Director of the Company, is not deemed independent in respect of the Acquisition in view of his involvement previously as one of the joint and several liquidators of Thumb (China) Holdings Group Limited in the sale of the controlling stake in the Company to GIL in 2010. Hence, the remaining Directors who are considered as Independent Directors in respect of the Acquisition are Messrs John Lim Yew Kong and Basil Chan.

This letter ("**Letter**") sets out, *inter alia*, our evaluation of the Acquisition as an Interested Person Transaction, and our advice to the Independent Directors in relation to their recommendations to the Independent Shareholders on the Acquisition and forms part of the Circular providing, *inter alia*, details of the Acquisition and the recommendations of the Independent Directors in respect thereof.

2. TERMS OF REFERENCE

We have been appointed as the IFA to advise the Independent Directors in respect of the Acquisition as an Interested Person Transaction. We are not and were not involved in or responsible for, in any aspect, the negotiations in relation to the Acquisition, nor were we involved in the deliberations leading up to the decision on the part of the Directors to propose the Acquisition or to obtain the approval of the Independent Shareholders for the Acquisition, and we do not, by this Letter, warrant the merits of the Acquisition other than to express an opinion on whether the Acquisition is on normal commercial terms and not prejudicial to the interests of the Independent Shareholders.

It is not within our terms of reference to evaluate or comment on the legal, strategic, commercial and financial merits and/or risks of the Acquisition or to compare its relative merits vis-à-vis alternative transactions previously considered by the Company (if any) or that may otherwise be available to the Company currently or in the future, and we have not made such evaluation or comment. Such evaluation or comment, if any, remains the sole responsibility of the Directors and/or the management of the Company (the "**Management**") although we may draw upon the views of the Directors and/or the Management or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this Letter.

In the course of our evaluation, we have held discussions with the Directors and Management and/or their professional advisers and have examined and relied on publicly available information collated by us as well as information provided and representations made to us, both written and verbal, by the Directors, the Management and the professional advisers of the Company, including information contained in the Circular. We have not independently verified such information or representations, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept any responsibility for the accuracy, completeness or adequacy of such information or representations.

The Directors (including those who may have delegated detailed supervision of the Circular) have confirmed that, having made all reasonable enquiries, to the best of their respective knowledge and belief, information and representations as provided by the Directors and Management are accurate and have confirmed to us that, upon making all reasonable enquiries and to their best knowledge and abilities, all material information available to them in connection with the Acquisition and/or the Radiance Group and/or the Enlarged Group has been disclosed to us, that such information is true, complete and accurate in all material respects and that there is no other information or fact, the omission of which would cause any information disclosed to us or the facts of or in relation to the Acquisition or the Radiance Group or the Enlarged Group stated in the Circular to be inaccurate, incomplete or misleading in any material respect. The Directors have jointly and severally accepted full responsibility for such information described herein.

We have not independently verified and have assumed that all statements of fact, belief, opinion and intention made by the Directors in the Circular have been reasonably made after due and careful enquiry. Whilst care has been exercised in reviewing the information on which we have relied on, we have not independently verified the information but nevertheless have made such enquiry and judgment as were deemed necessary and have found no reason to doubt the accuracy of the information and representations.

Save as disclosed, we would like to highlight that all information relating to the Acquisition, the Radiance Group and the Enlarged Group that we have relied upon in arriving at our recommendation or advice has been obtained from publicly available information and/or from the Directors and the Management. We have not independently assessed and do not warrant or accept any responsibility as to whether the aforesaid information adequately represents a true and fair position of the financial, operational and business affairs of the GIHL Group, the Radiance Group or the Enlarged Group at any time or as at the Latest Practicable Date.

The scope of our appointment does not require us to conduct a comprehensive independent review of the business, operations or financial condition of the GIHL Group, the Radiance Group and/or the Enlarged Group, or to express, and we do not express, a view on the future growth prospects, value and earnings potential of the GIHL Group, the Radiance Group and/or the Enlarged Group. Such review or comment, if any, remains the responsibility of the Directors and the Management, although we may draw upon their views or make such comments in respect thereof (to the extent required by the Code and/or the Listing Manual and/or deemed necessary or appropriate by us) in arriving at our advice as set out in this Letter. We have not obtained from the GIHL Group, the Radiance Group and/or the Enlarged Group any projection of the future performance including financial performance of the GIHL Group, the Radiance Group and/or the Enlarged Group, and further, we did not conduct discussions with the Directors and the Management on, and did not have access to, any business plan and financial projections of the GIHL Group, the Radiance Group and/or the Enlarged Group. In addition, we are not expressing any view herein as to the prices at which the Shares may trade or the future value, financial performance or condition of the GIHL Group, the Radiance Group and/or the Enlarged Group, upon or after completion of the Acquisition or if the Acquisition is not effected. We have not made an independent evaluation or appraisal of the assets and liabilities of the GIHL Group, the Radiance Group and/or the Enlarged Group (including without limitation, property, plant and equipment) and we have not been furnished with any such evaluation or appraisal except for the Valuation Report for the GIL business from PA Strategy Partners Ltd, the Valuer appointed by the Company, on which we have placed sole reliance on for such asset appraisals. A copy of the Valuation Report is set out in Appendix F of the Circular.

Our view as set out in this Letter is based upon market, economic, industry, monetary and other conditions (if applicable) prevailing as of the Latest Practicable Date and the information provided and representations provided to us as of the Latest Practicable Date. In arriving at our view, with the consent of the Directors or the Company, we have taken into account certain other factors and have been required to make certain assumptions as set out in this Letter. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein. Shareholders should further take note of any announcements relevant to the Acquisition which may be released by the Company after the Latest Practicable Date.

In rendering our advice and giving our recommendations, we did not have regard to the specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any Independent Shareholder or any specific group of the Independent Shareholders. As each Independent Shareholder would have different investment objectives and profiles, we recommend that any individual Independent Shareholder or group of the Independent Shareholders who may require specific advice in relation to his or their investment portfolio(s) or objective(s) consult his or their stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

We have prepared this Letter for the use of the Independent Directors in connection with their consideration of the Acquisition as an Interested Person Transaction and their advice to the Independent Shareholders arising thereof. Therefore, the recommendations made to the Independent Shareholders in relation to the Acquisition remain the responsibility of the Independent Directors.

Our opinion in relation to the Acquisition should be considered in the context of the entirety of this Letter and the Circular.

3. SALIENT TERMS OF THE ACQUISITION

The details of the Acquisition, conditions precedent and related matters are set out in Sections A.2.1 and A.3 of the Circular and these should be read carefully. The key terms and certain pertinent matters of the Acquisition are highlighted below:

3.1 Sale and Purchase Agreement

The Company entered into the Sale and Purchase Agreement on 30 June 2011 with the Vendors to acquire the entire issued and paid-up share capital of GIHL for an aggregate consideration of US$49.0 million. There are some 47 Vendors, the details of which are set out in Appendix H of the Circular.

3.2 Purchase Consideration

The Consideration was arrived at on a willing-buyer willing-seller basis, after taking into consideration (a) the Valuation Report dated 24 June 2011 as prepared by PA Strategy Partners Ltd, the Valuer, who was commissioned in connection with the Acquisition by the then independent Directors of the Company, and had valued the GIHL Group at approximately US$56.1 million; and (b) the price-earnings and enterprise value/EBITDA ratios of GIHL's comparables and market conditions. The basis of the valuation by the Valuer involved the use of a discounted cash flow ("**DCF**") methodology in addition to the use of comparables analysis as a cross-check.

The Consideration is to be satisfied by (a) US$18.5 million in cash payable over a period of 3 years as set out in the Circular ("**Cash Consideration**") and (b) US$30.5 million payable in the form of 122,515,189 Consideration Shares at the issue price of S$0.3087 per Consideration Share ("**Share Swap Consideration**").

Further, the Cash Consideration is to be paid in Singapore dollars based on the agreed exchange rate of US$1=S$1.2345, being the average exchange rate of the US$ to S$ for the one month immediately preceding the date of the Sale and Purchase Agreement, while the Share Swap Consideration is based on the agreed exchange rate of US$1=S$1.2400.

3.3 Conditions Precedent

Details of the conditions precedent for the Acquisition can be found in Section A.3.1.1 of the Circular, a list of which has been extracted and reproduced in italics below:

"*(a) the sale and purchase of the Sale Shares on the terms set out in the Sale and Purchase Agreement being approved by the SGX-ST as (part of) a reverse takeover of the Company pursuant to Chapter 10 of the Listing Manual, as relevant, and where approval from the SGX-ST is obtained subject to any conditions, such conditions being reasonably acceptable to the parties;*

(b) the Sale Shares amounting to 100% of the entire issued share capital of GIHL at Completion;

(c) the relevant resolutions of the board of directors of GIHL having been obtained for the entry into, implementation and completion of the transactions contemplated under the Sale and Purchase Agreement including registration of the Sale Shares in the name of the Company following Completion;

(d) the completion of a legal, business and financial due diligence review, satisfactory to the Company, on the GIHL Group (including without limitation, in relation to the assets, liabilities, contracts and affairs of the GIHL Group), including the provision of legal opinions prepared by reputable and suitably qualified solicitors on the GIHL Group and the transactions contemplated hereunder, to the satisfaction of the Company;

(e) the approval of Shareholders being obtained at an extraordinary general meeting of the Company (or any adjournment thereof) to be convened within six weeks from the clearance of the SGX-ST of the Circular for, inter alia, the following:

(i) the purchase of the Sale Shares on the terms set out in the Sale and Purchase Agreement as a "Reverse Takeover" as defined under Chapter 10 of the Listing Manual and as an "Interested Person Transaction" as defined under Chapter 9 of the Listing Manual;

(ii) the change of name of the Company to such name as may be determined by the Vendors (subject to prior approval for the new name being obtained from ACRA);

(iii) the allotment and issuance of the Consideration Shares;

(iv) the allotment and issuance of such number of Placement Shares pursuant to the Compliance Placement on such terms as may be determined by the Board as it deems fit, including without limitation, the timing and pricing of the Compliance Placement, if and when it occurs, taking into account various factors, including without limitation, market conditions and prices;

(v) the Share Consolidation;

(vi) the New General Share Issue Mandate;

(vii) the waiver, if necessary, by the Shareholders of their rights to receive a mandatory general offer for all the shares held by such Shareholders to be made by the Vendors and their parties acting in concert pursuant to Rule 14 of the Code as a result of the allotment and issue of the Consideration Shares to the Vendors and/or their nominee(s);

*(together, the "**Shareholders' Approval**")*

(f) where the SGX-ST requires that the terms of the Compliance Placement be specifically approved by the Shareholders, such approval being obtained;

(g) the receipt of in-principle approval from the SGX-ST for the listing and quotation of the Consideration Shares and if such approval is obtained subject to any conditions and where such conditions affect any party, such conditions being acceptable to the party concerned and, if such conditions are required to be fulfilled before Completion, the fulfilment of such conditions before the Completion Date;

(h) the audited consolidated net asset value of the GIHL Group as at 31 December 2010 not being less than US$8.0 million and save as disclosed in the Vendors' disclosure letter, there being no material adverse change to the financial position of the GIHL Group between 31 December 2010 and the Completion Date;

(i) no relevant authority having instituted or implemented any action, proceeding, suit, investigation, inquiry or reference, or made, proposed or enacted any statute, regulation, decision ruling, statement or order or taken any steps, and there not continuing to be in effect or outstanding any statute, regulation, decision ruling, statement or order which would or might:

(i) make the transactions contemplated under the Sale and Purchase Agreement void, illegal and/or unenforceable or otherwise restrict, restrain, prohibit or otherwise frustrate the same;

(ii) render the Company unable to acquire all the Sale Shares; and/or

(iii) render the Vendors unable to dispose of all the Sale Shares;

(j) the Vendors having performed all of the covenants and undertakings required to be performed by them under the Sale and Purchase Agreement on or before the Completion Date (other than those required to be performed at Completion);

(k) all consents, approvals, or waivers as may be required (or deemed necessary by the parties) being obtained from any other person(s), including but not limited to governmental, regulatory body or competent authority having jurisdiction over the parties in respect of the transactions contemplated under the Sale and Purchase Agreement, and such consents, approvals or waivers not having been amended or revoked before Completion or the Long-Stop Date (as defined below) (whichever is earlier) and if any such consents, approvals or waivers are subject to conditions, such conditions being reasonably acceptable to the parties;

(l) save as disclosed in the Vendors' disclosure letter, the warranties given by the Vendors remaining true and not misleading in any respect on the Completion Date, as if repeated on the Completion Date and at all times between the date of the Sale and Purchase Agreement and the Completion Date the Company having received a certificate signed by a director of GIHL for and on behalf of GIHL in this regard;

(m) the Vendors' disclosure letter being satisfactory to the Company and having been delivered to the Company;

(n) the waiver from the SIC being obtained by the Vendors in relation to the obligation of the Vendors and their parties acting in concert to make a general offer for all the Shares of the Company under Rule 14 of the Code (if required);

*(o) confirmation from the Vendors that all option agreements made between GIHL and any individual ("**Option Holder**") which provides for the right but not the obligation of such Option Holder to subscribe for a certain number of ordinary shares in GIHL at a specified price ("**Option Agreements**") (other than those exercised) have lapsed or have been made to lapse prior to Completion such that no options may be exercisable by any Option Holder after Completion; and*

(p) tax clearance having been obtained from Her Majesty's Revenue and Customs in terms reasonably satisfactory to the Vendors prior to Completion.

*Pursuant to the Sale and Purchase Agreement, the Vendors have undertaken to use their best endeavours (at their own expense) to procure that where reasonable and to the extent that such conditions precedent set out above are relevant to them and within their control, the conditions precedent set out above are fulfilled on or before 31 July 2012[1] or such later date as all the parties may agree in writing (the "**Long-Stop Date**").*

Completion will take place not later than 14 Business Days after all the conditions precedent have been fulfilled (or if not fulfilled, are waived by the Company where the Vendors have not fulfilled their obligations in respect of such conditions precedent or are waived by the Vendors where the Company has not fulfilled its obligations in respect of such conditions precedent). The conditions that may be waived by the Company are those in respect of which obligations are to be fulfilled by the Vendors such as conditions (b), (c), (d), (h), (i) (in respect of, inter alia, proceedings, suits, investigations, statutes, regulations, decision rulings, statements or orders affecting the Vendors), (j), (k) (in respect of necessary consents, approvals, or waivers to be obtained by the Vendors), (l), (m), (n), (o) and (p).

In relation to the condition precedent set out in (e) above, the Vendors have agreed that the extraordinary general meeting at which Shareholders' Approval will be sought can be convened on 15 June 2012, despite such meeting being convened more than six weeks after SGX-ST granted in-principle-approval on 30 April 2012.

*Completion is expected to take place on a date falling up to 14 Business Days after Shareholders' Approval is obtained at the EGM due to condition (o). The options referred to in condition (o) are options granted under the GIHL Enterprise Management Incentives Plan (the "**GIHL Incentives Plan**") to certain eligible employees and directors of the GIHL Group and the Option Agreements are the agreements evidencing the grant of such options. As at the Latest Practicable Date, there are 13 Option Holders of outstanding options granted under the GIHL Incentives Plan. Under the GIHL Incentives Plan, the Option Holders are entitled to exercise their options upon the occurrence of certain events which include the sale of all the ordinary shares in the capital of GIHL. Pursuant to the rules of the GIHL Incentives Plan, GIHL is required to give notice to the Option Holders in the event such sale is imminent and the Option Holders are to exercise their options as soon as reasonably practicable upon the receipt of such notice and in any event within a period of 14 Business Days prior to such sale (the "**GIHL Exercise Period**"). The directors of GIHL are of the view that it would be prudent for GIHL to give notice that the Acquisition is imminent only upon the obtaining of Shareholders' Approval at the EGM. Hence, it is expected that Completion will take place on a date falling up to 14 Business Days after Shareholders' Approval is obtained at the EGM taking into account the GIHL Exercise Period and the time required by GIHL to process and complete the transfer of the relevant shares pursuant to the exercise of the options.*

As at the Latest Practicable Date, save for the conditions precedent set out in (b), (c), (e), (f), (h), (i), (j), (k), (l), (o) and (p) above, all required conditions precedent have been fulfilled. Conditions precedent (e) and (f) relate to the approval of the Shareholders sought at the EGM in relation to

[1] As announced by the Company on 1 December 2011 and 31 January 2012, the Company and the Vendors entered into supplemental agreements on 30 November 2011 and 31 January 2012 pursuant to which they agreed to extend the Long-Stop Date from 30 November 2011 to 31 July 2012 or such later date as they may agree in writing.

the Proposed Transactions. The conditions precedent set out in (b), (h), (i), (j), (k), (l), (o) and (p) are confirmations to be given by the Vendors on the Completion Date. To the best of the knowledge of the Directors and the Vendors, such confirmations will be given by the Vendors on the Completion Date. The waiver by the Company of any of the conditions precedent set out above will be determined by the Board of the Company. Pursuant to the Articles, Mr Anthony Taylor, Mr Gary Stafford and Mr Malcolm Burrell, being the Executive Directors of the Company and three of the Vendors, will abstain from such deliberation given that they have an interest in the Acquisition. The Company will announce such waiver, if any, by way of an SGXNET announcement to be posted on the internet at the SGX-ST website, http://www.sgx.com."

3.4 Escrow Shares and Limitation of Liabilities for Warranty Claims against the Vendors and against the Company

Both the Company and the Vendors have provided to the other various customary representations, warranties and undertakings. Further, the Company and the Vendors have agreed to enter into an escrow agreement, the details of which can be found in Sections A.3.1.3 and A.3.1.4 of the Circular, which have been extracted and reproduced in italics below:

"***A.3.1.3 Escrow Shares and Limitation of Liability of Vendors for Warranty Claims***

*On Completion, the Vendors will enter into an escrow agreement with the Company and an escrow agent (the "**Escrow Agent**") appointed by the Company wherein US$10.24 million of the Share Swap Consideration, in the form of 41,142,857 Consideration Shares (the "**Escrow Shares**") will be deposited in escrow with the Escrow Agent. The Escrow Shares will, unless otherwise mutually agreed between the parties, be held in escrow by the Escrow Agent, prior to and until their release in accordance with the terms of the Sale and Purchase Agreement.*

*The purpose of the escrow arrangement is to provide a "claw-back" mechanism to the Company to "claw back" any Consideration Shares in the event the Company has any warranty claims against any of the Vendors in the first 12 months after Completion (the "**Warranty Period**").*

In the event that there are no warranty claims brought by the Company against the Vendors during the Warranty Period, the Escrow Shares will be released to the Vendors on expiry of the Warranty Period.

The term "warranty claims" above refers to claims in respect of breach of any of the representations, warranties or undertakings by the Vendors. As mentioned in Section A.3.1.2 above, these would include representations, warranties and undertakings by the Vendors relating to the GIHL Group and undertakings relating to the conduct of the business of the GIHL Group during the period between the date of the Sale and Purchase Agreement and Completion. Examples of such warranty claims include claims which may be brought by the Company if any of the Sale Shares are found to be encumbered, if any information provided by the Vendors on the GIHL Group is found to be materially inaccurate or incomplete or if any company within the GIHL Group has failed to lawfully carry on its business in the ordinary course of business so as to maintain the same as a going concern.

If a claim is successfully brought against the Vendors during the Warranty Period, the claim will be satisfied by the Escrow Agent procuring the cancellation of such number of Escrow Shares equivalent in value at the Issue Price to the value of the claim based on the following formula.

$$\text{Number of Escrow Shares to satisfy claim} = \frac{\text{Value of Claim}}{\text{S\$0.3087}}$$

The Escrow Shares will be cancelled by the Company pursuant to a selective capital reduction exercise under Section 78C or 78G of the Companies Act with no cash or other distribution made to the Vendors, or dealt with in such other way as may be permitted by the law with no cash or other distribution made to the Vendors.

The liability of the Vendors for all warranty claims when taken together shall not exceed the amount represented by the Escrow Shares. The Vendors shall have no liability to the Company in respect of any warranty claims other than to facilitate the resale of the Escrow Shares to the Company. The value of a warranty claim will either be (a) such value admitted by the party against whom such claim is brought or (b) such value adjudicated on by a court of competent jurisdiction and where no right of appeal lies in respect of such adjudication, or where the parties are debarred by passage of time or otherwise from making an appeal.

Any claims and their respective values to be made by the Company against the Vendors shall be reviewed by the Board of the Company, with Directors who may have a conflict of interest to abstain from such deliberation.

A.3.1.4 Limitation of Liability of the Company for Warranty Claims

The liability of the Company for all warranty claims when taken together shall not exceed US$10.24 million being the value represented by the Escrow Shares. Such warranty claims made against the Company may only be satisfied by the issuance of new Shares to the Vendors, such Shares to be issued at the volume weighted price per Share for the last ten full days of trading immediately preceding the date on which the aggregate amount of the warranty claims is agreed upon by the Vendors and the Company. The value of a warranty claim will be determined on the same basis as that set out in Section A.3.1.3 above.

Any claims and their respective values to be admitted by the Company shall be reviewed by the Board of the Company, with Directors who may have a conflict of interest to abstain from such deliberation.

Any new Shares to be issued to satisfy such claims will be issued pursuant to the general share issue mandate granted by the Shareholders to the Directors or if such general share issue mandate is inadequate for this purpose, specific approval will be sought from Shareholders for the issue of such new Shares. The Company will also have to apply to the SGX-ST for the listing of such new Shares."

3.5 Moratorium Undertakings

Each of the Vendors has also undertaken to moratorise all their Consideration Shares for the first six months after Completion in accordance with the moratorium specified in Rule 229 of the Listing Manual, and a further moratorium on a step-down amount over a period of 24 months after Completion.

Details of the moratorium undertaking by the Vendors can be found in Section A.3.1.6 of the Circular, which has been extracted and reproduced in italics below:

"*Each of the Vendors has undertaken not to sell, transfer, dispose, charge, mortgage, pledge or otherwise deal with the Consideration Shares for a period of six (6) months after Completion in accordance with the moratorium requirements specified in Rule 229 of the Listing Manual.*

Thereafter, to demonstrate his/her commitment to the Enlarged Group and pursuant to the terms of the Sale and Purchase Agreement, each Vendor will not sell more than an aggregate of:

*(a) 25% of the Consideration Shares held by each of them at Completion ("**Initial Shareholding**") before the 12-month anniversary of Completion;*

(b) 50% of the Initial Shareholding before the 18-month anniversary of Completion; and

(c) 75% of the Initial Shareholding before the 24-month anniversary of Completion.

On or after the 24-month anniversary, unless otherwise stated in the Sale and Purchase Agreement, the Vendors will be subject to any restrictions as may be imposed by the SGX-ST but otherwise will be free to sell or transfer their Consideration Shares as they see fit."

4. INFORMATION ON THE GIHL GROUP

The following are selected information on the GIHL Group as extracted or summarised from the contents of the Circular. Detailed information on the GIHL Group, including a description of its history, business, risk factors, prospects and financial performance, is set out in the Section B of the Circular – "**Letter to Shareholders from the Board of Directors of GIHL**".

4.1 Overview of the GIHL Group

GIHL is a private limited company incorporated in England and Wales on 7 November 2008. GIHL is the holding company of the GIHL Group. Its principal operating subsidiary is GIL which it owns wholly. GIL was established on 2 April 2008 as a result of the merger of Global Communications (UK) Limited ("**GCL**") and Invacom Limited ("**Invacom**"). GCL was established in 1988 and Invacom in 2000. The GIHL Group is headquartered in Althorne in the UK, and is principally engaged in the design, manufacture (majority of which is outsourced to third party contract manufacturers) and marketing of products into the satellite TV and cable peripherals industries. In April 2012, it also started the manufacturing of satellite dishes. The GIHL Group outsources the majority of its manufacturing activities to the contract manufacturers in Asia, with the Company being the largest of them.

GIHL also owns 100% of GI Provision, which is engaged in HD video transmission and reception technology, design and sales of these products, and a 49% associated company, Fibre TV, which is engaged in fibre TV installations. Both these entities are presently relatively insignificant contributors to the GIHL Group.

The GIHL Group is one of the world-leading suppliers of satellite TV equipment and is renowned in the field of commercial RF technology and products. The GIHL Group designs, manufactures and markets products to the satellite TV and satellite communications industries. The product offering of the GIHL Group includes satellite dishes, LNBs, VSAT ODUs and satellite signal distribution equipment, such as multi-switches, accessories, as well as fibre IRS and fibre MDU ranges. The GIHL Group owns multiple patents relating to RF. Please refer to Appendix E of the Circular for details of patents and patent applications of the GIHL Group.

The GIHL Group has had a significant trading relationship with the Radiance Group for over 13 years and had contracted the Radiance Group to provide EMS to the GIHL Group. For FY2011, the value of services provided by the Radiance Group to the GIHL Group amounted to approximately S$45 million, representing 43.0% of the total revenue of the Radiance Group for FY2011.

4.2 Selected Financial Information

The following information should be read in conjunction with the full text of the Circular including the Independent Auditors' Report as set out in Appendix C of the Circular. A summary of the key financial information as extracted from the audited financial statements of the GIHL Group for FY2009, FY2010 and FY2011 is set out below:

(US$'000)	**FY2009**	**FY2010**	**FY2011**
Revenue	71,783	53,359	62,875
Gross profit	19,395	14,628	17,840
Net profit/(loss) before tax	7,975	(5,445)	5,043
Net profit/(loss) after tax	6,011	(5,856)	4,091
Total comprehensive income/(loss) for the year	6,011	(5,856)	4,139

(US$'000)	**As at 31 December 2011**
Non-current assets	3,868
Current assets	18,908
Total Assets	**22,776**
Shareholders' Equity	**12,602**
Current liabilities	9,913
Non-current liabilities	261
Total Equity and Liabilities	**22,776**

FY2010 compared to FY2009

We note that as compared to FY2009, revenue for FY2010 decreased by US$18.4 million or 25.6% from US$71.8 million in FY2009 to US$53.4 million in FY2010. This was mainly due to a decrease of US$19.7 million in revenue which was mainly attributable to the reduction in a customer's demand for its products as the customer's inventory levels were sufficient due to the increased inventory intake in 2009. Gross profit margin increased marginally by 0.4 percentage points from 27.0% to 27.4%.

For FY2010, the GIHL Group reported a net loss after tax of US$5.9 million compared to a net profit after tax of US$6.0 million in FY2009. The decline in earnings of US$11.9 million was largely due to a one-off charge of approximately US$8.6 million which relates to the shares in the

Company that GIL had acquired in 2010 and subsequently irrevocably transferred to Vistra, the trustee of The Pacific Trust, for the benefit of beneficiaries under The Pacific Trust comprising employees and officers of the GIHL Group in recognition of their past services. Excluding this one-off charge, the adjusted net profit after tax for FY2010 would have been US$2.7 million, which represents a decrease of US$3.3 million as compared to FY2009. The decrease was mainly attributable to the decrease in revenue during the year as well as an increase in administrative expenses which were mainly due to the increase in research and development costs.

FY2011 compared to FY2010

We note that as compared to FY2010, revenue for FY2011 increased by US$9.5 million or 17.8% from US$53.4 million in FY2010 to US$62.9 million in FY2011 which was due to an increase of US$8.2 million and US$1.6 million in revenue from DBS products and fibre products respectively, offset by a decrease of US$0.5 million in revenue from VSAT and accessories. Gross profit margin increased by 1.0 percentage point from 27.4% in FY2010 to 28.4% in FY2011.

In addition, we note that the GIHL Group recorded a net profit margin of 6.5% in FY2011 as compared to a net loss after tax in FY2010. This increase was due mainly to the increase in revenue and improved gross margin in FY2011 and the non-recurrence of the one-off cost associated with past services received of approximately US$8.6 million in FY2010. As a result, the GIHL Group recorded a net profit after tax of US$4.1 million for FY2011 as compared to a net loss after tax of US$5.9 million in FY2010. Excluding the one-off cost in FY2010, the adjusted net profit after tax for FY2010 would have been US$2.7 million. Accordingly, the net profit after tax for FY2011 would have increased by approximately US$1.4 million or 51.9% from US$2.7 million in FY2010 to US$4.1 million in FY2011.

Financial Position

Based on the latest audited statement of financial position of the GIHL Group as at 31 December 2011, the GIHL Group has shareholders' equity represented by net assets of US$12.6 million. Total assets of US$22.8 million consist of mainly current assets of US$18.9 million which largely comprise inventories of US$9.4 million, and trade and other receivables of US$7.4 million. Non-current assets of US$3.9 million consist mainly of plant, property and equipment of US$3.0 million. Total liabilities of US$10.2 million consist of mainly current liabilities of trade and other payables of US$9.6 million. The GIHL Group did not have any borrowings as at 31 December 2011. It has funded its operations mainly through internally generated funds and retained earnings.

5. EVALUATION OF THE ACQUISITION

In our evaluation and recommendation of the Acquisition, we have taken into account the pertinent factors set out below which we consider will have a significant bearing on our assessment:

(a) rationale for the Acquisition;

(b) assessment of the issue price of the Consideration Shares;

(c) assessment of the Consideration;

(d) financial effects of the Acquisition on the Radiance Group;

(e) dilution impact arising from the Acquisition; and

(f) other relevant considerations in relation to the Acquisition.

5.1 Rationale for the Acquisition

We note that the Acquisition as part of the corporate restructuring exercise was already being contemplated as GIL's rationale and intention for the takeover offer of the Company at the time of its announcement of the mandatory unconditional cash offer for the Company on 1 August 2010. The Acquisition presently being proposed brings to fruition the new controlling Shareholder's plans to combine the business operations of the GIHL Group and the Radiance Group to enhance the value of Shareholders' equity interests in the Company.

The full text of the Directors' rationale for the Acquisition is set out in Section A.3.3 of the Circular.

It is not within our terms of reference to comment or express an opinion on the merits of the Acquisition or the future prospects of the Radiance Group. Nevertheless, we have reviewed the rationale for the Acquisition and have reproduced the rationale in italics for your reference:

"***(a) Meaningful synergies between the principal business activities of the Radiance Group and the GIHL Group***

The Radiance Group provides specialist EMS to customers who are OEMs or ODMs of products in the Satcom, computer peripherals, medical and consumer electronics industries. On the other hand, the GIHL Group, through research, development and design activities, is one of the largest suppliers of satellite and television peripherals in the world. The GIHL Group has had a significant trading relationship with the Radiance Group over many years and had contracted the Radiance Group to provide services for a value of approximately S$45 million in FY2011.

Given the nature of the businesses of the Radiance Group and the GIHL Group, the Company expects the Acquisition to create meaningful synergies between the principal business activities of the Radiance Group and the GIHL Group due to, among other things, improved supply chain coordination and sharing of costs. The Company's integration with the GIHL Group may also enable the Company to differentiate itself from its competitors with the addition of conceptualising and design functions.

The Company believes the Acquisition, if completed, will significantly increase the market capitalisation of the Company, which in turn should attract analyst coverage on the Radiance Group and increase the trading liquidity of the Shares.

(b) The Acquisition offers the Company a platform to venture into the satellite communications and television peripherals industries with significant opportunities for growth

The GIHL Group has come a long way from its humble beginnings to become an established player within the DBS and VSAT markets and presently counts some of the largest DBS service providers in the world as its customers, including DISH in the USA and BSkyB in the UK. With pay-television increasingly being viewed as a basic home service, it is believed that the DBS market will continue to expand. Please refer to Section B.4.2.1 DBS Market of this Circular for further information on the DBS market, DISH and BSkyB.

If completed, the Acquisition will allow the Radiance Group to take advantage of the GIHL Group's well-established foundations to venture into the satellite communications and television peripherals industry with significant opportunities for growth. Please refer to Section B.7.1 Prospects of this Circular for further information on the prospects of the satellite communications and television peripherals industries.

(c) GIHL has an experienced management team with in-depth knowledge of the satellite communications and television peripherals industries

In view of GIHL's expertise and substantial presence in the satellite communications and television peripherals industries, the Board believes that the Acquisition allows the Company to invest in a growing business that is aided by a good management team with a proven track record.

Please see the Letter to Shareholders from the Board of Directors of GIHL of this Circular for more information on the GIHL Group, its business and prospects."

5.2 Assessment of the Issue Price of the Consideration Shares

The purchase consideration for the Acquisition is to be satisfied (a) by way of cash of US$18.5 million (approximately S$22.8 million based on the agreed exchange rate as stated in Paragraph 3.2 of this Letter) and (b) by way of the issue of 122,515,189 new Consideration Shares at the issue price of S$0.3087 per Consideration Share. The Consideration Shares are to be issued after the completion of the proposed consolidation of Shares on the basis of one (1) Consolidated Share for every four (4) existing Shares held. The issuance of 122,515,189 Consideration Shares is therefore equivalent to 490,060,756 Shares on a pre-consolidation basis, and the issue price of S$0.3087 per Consideration Share is equivalent to approximately S$0.077174 per Share on a pre-consolidation basis (the "**Issue Price**").

As the proposed consolidation of the Shares has not been effected yet and the historical share price and market statistics of the Shares are on a pre-consolidated basis, we have therefore used the equivalent pre-consolidation issue price of S$0.077174 for the purpose of our assessment of the Issue Price for a more meaningful comparison. References to the Issue Price in this Paragraph 5.2 of this Letter therefore mean S$0.077174.

In assessing the Issue Price, we have considered the following:

(i) the Issue Price in comparison with the Share price performance of the Company on the SGX-ST;

(ii) assessed valuation of the Radiance Group as implied by the Issue Price;

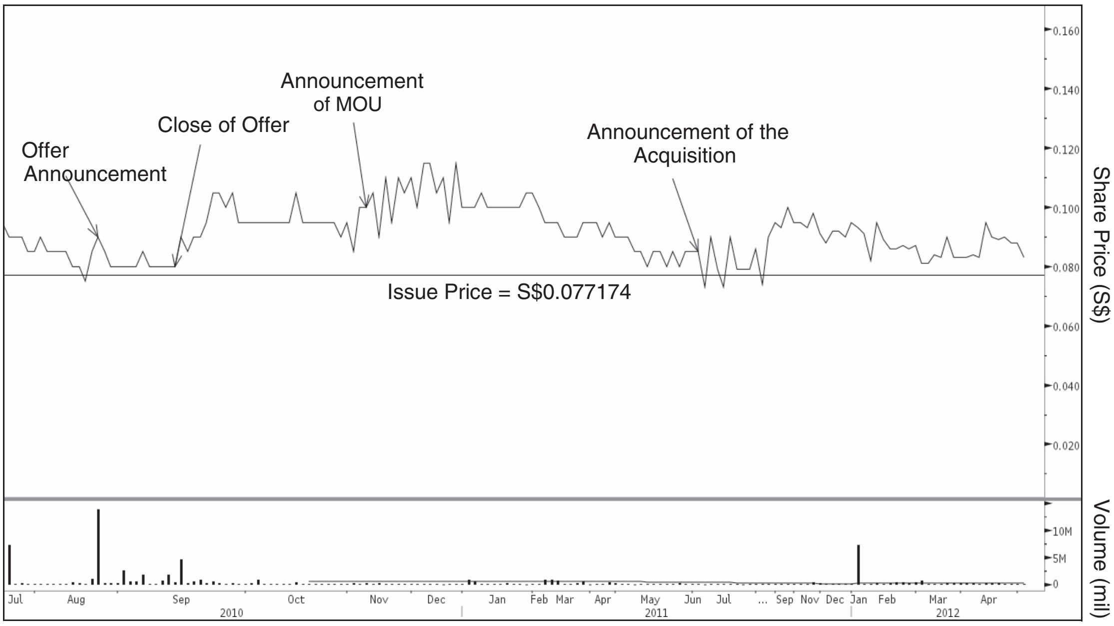
(iii) comparison of valuation ratios of selected listed companies whose businesses are broadly comparable to the Radiance Group; and

(iv) comparison of valuation statistics of selected listed companies which have completed very substantial acquisitions ("**VSA**") or reverse takeovers ("**RTO**").

5.2.1 Share Price Performance of the Company

We set out below a chart on the price movement and trading volume of the Shares from 1 July 2010 (being the 1-year period prior to the date of Announcement) and up to the Latest Practicable Date ("**Period Under Review**"):

Price movement and traded volume of the Shares since 1 July 2010 to the Latest Practicable Date



Source: Bloomberg

In addition, we have tabulated below selected statistical information on the Share price and trading liquidity of the Shares during the Period under Review:

	Volume-weighted average price ("VWAP") (%)	(Discount) of Issue Price to VWAP (%)	Highest Closing Price (S$)	Lowest Closing Price (S$)	Average daily trading volume[(1)] ('000)	Daily trading volume as a percentage of free float[(2)] (%)
Period prior to the date of the Announcement						
1 year	0.0897	(13.96)	0.115	0.075	196	0.209
6 months	0.0921	(16.21)	0.105	0.080	53	0.057
3 months	0.0853	(9.53)	0.095	0.080	21	0.023
1 month[(3)]	0.0801	(3.65)	0.085[(4)]	0.080[(4)]	2	0.002
23 June 2011, being the last trading day prior to the Announcement	0.0801	(3.65)	0.085[(4)]	0.080[(4)]	51	0.054
Period after the date of the Announcement and up to the Latest Practicable Date						
Between the date of the Announcement and up to the Latest Practicable Date	0.0821	(6.00)	0.100	0.073	63	0.067
2 May 2012, being the Latest Practicable Date	0.0827	(6.68)	0.083[(4)]	0.082[(4)]	6	0.006

Source: Bloomberg

Notes:

(1) The average daily trading volume of the Shares is calculated based on the total volume of Shares traded during the period divided by the number of market days during that period ("**Total Market Days**").

(2) Free float refers to the Shares other than those held by the Directors and the substantial shareholders of the Company, and amounts to approximately 93.6 million Shares, representing approximately 35.48% of the issued Shares as at the Latest Practicable Date.

(3) For the 1-month period prior to the date of the Announcement, trades were done only on 1 day, 23 June 2011.

(4) These refer to the highest and lowest intra-day prices, as the case may be.

Based on the above, we made the following observations:

(i) Over the 1-year period prior to the date of the Announcement, the Shares had traded between S$0.075 and S$0.115, at a 1-year VWAP of S$0.0897. The Issue Price represents a discount of 13.96% to the 1-year VWAP. The daily traded volume during the 1-year period was 196,000 Shares, representing 0.209% of the free float of the Company's issued Shares. During this period, particularly in August 2010, the takeover offer by GIL for the Company was launched at the offer price of S$0.07618. The Issue Price represents a slight premium of 1.3% above the said offer price;

(ii) For the 6-month, 3-month and 1-month periods prior to the date of the Announcement, the Issue Price represents a discount of 16.21%, 9.53% and 3.65% to the VWAP of S$0.0921, S$0.0853 and S$0.0801, respectively. The Issue Price also represents a discount of 3.65% to the VWAP on the last trading day prior to the Announcement;

(iii) For the period between the date of the Announcement and the Latest Practicable Date, the Issue Price represents a discount of 6.00% to the VWAP of S$0.0821;

(iv) As at the Latest Practicable Date, the Issue Price represents a discount of 6.68% to the VWAP of the Shares of S$0.0827 on that date;

(v) Based on the closing share price of S$0.085 on the last trading day prior to the Announcement and the closing share price of S$0.083 on the Latest Practicable Date, the Issue Price is at a discount of 9.21% and 7.02% to the respective closing share price on those dates; and

(vi) Trading liquidity on the Shares has generally been low. During the 1-year period prior to the date of the Announcement, the Shares were traded on 109 market days or 41.8% of the Total Market Days with an average daily trading volume of approximately 196,000 Shares, representing 0.209% of the free float. Average daily trading volume was approximately 62,000 Shares during the period from the date of the Announcement to the Latest Practicable Date.

Shareholders should note that the market price performance of the Shares may be due to various market factors, the individual factors of which may not be easily isolated and identified with certainty. As such, Shareholders should note that past trading performance of the Shares should not be relied upon as a promise of its future trading performance.

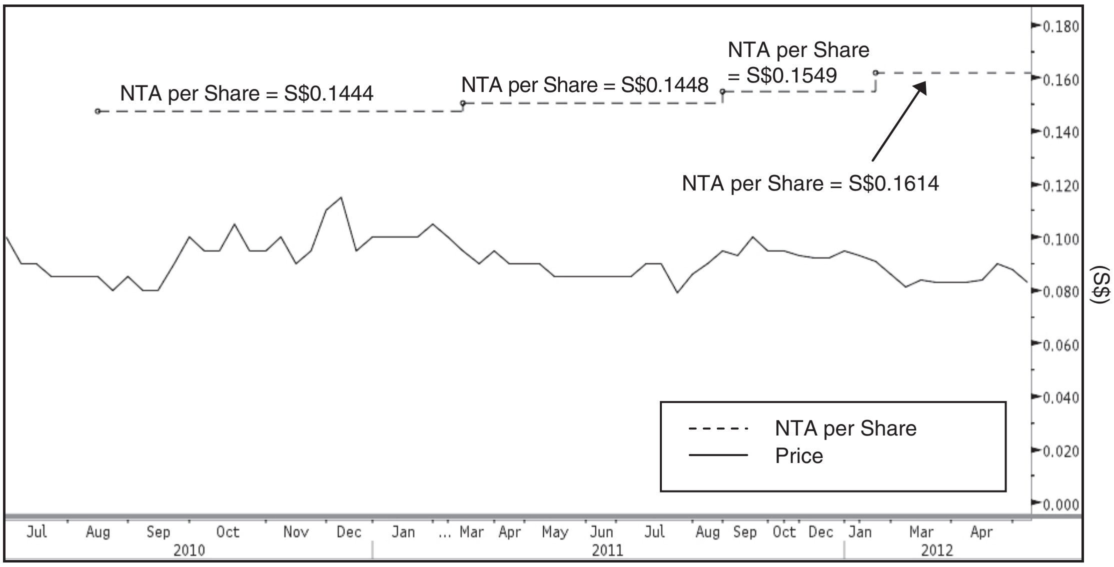
5.2.2 Assessed valuation of the Radiance Group as implied by the Issue Price

Based on the existing 263,771,400 issued Shares, the implied valuation of the Radiance Group as implied by the Issue Price is S$20.36 million.

The Radiance Group had reported a NTA backing of S$38.1 million, S$38.2 million, S$40.9 million and S$42.6 million as at 30 June 2010, 31 December 2010, 30 June 2011 and 31 December 2011, respectively, representing NTA per Share of S$0.1444, S$0.1448, S$0.1549 and S$0.1614, respectively.

We observed that the Shares had been trading at significant discounts of between 20.5% and 49.8% to the Radiance Group's NTA per Share during the Period Under Review as shown in the chart below:

Price movement of the Shares and the NTA per Share since 1 July 2010 to the Latest Practicable Date



Source: Bloomberg

From the above observation, we note that the market had accorded a valuation to the Company which is not reflective of its full NTA backing. This is not uncommon among some companies listed on the SGX-ST and could be a reflection of the market's perception of the prospects of such companies and/or the ability of these companies to achieve or maintain their profitability.

As at the date of the Announcement, the latest available audited NTA per Share of the Radiance Group was S$0.1448 as at 31 December 2010. The Issue Price represents a discount of approximately 46.7% to the audited NTA per Share as at 31 December 2010 which lies within the range of discounts that the Shares had been trading at to the relevant corresponding Radiance Group's NTA per Share during the Period Under Review.

Based on the latest audited financial statements of the Radiance Group for FY2011, the audited NTA per Share as at 31 December 2011 was S$0.1614. The Issue Price represents a discount of approximately 52.2% to the audited NTA per Share as at 31 December 2011.

The valuation of the Company as implied by the Issue Price does not fully reflect the NTA backing of the Radiance Group and therefore appears to be undervaluing the Company. However, we note that the Issue Price was determined based on the then prevailing market share price around the time of the Announcement, and the Shares had always traded at a significant discount to its NTA per Share for the Period Under Review.

In our evaluation of the financial terms of the Issue Price, we have also considered whether there are any tangible assets which should be valued at an amount that is materially different from that which were recorded in the statement of financial position of the Radiance Group as at 31 December 2011. In this respect, the Directors have confirmed to us that to the best of their knowledge and belief, that there are no material differences between the realisable value of these assets and their respective book values as at 31 December 2011 which would have a material impact on the NTA of the Radiance Group.

We have also considered whether there are any factors which have not been otherwise disclosed in the financial statements of the Radiance Group that are likely to impact the audited book NTA as at 31 December 2011. In this respect, the Directors have confirmed to us that to the best of their knowledge and belief, other than that already provided for or disclosed in the Company's audited financial statements as at 31 December 2011, there are no other contingent liabilities which are likely to have a material impact on the NTA of the Radiance Group as at the Latest Practicable Date.

In addition, as at the Latest Practicable Date, the Directors are not aware of any litigation, claim or proceeding pending or threatened against the Company or any of its subsidiaries or of any fact likely to give rise to any proceeding which might materially and adversely affect the financial position of the Company and its subsidiaries taken as a whole.

5.2.3 Comparison of valuation ratios of selected listed companies whose businesses are broadly comparable to the Radiance Group

As the Radiance Group is principally engaged in the business of providing EMS or contract manufacturing services to OEMs and ODMs in the electronics sector, we have considered companies whose business activities are, in our opinion, broadly comparable to the Radiance Group ("**Comparable Companies**") and which are listed and traded on the SGX-ST to give an indication of the prevailing market valuations of these businesses as at the date of the Announcement and as at the Latest Practicable Date.

We wish to highlight that the Comparable Companies are not exhaustive and they differ from the Company in terms of, *inter alia*, market capitalisation, size of operations, clientele base, composition of business activities, asset base, geographical spread, track record, operating and financial leverage, risk profile, liquidity, accounting policies, future prospects and other relevant criteria. As such, any comparison made is necessarily limited and merely serves as an illustrative guide.

A brief description of the Comparable Companies is set out below:

Company	Principal Business
Huan Hsin Holdings Limited ("**Huan Hsin**")	Huan Hsin manufactures and supplies electronics and electrical products and components to OEMs. Its operations also include wire and cable, mold, molded plastic products and finished products assembly, metal stamping, printed circuit boards (PCBs) and surface mount technology assembly.
Valuetronics Holdings Ltd. ("**Valuetronics**")	Valuetronics offers original equipment manufacturing and original design manufacturing services. Valuetronics serves customers in the telecommunications, industrial, commercial electronics products and consumer electronics products industries.

Company	Principal Business
Advanced Integrated Manufacturing Corp. Ltd. ("**AIMC**")	AIMC provides electronics manufacturing services specialising in medium to high-end applications. AIMC serves original equipment manufacturers and multi-national corporations in the aerospace, medical, analytical sciences, telecommunications and other industries.
CEI Contract Manufacturing Limited ("**CEI**")	CEI provides contract manufacturing services. CEI offers printed circuit board assembly, box-build assembly, prototype assembly, and value added engineering works such as circuit layout and functional design.
PCA Technology Limited ("**PCA**")	PCA provides contract manufacturing services, from printed circuit board assembly to box-build assembly and contract assembly of computer electronics components, equipment and products. PCA also offers assembly of telecommunication equipment and other electronics related products.

Source: Bloomberg and Annual Reports of the Comparable Companies

For the purpose of our evaluation and for illustration purposes only, we have made comparisons between the Company and the Comparable Companies on a historical basis using the following:

(a) Price-earnings ratio ("**PER**"). The historical PER is commonly used for the purpose of illustrating the profitability and hence the valuation of a company as a going concern; and

(b) Price-to-book NTA ratio ("**P/NTA**"). The P/NTA ratio or the NTA-based approach is used to show the extent the value of each share is backed by assets. The NTA-based approach of valuing a group of companies is based on the aggregate value of all tangible assets of the group in their existing condition, after deducting the sum of all liabilities of the group.

However, we wish to highlight that the NTA-based approach would be relevant in the event that a company decides to realise or convert the use of all or most of its assets and will not be as meaningful in valuing a company as a going concern with earnings potential.

In view of the time gap between the date of the Announcement and the date of the Circular, we have evaluated the valuation ratios of the Comparable Companies as compared to that of the Company as at:

(a) the date of the Announcement as set out in Table A below; and

(b) the Latest Practicable Date as set out in Table B below.

Table A

Comparable Company	Last financial year end	Market Capitalisation (S$ million)	Historical PER(1) (times)	Historical P/NTA(2) (times)
Huan Hsin	31-Dec-10	68.00	4.25	0.25
Valuetronics	31-Mar-11	101.66	5.28	1.35
AIMC	31-Dec-10	75.78	9.01	2.27
CEI	31-Dec-10	43.97	8.39	1.52
PCA	28-Feb-11	31.53	4.36	0.88
High			**9.01**	**2.27**
Mean			**6.26**	**1.25**
Median			**5.28**	**1.35**
Low			**4.25**	**0.25**
Company (Implied by Issue Price)	**31-Dec-10**	**20.36**	**3.52(3)** **(adjusted) 5.79(4)**	**0.53**

Source: Bloomberg, annual reports and latest publicly available financial information on the Comparable Companies as at the date of the Announcement.

Notes:

(1) The historical PERs of the respective companies were computed based on their historical basic consolidated earnings per share as set out in their latest available published full-year results as at the date of the Announcement.

(2) The P/NTA ratios of the respective companies were computed based on their respective NTA values as set out in their latest available published financial statements and their market capitalisation as at the date of the Announcement. The P/NTA ratio of the Company was computed based on the Issue Price divided by the NTA per Share of S$0.1448 as at 31 December 2010.

(3) The PER of the Radiance Group is computed based on the market capitalisation of the Company (as implied by the Issue Price) divided by its audited profit after tax of S$5.78 million for FY2010. Market capitalisation of the Company is based on 263,771,400 Shares multiplied by the Issue Price.

(4) The adjusted PER of the Radiance Group is computed after excluding from the profit after tax the one-time gain from the write-back of overprovision of staff related costs of S$1.5 million and a one-time gain from a sum awarded by a supplier over a pricing dispute of S$0.8 million during FY2010. The adjusted profit after tax is S$3.51 million.

Based on the Table A above, we note that:

(a) the historical PER of the Radiance Group as implied by the Issue Price is below the lower end of the range of PERs of the Comparable Companies;

(b) the adjusted PER of the Radiance Group as implied by the Issue Price is within the range of PERs of the Comparable Companies and below the mean but above the median PERs of the Comparable Companies; and

(c) the historical P/NTA ratio of the Company as implied by the Issue Price of 0.53 times is also within the range of P/NTA ratios of the Comparable Companies and below the mean and median P/NTA ratios of the Comparable Companies.

Table B

Comparable Company	Last financial year end	Market Capitalisation (S$ million)	Historical PER(1) (times)	Historical P/NTA(2) (times)
Huan Hsin	31-Dec-11	43.20	n.m(3)	0.16
Valuetronics	31-Mar-11	87.86	5.60	1.15
AIMC	31-Dec-11	65.90	10.34	1.90
CEI	31-Dec-11	35.17	9.90	1.27
PCA	28-Feb-12	19.32	8.07	0.51
High			**10.34**	**1.90**
Mean			**8.48**	**1.00**
Median			**8.99**	**1.15**
Low			**5.60**	**0.16**
Company (Implied by Issue Price)	**31-Dec-11**	**20.36**	**3.71**(4)	**0.48**

Source: Bloomberg, annual reports and latest publicly available financial information on the Comparable Companies as at the Latest Practicable Date

Notes:

(1) The historical PERs of the respective companies were computed based on their historical basic consolidated earnings per share as set out in their latest available published full-year results as at the Latest Practicable Date.

(2) The P/NTA ratios of the respective companies were computed based on their respective NTA values as set out in their latest available published financial statements and their market capitalisation as at the Latest Practicable Date. The P/NTA ratio of the Company was computed based on the Issue Price divided by the NTA per Share of S$0.1614 as at 31 December 2011.

(3) n.m. denotes not meaningful as Huan Hsin was loss-making according to its latest available published full-year results as at the Latest Practicable Date.

(4) The PER of the Radiance Group is computed based on the market capitalisation of the Company (as implied by the Issue Price) divided by its audited profit after tax of S$5.48 million for FY2011. Market capitalisation of the Company is based on 263,771,400 Shares multiplied by the Issue Price.

Based on the Table B above, we note that:

(a) the historical PER of the Radiance Group as implied by the Issue Price is below the lower end of the range of the PERs of the Comparable Companies; and

(b) the historical P/NTA ratio of the Company as implied by the Issue Price of 0.48 times is within the range of P/NTA ratios of the Comparable Companies and below the mean and median P/NTA ratios of the Comparable Companies.

5.2.4 Comparison of valuation statistics of selected listed companies which have completed VSAs or RTOs

In our assessment of the Issue Price, we have also compared the valuation statistics implied by the Issue Price with those of selected recently completed VSAs or RTOs of companies listed on the SGX-ST Mainboard and SGX Catalist since January 2010 up to the Latest Practicable Date (the "**Recent VSA/RTO Transactions**").

The comparison is to provide an illustration of:

(a) the premium/discount represented by the Issue Price to the last traded price prior to the announcement of the respective Recent VSA/RTO Transactions; and

(b) the premium/discount represented by the Issue Price to the NTA of the respective listed companies.

We wish to highlight that the list of companies involved in the Recent VSA/RTO Transactions as set out in the analysis below are not directly comparable to the Radiance Group or the GIHL Group in terms of size, market capitalisation, business activities, asset base, geographical spread, track record, accounting policy, future prospects and other relevant criteria. Each transaction must be judged on its own commercial and financial merits. In addition, the list of Recent VSA/RTO Transactions is by no means exhaustive and information relating to the Recent VSA/RTO Transactions was compiled from publicly available information. Therefore, any comparison with the Recent VSA/RTO Transactions is for illustrative purpose only and merely serves as a guide to illustrate the relative premiums or discounts for the transactions.

Company	SGX Mainboard/ SGX Catalist	Summary of the VSA/RTO
Esmart Holdings Limited (Currently known as Duty Free International Limited) ("**Esmart**")	SGX Catalist	Esmart acquired the entire issued and paid up share capital of Darul Metro Sdn Bhd and a controlling stake of 74.7% interests in DFZ Capital Berhad for a consideration of S$285 million by the allotment and issue of new shares, resulting in the vendors of Darul Metro Sdn Bhd and DFZ Capital Berhad holding approximately 96.2% of the enlarged share capital of the company. Following the acquisition, its existing electronics business is to be disposed of and the business of the target group would form the new core business of the enlarged group which includes (a) trading of duty-free goods and non-dutiable merchandise, and (b) properties and hospitality.
Eagle Brand Holdings Limited (Currently known as Nam Cheong Limited) ("**Eagle Brand**")	SGX Mainboard	Eagle Brand acquired the entire issued and paid up share capital of Nam Cheong Dockyard Sdn. Bhd. and 50% of the issued and paid-up share capital of Nam Cheong Offshore Pte. Ltd. for an aggregate consideration of S$472 million by the allotment and issue of new shares, resulting in the vendors of Nam Cheong Dockyard Sdn. Bhd. and Nam Cheong Offshore Pte. Ltd. holding approximately 74.9% of the enlarged share capital of the company. Prior to the acquisition, Eagle Brand was a cash company as defined in Rule 1018 of the SGX Listing Manual following divestments of its business. Following the acquisition, the enlarged group will undertake the shipbuilding and ship operating and chartering business of the target group.

Company	SGX Mainboard/ SGX Catalist	Summary of the VSA/RTO
Kyodo-Allied Industries Ltd (Currently known as Weiye Holdings Limited) ("**Kyodo-Allied**")	SGX Mainboard	Kyodo-Allied acquired the entire issued and paid up share capital of Great Spirit Management Limited for an aggregate consideration of S$600 million satisfied by the allotment and issue of new shares, resulting in the vendors of Well Fai International Limited, Earn Prosper Limited, Ring Bond Limited and Max Fill International Limited holding approximately 83.8% of the enlarged share capital of the company. Prior to the acquisition, Kyodo-Allied was in the business of designing, production and distribution of air diffusion products. Following the acquisition, the property development business of the target group will form part of the enlarged group's business.
SM Summit Holdings Limited (Currently known as Centurion Corporation Limited) ("**SM Summit**")	SGX Mainboard	SM Summit acquired the entire issued and paid up share capital in Centurion Dormitory (Westlite) Pte. Ltd. for an aggregate consideration of S$85.0 million satisfied fully by the allotment and issue of new shares, resulting in the vendors holding approximately 73.5% of the enlarged share capital of the company. Prior to the acquisition, SM Summit manufactures and provides services relating to optical storage media in the Asia Pacific Region and manufactures compact discs and digital versatile discs in the audio, video multimedia and the IT industries. Following the acquisition, the principal businesses of the enlarged group will be expanded to include the owning of a worker dormitory and provision of dormitory accommodation and services.
Asia Silk Holdings Limited (Currently known as Chaswood Resources Holdings Ltd.) ("**Asia Silk**")	SGX Catalist	Asia Silk acquired the entire issued and paid up share capital in Chaswood Resources Sdn. Bhd. for an aggregate consideration of S$60.79 million satisfied fully by the allotment and issue of new shares, resulting in the vendors holding approximately 93.7% of the enlarged share capital of the company. Prior to the acquisition, Asia Silk specializes in spun silk yarn, spun silk fabric and garment manufacturing in China. Following the acquisition, the principal businesses of the enlarged group will be in the food and beverage industry in Singapore and Malaysia.

Name of Company	Date of announcement	Issue Price (S$)	NTA (million)	Premium/ (Discount) of issue price over/(to) the last traded price prior to announcement (%)	Issue Price/ NTA (times)
Esmart[(1)]	28-Jun-10	0.016	S$1.0	5.10	11.81
Eagle Brand[(2)]	1-Oct-10	0.005	RMB3.5	11.33	8.53
Kyodo-Allied[(3)]	10-Mar-11	0.365	S$11.2	30.00	1.22
SM Summit[(4)]	6-Apr-11	0.10	S$46.7	(39.39)	0.78
Asia Silk[(5)]	25-Mar-11	0.03	S$1.64	–	2.50
High				30.00	11.81
Mean				1.76	4.97
Median				8.22	2.50
Low				(39.39)	0.78
Company	**30-Jun-11**	**0.077174**	**S$42.6[(6)]**	**(9.20)[(7)]**	**0.48[(6)]**

Source: Bloomberg and circulars of the respective VSA/RTO Transactions

Notes:

(1) Based on the audited NTA of the Esmart Group as at 31 December 2009 before the completion of the cessation and/or disposal of its existing business.

(2) Based on the unaudited NAV of the Eagle Brand Group as at 28 February 2011. The company became a cash company within the meaning of the Listing Manual following the completion of the company's disposal of its main operating subsidiaries on 30 July 2010.

(3) Based on the audited NTA of the Kyodo-Allied Group as at 30 June 2010 before the full conversion of its convertible loan.

(4) Based on the unaudited NTA of the SM Summit Group as at 31 March 2011.

(5) Based on the adjusted unaudited NTA of the Asia Silk Group as at 30 June 2011 which assumes that the completion of the disposal of its existing business had been effected on 30 June 2011. Following the disposal but before the completion of the acquisition, the assets of Asia Silk will consist wholly of cash. Accordingly, the company will become a "cash company' within the meaning of the SGX Catalist rules.

(6) Based on the audited NTA of the Radiance Group as at 31 December 2011 before the completion of the Acquisition.

(7) Based on the Issue Price (pre-Share Consolidation basis) and the closing Share price of S$0.085 on the last trading day prior to the Announcement.

Based on the above, we note that:

(a) the discount of 9.20% as implied by the Issue Price to the last traded price prior to the Announcement lies within the range of the premia and discounts of the Recent VSA/RTO Transactions but is lower than the mean and median statistics of the Recent VSA/RTO Transactions. On the last trading day prior to the Announcement, there were 51,000 Shares traded during that day, 50,000 Shares transacted at S$0.080 and 1,000 Shares transacted at S$0.085 which was the last transacted price done for that date. Based on the VWAP price for that day of S$0.0801, the Issue Price represents a lower discount of 3.65%; and

(b) the historical P/NTA ratio as implied by the Issue Price of 0.48 times is below the lower end of the range of the P/NTA statistics

We note that the Acquisition is an upward integration in the value chain for the Radiance Group to encompass design, research, manufacture and sales of ODM and OEM products in the satellite TV and satellite communications industries. The Acquisition of the GIHL Group is effectively a merger of the synergistic businesses between the Radiance Group and the GIL Group. The GIHL Group is currently owned by shareholders, many of whom are also beneficial shareholders of the Company through Vistra.

5.3 Assessment of the Consideration

We note that the Consideration of US$49.0 million was arrived at on a willing-buyer willing-seller basis, taking into account the Valuation Report dated 24 June 2011 which valued the GIHL Group at approximately US$56.1 million. Further details are as set out in Paragraph 3 of this Letter.

In evaluating the reasonableness of the Consideration, we have considered the following:

(i) the financial performance of the GIHL Group;

(ii) comparison with the valuation as opined by the Valuer; and

(iii) comparison of valuation ratios of selected listed companies whose businesses are broadly comparable to the GIHL Group.

5.3.1 Financial Performance of the GIHL Group

PER

We refer to the selected financial information of the GIHL Group set out in Paragraph 4.2 of this Letter. We note that the GIHL Group, as a merged group following the merger of GCL and Invacom in 2008, is a relatively young group.

Over the last 3 financial years from FY2009 to FY2011, the GIHL Group had reported net profit after tax of US$6.0 million, a net loss of US$5.9 million and net profit after tax of US$4.1 million respectively. After excluding the one-off charge of US$8.6 million associated with the transfer of Shares from GIL to Vistra in FY2010, the adjusted net profit after tax for FY2010 is US$2.7 million. We have used this adjusted net profit after tax for our evaluation below. These seemingly volatile earnings were achieved on revenues of US$71.8 million, US$53.4 million and US$62.9 million for the respective financial years.

In view of the significant year-on-year variation in the financial performance of the GIHL Group, we have considered using instead the simple average earnings of the GIHL Group for the last 3 financial years for the purpose of computing and analysing the PER of the GIHL Group as implied by the Consideration. The historical average net profit after tax of the GIHL Group for the last 3 financial years as computed is US$4.27 million. The Consideration thus values the GIHL Group on a historical PER of 11.47 times. At the time of the Announcement, the historical average net profit after tax of the GIHL Group for FY2008, FY2009 and FY2010 was US$3.68

million. Based on this historical average net profit after tax, the Consideration values the GIHL Group on a historical PER of 13.31 times.

Enterprise Value-to-Earnings before interest, tax, depreciation and amortisation ratio ("EV/EBITDA")

The GIHL Group does not have any borrowings. Instead it had cash balances of US$1.26 million and US$1.88 million as at 31 December 2010 and as at 31 December 2011, respectively. Based on the Consideration, the enterprise value ("**EV**") of the GIHL Group as at 31 December 2010 and as at 31 December 2011 is US$47.74 million and US$47.11 million, respectively, which is computed based on the Consideration less cash balances. The EBITDA of the GIHL Group is US$8.61 million, US$(4.96) million and US$5.44 million for FY2009, FY2010 and FY2011 respectively. Similar to the above treatment of the net profit after tax for FY2010, we have excluded the one-off charge in considering the EBITDA for FY2010. As such, the adjusted EBITDA for FY2010 is US$3.60 million. The historical average EBITDA of the GIHL Group as computed is US$5.89 million. The Consideration thus values the GIHL Group on a historical EV/EBITDA ratio of 8.00 times. At the time of the Announcement, the historical average EBITDA of the GIHL Group for FY2008, FY2009 and FY2010 was US$5.21 million. Based on this historical average EBITDA, the Consideration values the GIHL Group on a historical EV/EBITDA ratio of 9.17 times.

P/NTA

As at 31 December 2010 and 31 December 2011, the audited NTA of the GIHL Group was approximately US$8.63 million and US$11.71 million, respectively. The NTA of the GIHL Group consists of primarily current assets and the GIHL Group did not have any borrowings. The Consideration thus represents a P/NTA ratio of 5.68 times and 4.18 times as at 31 December 2010 and 31 December 2011, respectively.

As the GIHL Group is a going concern with earnings potential, the PER and EV/EBITDA bases are more appropriate approaches in assessing the valuation of the GIHL Group. In addition, as the GIHL Group sub-contracts out most of its manufacturing operations to third parties including the Radiance Group, the GIHL Group is asset-light, resulting in the P/NTA ratio of 5.68 times (as at 31 December 2010) and 4.18 times (as at 31 December 2011) as implied by the Consideration.

5.3.2 Valuation Report of the GIHL Group

For the purpose of the Acquisition, the Company had engaged PA Strategy Partners Ltd ("**Valuer**") to carry out a due diligence review of GIL and arrive at a fair valuation of the GIHL Group. A copy of the Valuation Report is set out in Appendix F of the Circular. The valuation of the GIL Group or GIL Group's business is in substance the valuation ascribed for the GIHL Group as GIL is the principal subsidiary of the GIHL Group and almost all the businesses of the GIHL Group are carried out under GIL. Hence, we have used inter-changeably in this Letter, valuation of GIL/GIL business to also mean valuation of the GIHL Group.

The Valuer, PA Strategy Partners Ltd is a wholly-owned subsidiary of PA Consulting Group and is registered and authorised by the UK Financial Services Authority to provide corporate finance advice to its clients. PA Strategy Partners Ltd provides a range of advisory services including valuation, due diligence and strategic acquisition advice. Its clients include investment banks, private equity firms, strategic investors and providers of structured finance.

PA Consulting Group is a management and IT consulting and technology firm. It is an independent and employee-owned firm and operates globally in more than 30 countries. Its expertise is in communications, media and entertainment, defence, energy, financial services, government and public services, healthcare, manufacturing, transportation and logistics.

We have reviewed the Valuation Report dated 24 June 2011 as prepared by the Valuer and noted, *inter alia*, the following:

(i) the Valuer had ascribed a valuation of the GIHL Group at US$56.085 million and in the opinion of the Valuer, this represents a fair valuation that a reasonable willing-buyer willing-seller party can rely on to inform negotiations;

(ii) the Valuer had adopted the use of a DCF methodology in addition to the use of a separate comparables analysis as a cross-check. The Valuer believes that the DCF approach is the most appropriate for a business like GIL as the DCF method uses forecasts of the company's financial performance as the basis for the valuation. These forecasts take into account changes in product mix, competition and customer mix; and

(iii) to cross-check the DCF valuation of GIL, the Valuer compared the EV/EBITDA multiple implied by the valuation with those of companies operating in the same sector and concluded that the DCF valuation is consistent with the comparables analysis.

The Consideration of US$49.0 million for the Acquisition represents a discount of 12.6% to the Valuer's valuation of US$56.085 million.

5.3.3 Relative Valuations of Comparable Companies of the GIHL Group

For the purpose of our evaluation of the Consideration, we have considered companies whose businesses are broadly comparable with the GIHL Group. As the GIHL Group is principally engaged in the design and manufacture of RF, IF and fibre products used in satellite-related transmissions of video and audio signals as well as other types of data, we have considered companies whose business activities are, in our opinion, broadly comparable to the GIHL Group ("**GIHL Comparable Companies**") and which are listed and traded on stock exchanges to give an indication of the prevailing market valuations of these businesses as at the date of the Announcement and as at the Latest Practicable Date. For the purpose of our evaluation and for illustration, we have made comparisons between the GIHL Group and the GIHL Comparable Companies on a historical basis using the following:

(i) PER;

(ii) EV/EBITDA; and

(iii) P/NTA.

We wish to highlight that the GIHL Comparable Companies are not exhaustive and they differ from the GIHL Group in terms of, *inter alia*, market capitalisation, size of operations, clientele base, composition of business activities, asset base, geographical spread, track record, operating and financial leverage, risk profile, liquidity, accounting policies, future prospects and other relevant criteria. As such, any comparison made is necessarily limited and merely serves as an illustrative guide. The GIHL Comparable Companies listed below form part of the list of companies used by the Valuer for the purpose of the comparable EBITDA multiple analysis.

A brief description of the GIHL Comparable Companies which are listed on a stock exchange is set out below:

GIHL Comparable Companies	Stock exchange	Description
CalAmp Corporation ("**CalAmp**")	NASDAQ	CalAmp delivers wireless access and computer technologies. The company's services include interface design and embedded computing, software development, technology consulting, and production of electronic devices. CalAmp designs products for digital multimedia delivery, healthcare, retailing applications, public safety markets, and wireless enterprise connectivity.
Microelectronics Technology Inc. ("**MTI**")	Taiwan Stock Exchange	MTI manufactures and markets a broad range of microwave IC products used for satellite broadcasting, communication, and telecommunication. The Company's products include very small aperture terminals, low noise block down converter equipment, digital microwave radio systems, and wireless personal mobile communication systems.
Prime Electronics and Satellites Inc. ("**Prime**")	Taiwan Stock Exchange	Prime develops and manufactures advanced digital satellite communication and wireless consumer electronic products. The Company's products include low noise block converters, digital set top boxes, WLANs (Wireless Local Area Networks), video senders as well as multi switches.
Wistron NeWeb Corporation ("**WNC**")	Taiwan Stock Exchange	WNC manufactures wireless communication systems. The Company's products include satellite communication, wireless networking, embedded antenna, and mobile handset products.
Zinwell Corporation ("**Zinwell**")	Taiwan Stock Exchange	Zinwell Corporation manufactures and markets cable TV and satellite TV receiving equipment. The company's products include splitter taps, low noise blocks, outlets, multi-switches, and amplifiers. Zinwell sells its products in Taiwan as well as exports to Europe and America.

Source: Bloomberg

For illustration purposes only, we have evaluated the historical PER, P/NTA ratios and EV/EBITDA ratios of the GIHL Comparable Companies based on their last transacted prices as at:

(a) the date of the Announcement is set out in Table C below; and

(b) the Latest Practicable Date is set out in Table D below.

Table C

GIHL Comparable Companies	Share Price as at 30 June 2011	Market Capitalisation (million)	Historical PER[1] (times)	EV/EBITDA[2] (times)	P/NTA[3] (times)
CalAmp	US$3.03	US$85.85	n.m.[4]	194.92[5]	6.32
MTI	NT$15.00	NT$6,195.56	n.m.[4]	244.62[5]	1.64
Prime	NT$26.50	NT$4,057.18	10.47	9.03	1.46
WNC	NT$90.00	NT$24,508.94	15.20	14.93	2.83
Zinwell	NT$43.40	NT$13,787.70	13.40	6.57	2.00
High			15.20	14.93	6.32
Mean			13.02	10.18	2.85
Median			13.40	9.03	2.00
Low			10.47	6.57	1.46
GIHL (implied by the Consideration)		**US$49.00**	**13.31**	**9.17**	**5.68**

Source: Bloomberg, annual reports and financial results of the respective GIHL Comparable Companies as at the date of the Announcement

Notes:

(1) The historical PERs of the respective companies were computed based on their historical basic consolidated earnings per share as set out in their latest available published full-year results as at the date of the Announcement. The PER ratio of the GIHL Group is computed as shown in Paragraph 5.3.1 above.

(2) The EV/EBITDA ratios of the respective companies were computed based on their respective market capitalisation values as at the date of the Announcement, less cash and borrowings as set out in their latest available published financial statements and their EBITDA as set out in their latest available published full-year results as at the date of the Announcement. The EV/EBITDA ratio of the GIHL Group is computed as shown in Paragraph 5.3.1 above.

(3) The P/NTA ratios of the respective companies were computed based on their respective NTA values as set out in their latest available published financial statements and their market capitalisation as at the date of the Announcement. The P/NTA ratio of the GIHL Group is computed as shown in Paragraph 5.3.1 above.

(4) n.m. denotes not meaningful as CalAmp and MTI were both loss-making according to their latest available published full-year results as at the date of the Announcement.

(5) In computing the range, mean and median of the EV/EBITDA ratios, CalAmp and MTI have been excluded as statistical outliers.

Table D

GIHL Comparable Companies	Share Price as at the Latest Practicable Date	Market Capitalisation (million)	Historical PER[(1)] (times)	EV/EBITDA[(2)] (times)	P/NTA[(3)] (times)
CalAmp	US$6.00	US$172.23	31.58[(4)]	17.27	7.74
MTI	NT$10.05	NT$4,151.02	n.m.[(5)]	n.m.[(5)]	1.75
Prime	NT$25.45	NT$3,896.42	8.72	15.37	1.34
WNC	NT$58.70	NT$16,805.14	9.82	9.55	1.81
Zinwell	NT$33.70	NT$10,706.12	11.95	8.12	1.58
High			11.95	17.27	7.74
Mean			10.16	12.58	2.84
Median			9.82	12.46	1.75
Low			8.72	8.12	1.34
GIHL (implied by the Consideration)		**US$49.00**	**11.47**	**8.00**	**4.18**

Source: Bloomberg, annual reports and financial results of the respective GIHL Comparable Companies as at the Latest Practicable Date

Notes:

(1) The historical PERs of the respective companies were computed based on their historical basic consolidated earnings per share as set out in their latest available published full-year results as at the Latest Practicable Date. The PER ratio of the GIHL Group is computed as shown in Paragraph 5.3.1 above.

(2) The EV/EBITDA ratios of the respective companies were computed based on their respective market capitalisation values as at the Latest Practicable Date less cash and borrowings as set out in their latest available published financial statements and their EBITDA as set out in their latest available published full-year results as at the Latest Practicable Date. The EV/EBITDA ratio of the GIHL Group is computed as shown in Paragraph 5.3.1 above.

(3) The P/NTA ratios of the respective companies were computed based on their respective NTA values as set out in their latest available published financial statements and their market capitalisation as at the Latest Practicable Date. The P/NTA ratio of the GIHL Group is computed as shown in Paragraph 5.3.1 above.

(4) In computing the range, mean and median of the historical PER, CalAmp has been excluded as a statistical outlier.

(5) n.m. denotes not meaningful as MTI was loss-making according to its latest available published full-year results as at the Latest Practicable Date.

Analysis of PER, P/NTA Ratio and EV/EBITDA Ratio Comparisons

PER Comparison

The earnings basis is commonly used for the purpose of illustrating the profitability and hence the valuation of a company as a going concern. In this regard, we have considered the historical PER of the GIHL Comparable Companies based on the closing market prices as at the date of the Announcement and as at the Latest Practicable Date. As the GIHL Group has been profitable for the past three financial years after adjusting for the non-recurring items, the PER Comparison would be a more appropriate measure.

Based on Table C, we note that the historical PER of the GIHL Group as implied by the Consideration of 13.31 times is within the range of the historical PERs of the GIHL Comparable Companies and above the mean but below the median PERs of the GIHL Comparable Companies.

Based on Table D, we note that the historical PER of the GIHL Group as implied by the Consideration of 11.47 times is also within the range of the historical PERs of the GIHL Comparable Companies and above the mean and median PERs of the GIHL Comparable Companies.

EV/EBITDA Comparison

The EV/EBITDA ratio illustrates the market value of a company's business relative to its historical pre-tax operating cash flow performance, without regard to the company's capital structure. In this regard, we have considered the EV/EBITDA ratios of the GIHL Comparable Companies based on the market capitalisation as at the Latest Practicable Date.

Based on Table C, we note that the EV/EBITDA ratio of the GIHL Group of 9.17 times as implied by the Consideration is within the range of the EV/EBITDA ratios of the GIHL Comparable Companies and below the mean but above the median EV/EBITDA ratios of the GIHL Comparable Companies.

Based on Table D, we note that the EV/EBITDA ratio of the GIHL Group of 8.00 times as implied by the Consideration is marginally below the lower end of the range of the EV/EBITDA ratios of the GIHL Comparable Companies.

P/NTA Comparison

The P/NTA ratio is used to show the extent the value of each share is backed by assets. The NTA approach of valuing a group of companies is based on the aggregate value of all tangible assets of the group in their existing condition, after deducting the sum of all liabilities of the group.

Based on Table C, we note that the P/NTA ratio of the GIHL Group of 5.68 times as at 31 December 2010 as implied by the Consideration is within the range of the P/NTA of the GIHL Comparable Companies and above the mean and median P/NTA ratios of the GIHL Comparable Companies.

Based on Table D, we note that the P/NTA ratio of the GIHL Group of 4.18 times as at 31 December 2011 as implied by the Consideration is within the range of the P/NTA of the GIHL Comparable Companies and above the mean and median P/NTA ratios of the GIHL Comparable Companies.

5.4 Financial Effects of the Acquisition on the Radiance Group

The financial effects of the Acquisition and the Share Consolidation on the Radiance Group set out in Sections A.4.6 and A.6.7 of the Circular are based, *inter alia*, on the latest audited financial statements of the Radiance Group for FY2011 and are for illustration purposes only. It is not intended to be a projection of the future financial position or performance of the Radiance Group.

From the above, we note that the Acquisition would result in the following financial effects for the Radiance Group:

(i) the share capital of the Company will increase substantially as a result of the issuance of the Consideration Shares as partial consideration for the Acquisition;

(ii) the NAV of the Radiance Group will increase as a result of the inclusion of the NAV of GIHL following the Acquisition less the Cash Consideration which will be paid over a period of 3 years. The Acquisition will also result in significant goodwill being recorded as shown in the Proforma Financial Position of the Enlarged Group, which will be excluded in computing the NTA of the Enlarged Group. As set out in Section A.7.2 of the Circular, the impairment of goodwill in the current financial year or subsequent financial periods may materially affect the financial results and financial position of the Enlarged Group. Overall, the NTA per Share (after the Share Consolidation but before the Acquisition) will decrease after the Acquisition; and

(iii) the earnings of the Radiance Group should increase as a result of the Acquisition due mainly to the positive earnings from the operations of the GIHL Group as shown in the Proforma Financial Position of the Enlarged Group based on the FY2011 results.

5.5 Dilution impact arising from the Acquisition

As at the Latest Practicable Date, the Company has 263,771,400 issued Shares, prior to the Share Consolidation. There are no outstanding instruments convertible into, rights to subscribe for, and options in respect of, securities being offered for or which carry voting rights affecting shares in the Company.

As at the Latest Practicable Date, the interests of the substantial shareholders of the Company and the existing public Shareholders in the issued Shares are as follows:

Table 1

	Direct and deemed Interests	
	No. of Shares	**%**
Vistra Corporate Services Limited[1]	155,832,093	59.1
Prospect China Limited	14,000,000	5.3
Non-substantial and non-public Shareholders	353,200	0.1
Existing public Shareholders	93,586,107	35.5
	263,771,400	**100.0**

Note:

(1) Vistra Corporate Services Limited holds the Shares as trustee for The Pacific Trust. Messrs Anthony Taylor, Gary Stafford and Malcolm Burrell who are Directors of the Company are deemed interested in the Shares held by Vistra as they are beneficiaries of The Pacific Trust. Save as disclosed above, none of the Directors of the Company have an interest in the Shares.

The Company will be carrying out a Share Consolidation on the basis of one (1) Consolidated Share for every four (4) existing Shares held. The existing issued Shares of 263,771,400 will become 65,942,850 Consolidated Shares. With the issuance of 122,515,189 Consideration Shares for the Acquisition, the Company will have an enlarged issued share capital comprising 188,458,039 Consolidated Shares after the Acquisition but before the Compliance Placement. The percentage shareholdings of the various parties and the Vendors immediately after the Acquisition but before the Compliance Placement in the issued Shares are set out below:

Table 2

	Before the Acquisition		After the Acquisition	
	No. of Shares	**%**	**No. of Shares**	**%**
Vendors	–	–	122,515,189	65.0
Vistra Corporate Services Limited[1]	38,958,023	59.1	38,958,023	20.7
	38,958,023	**59.1**	**161,473,212**	**85.7**
Prospect China Limited	3,500,000	5.3	3,500,000	1.9
Non-substantial and non-public Shareholders	88,300	0.1	88,300	0.0
Existing public Shareholders	23,396,527	35.5	23,396,527	12.4
	65,942,850	**100.0**	**188,458,039**	**100.0**

Note:

(1) As described in the note in Table 1 above.

On completion of the Acquisition, Vistra and the Vendors will collectively hold approximately 85.7% of the enlarged issued Shares. As a result, the percentage of issued Shares deemed to be held in the hands of the public will be reduced from 35.5% to 14.3%, taking into account that Prospect China Limited will be reclassified as public shareholders as it will hold less than 5% of the issued Shares.

As the Acquisition is deemed as a reverse takeover by the SGX-ST, following the completion of the Acquisition, for the purpose of meeting the shareholding spread and distribution requirements set out in the Listing Manual, the Company intends to carry out a Compliance Placement in order for the Company to maintain its listing status.

The Compliance Placement may involve the issuance of up to 41,539,000 new Shares, representing 18.1% of the enlarged issued Shares of 229,997,039 after the Acquisition and the Compliance Placement. Completion of the Compliance Placement is intended to take place within one month after the completion of the Acquisition (or such period of time as may be permitted by the SGX-ST). On completion of the Compliance Placement, the shareholding of the existing Shareholders will be diluted accordingly. Vistra and the Vendors will collectively hold approximately 70.0% of the enlarged issued Shares after the Compliance Placement.

5.6 OTHER RELEVANT CONSIDERATIONS IN RELATION TO THE ACQUISITION

5.6.1 Moratorium Undertakings by the Vendors

Each of the Vendors has given their respective undertakings to moratorise all their 122,515,189 Consideration Shares for the first six (6) months after Completion or such other period as may be required by the SGX-ST, and a further moratorium on a step-down amount over a period of 24 months after Completion, the details of which are set out in Paragraph 3.5 of this Letter. The above-mentioned moratorised Consideration Shares by the Vendors represent 65.0% of the enlarged share capital of 188,458,039 Consolidated Shares after the completion of the Acquisition but before the Compliance Placement, and represent 53.3% of the enlarged share capital of 229,997,039 Consolidated Shares after the completion of the Acquisition and the Compliance Placement.

5.6.2 Escrow Shares and Limitation of Liabilities for Warranty Claims against the Vendors and against the Company

As disclosed in Sections A.3.1.2, A.3.1.3 and A.3.1.4 of the Circular, both the Company and the Vendors have provided to each other various customary representations, warranties and undertakings.

With respect to the warranty claims against the Vendors

As disclosed in Paragraph 3.4 of this Letter, on Completion, the Vendors have agreed to enter into an escrow agreement with the Company wherein US$10.24 million of the Share Swap Consideration, in the form of 41,142,857 Consideration Shares will be deposited in escrow with the Escrow Agent during the warranty period of 12 months from Completion. The above Escrow Shares represents 21.8% of the enlarged issued Shares immediately after the completion of the Acquisition but before the Compliance Placement and 17.9% of the enlarged issued Shares after the completion of the Acquisition and the Compliance Placement.

The purpose of the escrow arrangement is to provide a "claw-back" mechanism to the Company to "claw back" any Consideration Shares in the event the Company has any warranty claims against any of the Vendors in the first 12 months after Completion.

In the event that there are no warranty claims brought by the Company against the Vendors during the Warranty Period, the Escrow Shares will be released to the Vendors on expiry of the Warranty Period.

If a claim is successfully brought against the Vendors during the Warranty Period, the claim will be satisfied by the Escrow Agent procuring the cancellation of such number of Escrow Shares equivalent in value at the Issue Price to the value of the claim based on the following formula.

$$\text{Number of Escrow Shares to satisfy claim} = \frac{\text{Value of Claim}}{\text{S\$0.3087}}$$

The Escrow Shares will then be cancelled by the Company pursuant to a selective capital reduction exercise under Section 78C or 78G of the Companies Act with no cash or other distribution made to the Vendors, or dealt with in such other way as may be permitted by the law with no cash or other distribution made to the Vendors.

The liability of the Vendors for all warranty claims when taken together shall not exceed the amount represented by the Escrow Shares. The Vendors shall have no liability to the Company in respect of any warranty claims other than to facilitate the resale of the Escrow Shares to the Company. The value of a warranty claim will either be (a) such value admitted by the party against whom such claim is brought or (b) such value adjudicated on by a court of competent jurisdiction and where no right of appeal lies in respect of such adjudication, or where the parties are debarred by passage of time or otherwise from making an appeal.

Any claims to be made by the Company against the Vendors shall be reviewed by the Board of the Company, with Directors who may have a conflict of interest to abstain from such deliberation.

With respect to the warranty claims against the Company

Similarly, the Company has also given various representations and warranties to the Vendors and the liability of the Company for all warranty claims when taken together shall not exceed US$10.24 million being the value represented by the Escrow Shares. Such warranty claims made against the Company may only be satisfied by the issuance of new Shares to the Vendors, such Shares to be issued at the volume-weighted price per Share for the last ten full days of trading immediately preceding the date on which the aggregate amount of the warranty claims is agreed upon by the Vendors and the Company.

The value of a warranty claim will be determined on the same basis as that set out above and any claims and their respective values to be admitted by the Company shall be reviewed by the Board of the Company, with Directors who may have a conflict of interest to abstain from such deliberation.

We note that the Company and the Vendors have agreed commercially on the above but wish to highlight the following:

(i) three of the Vendors are Executive Directors of the Company and have significant control and influence on the operations of the Radiance Group;

(ii) in the event of a claim against the Company, the Company is to issue further new Shares to the Vendors, of up to the value of US$10.24 million depending on the value of the claim and the aggregate value of all claims made. This represents approximately 20.9% of the total purchase consideration of S$49.0 million for the Acquisition;

(iii) unlike the Escrow Shares where the value of each Escrow Share is determined based on the Issue Price, the new Shares to be issued is based on the volume-weighted price per Share for the last 10 full days of trading immediately preceding the date on which the claim is agreed upon by the Company and the Vendors. As such, the potential maximum number of new Shares to be issued in the event of a claim may be higher or lower than the number of Escrow Shares to be deposited in escrow pursuant to the Escrow Agreement. The issue of the new Shares may also potentially increase the shareholdings held by the Vendors and Vistra in the Company, the extent of which cannot be determined presently as the issue price and the number of new Shares to be issued can only be determined at such relevant time in the future; and

(iv) we understand from the Company that the new Shares to be issued in the event of a claim will be issued pursuant to the general share issue mandate granted by the Shareholders to the Directors or if such general share issue mandate is inadequate for this purpose, specific approval for the issue of such new Shares will be sought from Shareholders as well as to obtain approval from the SGX-ST for the listing of such new Shares.

5.6.3 Payment terms of the Cash Consideration

As disclosed in Paragraph 3.2 of this Letter, the purchase consideration for the Acquisition is to be satisfied partly by the Cash Consideration of US$18.5 million (approximately S$22.8 million based on the agreed exchange rate as stated in Paragraph 3.2 of this Letter) and partly by the Share Swap Consideration. The Share Swap Consideration or the Consideration Shares will be moratorised as mentioned above and in Paragraph 3.5 of this Letter. The Cash Consideration will be paid in four (4) instalments over a period of three years in the following manner:

(i) US$3.0 million (approximately S$3.7 million) shall be paid no earlier than 6 months and no later than 1 year after Completion;

(ii) US$4.5 million (approximately S$5.6 million) shall be paid on the 1st anniversary of the Completion;

(iii) US$5.5 million (approximately S$6.8 million) shall be paid on the 2nd anniversary of the Completion; and

(iv) US$5.5 million (approximately S$6.8 million) shall be paid on the 3rd anniversary of the Completion.

5.6.4 The consolidation of interest by the controlling shareholders in the Company, the continuation of the key management in the Radiance Group and the existing board of directors of the Company

As mentioned in Paragraphs 1.1 and 5.1 of this Letter, pursuant to the takeover of the Company in August 2010, it was GIL's intention to inject the existing businesses, undertakings and operating entities of the GIL Group into the Company, resulting in the Company becoming the common entity of both the Radiance Group's business and the GIL Group's business through a series of corporate restructuring exercises. The Acquisition is an integral part of GIL's intended corporate restructuring exercise.

The change in shareholding control of the Company began with the acquisition by GIL of the majority controlling interest of the Company in August 2010 and followed by its takeover offer for the remaining shares of the Company, after which, Vistra (as a concert party to GIL) owned 56.3% of the issued Shares. On 3 January 2012, Vistra acquired a further 7,305,000 Shares resulting in an increase in its shareholdings from 56.3% to 59.1%. As set out in Paragraph 5.5 of this Letter, upon completion of the Acquisition, Vistra and the Vendors will further consolidate their shareholdings in the Company and will collectively hold approximately 85.7% of the enlarged issued Shares before the Compliance Placement and approximately 70.0% of the enlarged issued Shares after the Compliance Placement. The present 59.1% controlling stake in the Company is held by Vistra as trustee for The Pacific Trust, which is a discretionary trust constituted for the benefit of all the past and present employees and officers of the GIHL Group, including, amongst others, the Vendors. The Vendors are largely made up of the present employees of the GIHL Group and there is a significant overlap between the beneficiaries of The Pacific Trust and the Vendors.

Certain Vendors, namely Messrs Anthony Taylor, Gary Stafford and Malcolm Burrell, who are some of the more significant shareholders of GIHL (each holding 9.09% of GIHL), are existing Executive Directors of the Company. They were appointed as Executive Directors of the Company since August 2010 in connection with the change in the controlling shareholder of the Company. As at the Latest Practicable Date, the Board comprises of the Directors as set out in Section A.6.10.1 of the Circular. The Acquisition will not result in any immediate change in the current Board of Directors of the Company as the Company has stated so in Section A.6.10.1 of the Circular.

Based on the above Company's statement, the key management of the Radiance Group comprising the above existing Executive Directors of the Company will remain intact, but with the addition of another Vendor, namely Mr David Smith who also holds 9.09% of GIHL, to be appointed as a key executive of the Enlarged Group as the Technical Director (LNB, VSAT and Antennas) of the Enlarged Group responsible for the development of LNB and VSAT products.

6. OUR RECOMMENDATION

In arriving at our recommendation, we have reviewed and evaluated all the factors, including the views and representations of the Directors and management of the Company, which we deemed to have significant relevance to our assessment of the Acquisition as an Interested Person Transaction. We have also made an evaluation as to whether the Acquisition is on normal commercial terms and not prejudicial to the interests of the Company and the Independent Shareholders.

In arriving at our conclusion, we have taken into account the following principal factors:

(a) the rationale for the Acquisition;

(b) the reasonableness of the Issue Price after taking into consideration: (i) the market performance of the Company's Share price for the period from 1 July 2010 up to the Latest Practicable Date; (ii) the assessed valuation of the Radiance Group as implied by the Issue Price; and (iii) comparisons with Comparable Companies and with other selected Recent VSA/RTO Transactions;

(c) the reasonableness of the Consideration after evaluating the financial performance of the GIHL Group, comparison with the valuation as opined by the Valuer and comparison with the GIHL Comparable Companies;

(d) the financial effects of the Acquisition on the Radiance Group;

(e) the dilution impact on the shareholdings of existing public Shareholders arising from the Acquisition. Nonetheless, Vistra and the Vendors will collectively own more than 50% controlling interest in the Company after the Acquisition and the Compliance Placement; and

(f) the other relevant considerations including (i) the moratorium undertakings by the Vendors; (ii) the escrow shares and the limitation of liabilities for warranty claims during the warranty period; (iii) the instalment payment terms of the Cash Consideration; and (iv) the consolidation of interest by the controlling shareholders in the Company, the continuation of the key management in the Radiance Group and the existing board of directors of the Company.

Having considered all of the above, we are of the view that, on balance, the Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and the Independent Shareholders.

We therefore advise you to recommend that Independent Shareholders vote in favour of the Acquisition to be proposed at the EGM.

The Independent Directors should note that we have arrived at these conclusions based on information made available to us prior to and including the Latest Practicable Date. Our advice on the Acquisition cannot and does not take into account the future trading activity or patterns or price levels that may be established for the Shares as these are governed by factors beyond the scope of our review and would not fall within our terms of reference in connection with the Acquisition.

Our opinion is addressed to the Independent Directors for their benefit and for the purposes of their consideration of the Acquisition. The recommendations made by the Independent Directors to the Independent Shareholders in respect of the Acquisition shall remain their responsibility. Whilst a copy of this Letter may be reproduced in the Circular, neither the Company, the Directors nor any other persons may reproduce, disseminate or quote this Letter (or any part thereof) for any other purpose other than for the purpose of the EGM and for the purpose of the Acquisition, at any time in any manner without the prior written consent of Provenance Capital in each specific case.

Our opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully
For and on behalf of
PROVENANCE CAPITAL PTE. LTD.

Wong Bee Eng	Terence Lim
Chief Executive Officer	Director

16 May 2012

The Board of Directors
Radiance Group Limited
8 Temasek Boulevard
#20-03 Suntec Tower Three
Singapore 038988

Dear Sirs,

REPORTING AUDITORS' REPORT ON THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS OF THE ENLARGED GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011

This report has been prepared for inclusion in the circular to shareholders (the "Circular") of Radiance Group Limited (the "Company") in connection with the Company's proposed acquisition of the entire issued and paid-up capital of Global Invacom Holdings Limited ("GIHL") (the "Proposed Acquisition"). The enlarged group of companies comprising the Company and its subsidiaries (the "Radiance Group") and GIHL and its subsidiaries (the "GIHL Group"), following the completion of the Proposed Acquisition, are collectively known as the "Enlarged Group".

We report on the unaudited proforma consolidated financial statements of the Enlarged Group as set out on pages B - 3 to B - 62 of the Circular which have been prepared, for illustrative purposes only, in accordance with the basis of preparation as set out in Note 5 to the unaudited proforma consolidated financial statements, and based on certain assumptions and after making certain adjustments to show what:

(a) the financial results of the Enlarged Group for the financial years ended 31 December 2009, 2010 and 2011 would have been if the Enlarged Group structure as of the date of this report had been in place since 1 January 2009;

(b) the financial position of the Enlarged Group as at 31 December 2011 would have been if the Enlarged Group structure as of the date of this report had been in place on 31 December 2011; and

(c) the changes in equity and the cash flows of the Enlarged Group for the financial year ended 31 December 2011 would have been if the Enlarged Group structure as of the date of this report had been in place since 1 January 2011.

The unaudited proforma consolidated financial statements of the Enlarged Group, because of their nature, may not give a true picture of the Enlarged Group's actual financial results, financial position, changes in equity and cash flows.

The unaudited proforma consolidated financial statements are the responsibility of the directors of the Company. Our responsibility is to express an opinion on the unaudited proforma consolidated financial statements based on our work.

(cont'd)

We carried out procedures in accordance with Singapore Statement of Auditing Practice 24 "Auditors and Public Offering Documents". Our work, which involved no independent examination of the underlying financial statements, consisted primarily of comparing the unaudited proforma consolidated financial statements to those consolidated financial statements of the Radiance Group and the GIHL Group as described in Note 5(b) to the unaudited proforma consolidated financial statements, considering the evidence supporting the adjustments and discussing the unaudited proforma consolidated financial statements with the directors of the Company.

In our opinion,

(a) the unaudited proforma consolidated financial statements have been properly prepared:

    (i) in a manner consistent with the format of the financial statements and the accounting policies of the Enlarged Group, which are in accordance with Singapore Financial Reporting Standards, and

    (ii) on the basis as set out in Note 5 to the unaudited proforma consolidated financial statements; and

(b) each material adjustment made to the information used in the preparation of the unaudited proforma consolidated financial statements is appropriate for the purpose of preparing such financial statements.

Yours faithfully,

Moore Stephens LLP
Public Accountants and
Certified Public Accountants

Singapore

Partner-in-charge: Ng Chiou Gee Willy

UNAUDITED PROFORMA CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011

		Year ended		
	Note	**31.12.2009**	**31.12.2010**	**31.12.2011**
		S$'000	**S$'000**	**S$'000**
Revenue	(8)	150,059	117,840	138,286
Cost of sales		(112,533)	(82,748)	(99,226)
Gross profit		37,526	35,092	39,060
Other income		762	990	306
Distribution costs		(175)	(119)	(467)
Administrative expenses				
- Costs associated with past services received	(9)	-	(11,728)	-
- Other administrative expenses		(23,782)	(22,000)	(22,679)
Other operating expenses		(1,070)	(164)	(65)
Finance income	(10)	46	175	90
Finance costs	(11)	(304)	(173)	(79)
Profit before income tax	(12)	**13,003**	**2,073**	**16,166**
Income tax expense	(13)	(4,282)	(3,284)	(4,290)
Profit/(Loss) after income tax		**8,721**	**(1,211)**	**11,876**
Other comprehensive income/(loss)				
- Exchange differences on translation of foreign operations		(1,358)	(4,865)	764
Total comprehensive income/(loss) for the year attributable to equity holders of the Company		**7,363**	**(6,076)**	**12,640**
Earnings/(Loss) per share (cents)				
- Basic and diluted	(14)	4.63	(0.64)	6.30

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

UNAUDITED PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2011

	Note	As at 31.12.2011 S$'000
ASSETS		
Non-current Assets		
Property, plant and equipment	(15)	7,493
Goodwill on consolidation	(16)	21,146
Intangible assets	(17)	1,155
Club membership		82
Available-for-sale financial assets	(18)	10
		29,886
Current Assets		
Inventories	(19)	25,165
Trade receivables	(20)	16,398
Other current assets	(21)	1,765
Cash and bank balances	(22)	29,438
		72,766
Total assets		**102,652**
EQUITY AND LIABILITIES		
Share Capital and Reserves		
Share capital	(23)	43,606
Reserves	(24)	12,170
Total equity		**55,776**
Non-current Liability		
Deferred taxation	(25)	339
Current Liabilities		
Trade payables	(26)	13,596
Other payables	(26)	31,561
Provision for income tax		1,380
		46,537
Total liabilities		**46,876**
Total equity and liabilities		**102,652**

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

UNAUDITED PROFORMA CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	Share capital S$'000	Merger reserve S$'000	Capital redemption reserve S$'000	Share options reserve S$'000	Capital reserve S$'000	Foreign currency translation reserve S$'000	Retained profits S$'000	Total S$'000
Balance as at 1 January 2011	**43,603**	**(14,801)**	**8**	**110**	**-**	**(1,682)**	**21,782**	**49,020**
Proforma effects arising from the different basis of preparation of the unaudited proforma consolidated statement of changes in equity	3	-	-	25	-	-	-	28
Proforma effects arising from the different basis of preparation of the unaudited proforma consolidated statement of financial position	-	-	-	-	(923)	(407)	(3,079)	(4,409)
Total comprehensive income for the year	-	-	-	-	-	764	11,876	12,640
Transfer to capital reserve in accordance with statutory requirement	-	-	-	-	923	-	(923)	-
Payment of dividends	-	-	-	-	-	-	(1,503)	(1,503)
Balance as at 31 December 2011	**43,606**	**(14,801)**	**8**	**135**	**-**	**(1,325)**	**28,153**	**55,776**

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

UNAUDITED PROFORMA CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	Year ended 31.12.2011 S$'000
Cash Flows from Operating Activities	
Profit before income tax	16,166
Adjustments for:	
Depreciation of property, plant and equipment	1,721
Amortisation of intangible assets	5
Loss on disposal of property, plant and equipment	52
Write-back of inventory obsolescence	(163)
Bad debts written off – non-trade	11
Share-based payments expense	32
Interest income	(90)
Interest expense	79
Unrealised exchange loss	65
Operating cash flow before working capital changes	17,878
Changes in working capital:	
Inventories	(2,927)
Trade receivables	4,854
Other current assets	(336)
Trade and other payables	(7,201)
Cash generated from operating activities	**12,268**
Interest paid	(79)
Income tax paid	(3,959)
Prior year tax rebate received	17
Net cash generated from operating activities	**8,247**
Cash Flows from Investing Activities	
Interest received	90
Purchase of property, plant and equipment	(3,513)
Proceeds from disposal of property, plant and equipment	135
Increase in capitalised development costs (Note 17)	(788)
Payments to acquire plant and equipment through business combination (Note 27)	(3)
Payments to acquire intangible assets through business combination (Note 27)	(332)
Net cash used in investing activities	**(4,411)**
Cash Flows from Financing Activities	
Proceeds from borrowings	4,420
Repayment of borrowings	(8,337)
Repayment to hire purchase creditors	(53)
Proceeds from issue of shares	3
Treasury shares	(210)
Cancellation of own shares	(33)
Decrease in restricted cash	4,915
Dividends paid	(1,503)
Net cash used in financing activities	**(798)**
Net increase in cash and cash equivalents	**3,038**
Cash and cash equivalents at the beginning of the year	**22,017**
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	583
Cash and cash equivalents at the end of the year (Note 22)	**25,638**

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

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011

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

1 Introduction

The unaudited proforma consolidated financial statements of the Enlarged Group have been prepared for inclusion in the circular to shareholders (the "Circular") of Radiance Group Limited (the "Company" or "Radiance") in connection with the Company's proposed acquisition of the entire issued and paid-up capital of Global Invacom Holdings Limited ("GIHL") (the "Proposed Acquisition") (see Note 3(a) for further details). The enlarged group of companies comprising the Company and its subsidiaries (the "Radiance Group") and GIHL and its subsidiaries (the "GIHL Group"), following the completion of the Proposed Acquisition, are collectively known as the "Enlarged Group".

2 Corporate Information

The Company is incorporated and domiciled in the Republic of Singapore and is listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The address of the Company's registered office and 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 subsidiaries of the Enlarged Group are set out in Note 4.

3 Proposed Transactions

(a) The Proposed Acquisition

On 30 June 2011, the Company entered into a conditional sale and purchase agreement (the "S&P Agreement") with the current shareholders of GIHL (the "Vendors") in relation to the proposed acquisition of the entire issued and paid-up share capital of GIHL (the "Proposed Acquisition"), for a purchase consideration of US$49.0 million (the "Purchase Consideration").

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011

3 Proposed Transactions (cont'd)

(a) The Proposed Acquisition (cont'd)

Pursuant to the terms of the S&P Agreement, the Purchase Consideration shall be satisfied by:

(i) the sum of US$18.5 million (equivalent to S$22.8 million calculated on the basis of the agreed exchange rate of US$1 = S$1.2345 as set out in the S&P Agreement) payable in cash (the "Cash Consideration") in the manner as set out in the S&P Agreement; and

(ii) the sum of US$30.5 million (equivalent to S$37.8 million) (the "Share Swap Consideration") payable in the form of 122,515,189 consolidated shares, to be issued and allocated to the Vendors at the issue price of S$0.3087 (computed based on a fixed exchange rate of US$1 = S$1.2400 as set out in the S&P Agreement) per consideration share, of which US$10.2 million (equivalent to S$12.6 million) from the Share Swap Consideration, in the form of 41,142,857 consolidated shares (the "Escrow Shares"), shall be deposited in escrow with an escrow agent.

The Escrow Shares shall, unless otherwise mutually agreed between the parties, be held in escrow by the escrow agent prior to and until their release on expiry of the warranty period, being twelve (12) months from the completion of the Proposed Acquisition, in accordance with the terms of the Vendors' warranties as set out in the S&P Agreement. If a claim is successfully brought against the Vendors during the warranty period, the claim shall be satisfied by the Escrow Agent procuring the re-sale to the Company of such number of Escrow Shares as determined pursuant to the terms of the S&P Agreement. The Escrow Shares shall be repurchased by the Company for a nominal consideration of S$1.00 and may thereafter be held in treasury. The liability of the Vendors for any warranty claims shall not exceed the amount represented by the Escrow Shares.

(b) Proposed Share Consolidation

The Company, in connection with the Proposed Acquisition, proposes to undertake a share consolidation of every four (4) ordinary shares into one (1) consolidated share (the "Consolidated Share"), to take effect on or before completion of the Proposed Acquisition.

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011

4 The Enlarged Group

Upon the completion of the Proposed Acquisition as described in Note 3(a), the subsidiaries of the Enlarged Group are as follows:

Name of subsidiaries	Country of incorporation/ Place of business	Principal activities	Percentage (%) of equity held by the Enlarged Group 2011
Held by the Company			
Global Invacom Holdings Limited(1)	England and Wales	Investment holding	100
Radiance Manufacturing Pte Ltd(2)	Singapore	Trading and investment holding	100
Radiance Cayman Ltd(2)	Cayman Islands	Marketing and promotion	100
Radiance Electronics (Shenzhen) Co., Ltd(2)	People's Republic of China	Electronics manufacturing services	100
Sino-Brilliant Energy Pte Ltd(2)	Singapore	Investment holding	100
Held by subsidiary			
Global Invacom Limited(3)	England and Wales	Design of products for reception and transmission of satellite signals	100
GI Provision Limited(3)(4)	England and Wales	Design and sales of HD Video transmission and reception technology	100
Invacom Holdings Limited(5)	England and Wales	Dormant	100
Invacom Limited(6)	England and Wales	Dormant	100
Invacom Systems Limited(6)	England and Wales	Dormant	100

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011

4 The Enlarged Group (cont'd)

Name of subsidiaries	**Country of incorporation/ Place of business**	**Principal activities**	**Percentage (%) of equity held by the Enlarged Group 2011**
Held by subsidiary (cont'd)			
Radiance Electronics (Shanghai) Co., Ltd(2)(7)	People's Republic of China	Electronics manufacturing services	100
Radiance Energy Technology Co., Ltd("RET")(2)(8)(9)	People's Republic of China	Manufacturing and investment holding	100

(1) Audited by Moore Stephens LLP, London.

(2) Audited by Moore Stephens LLP, Singapore.

(3) Wholly-owned subsidiary of Global Invacom Holdings Limited.

(4) Incorporated with an authorised and issued share capital of 100,000 ordinary shares at £0.01 each on 6 April 2011.

(5) Wholly-owned subsidiary of Global Invacom Limited.

(6) Wholly-owned subsidiary of Invacom Holdings Limited.

(7) Wholly-owned subsidiary of Radiance Manufacturing Pte Ltd.

(8) Wholly-owned subsidiary of Sino-Brilliant Energy Pte Ltd ("SBE").

(9) Incorporated with a registered capital of RMB50,000,000 to be fully paid up by 2010. As at 31 December 2011, SBE had invested approximately RMB31,000,000 (equivalent to S$6,530,000) in RET. SBE has applied for the exemption from fulfilling the outstanding capital commitment of approximately RMB19,000,000 with the relevant PRC authorities and the application was approved in February 2011.

At the date of these unaudited proforma consolidated financial statements, RET is in the process of being deregistered. However, the deregistration of RET cannot be completed before the proceedings (see Note 31) are resolved. Moreover, the Beijing Administration for Industry and Commerce may, at its discretion, require RET to pay a fine to be determined by reference to the time delayed in finalising the deregistration to a maximum of RMB100,000 (approximately S$20,000) upon the submission of the final application by RET for deregistration. No provision has been made in the unaudited proforma consolidated financial statements for the potential fine as the directors are of the view that the amount involved is not material.

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011

5 Basis of Preparation of the Unaudited Proforma Consolidated Financial Statements

(a) The unaudited proforma consolidated financial statements of the Enlarged Group have been prepared, for illustrative purposes, only and based on certain assumptions and after making certain adjustments to show what:

(i) the financial results of the Enlarged Group for the financial years ended 31 December 2009, 2010 and 2011 would have been if the Enlarged Group structure had been in place since 1 January 2009;

(ii) the financial position of the Enlarged Group as at 31 December 2011 would have been if the Enlarged Group structure had been in place on 31 December 2011; and

(iii) the changes in equity and the cash flows of the Enlarged Group for the financial year ended 31 December 2011 would have been if the Enlarged Group structure had been in place since 1 January 2011.

The objective of the unaudited proforma consolidated financial statements is to show what the historical information would have been had the Enlarged Group existed and the proposed transactions as described in Note 3 had taken place on the dates mentioned above. However, the unaudited proforma consolidated financial statements are not necessarily indicative of the results of the operations or the related effects on the financial position that would have been attained had the Enlarged Group existed on those dates. Accordingly, the unaudited proforma consolidated financial statements, because of their nature, may not give a true picture of the Enlarged Group's actual financial results, financial position, changes in equity or cash flows.

(b) The unaudited proforma consolidated financial statements of the Enlarged Group have been compiled based on the following:

(i) the audited consolidated financial statements of the Radiance Group for the financial years ended 31 December 2009, 2010 and 2011 prepared in accordance with Singapore Financial Reporting Standards ("FRS") and audited by Moore Stephens LLP, Singapore; and

(ii) the audited consolidated financial statements of the GIHL Group for the financial years ended 31 December 2009, 2010 and 2011 prepared in accordance with International Financial Reporting Standards ("IFRS") and audited by Moore Stephens LLP, London.

There are essentially no material differences between IFRS and FRS. The auditors' reports on the financial statements described above do not contain any qualification.

The unaudited proforma consolidated financial statements are prepared using uniform accounting policies, for like transactions and other events in similar circumstances, as set out in Note 7.

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011

5 Basis of Preparation of the Unaudited Proforma Consolidated Financial Statements (cont'd)

(c) The Proposed Acquisition as described in Note 3(a) will result in the shareholders of GIHL obtaining the majority interest in the enlarged share capital of the Company. As such, the Proposed Acquisition is accounted for as a reverse acquisition, in which it is deemed that it is GIHL which acquired Radiance. The unaudited proforma consolidated financial statements of the Enlarged Group presented for the financial years ended 31 December 2009, 2010 and 2011 have been prepared using reverse acquisition accounting for the Proposed Acquisition as set out in FRS 103 "Business Combinations". Under reverse acquisition accounting:

(i) the assets and liabilities of the GIHL Group are recognised and measured at their pre-combination carrying amounts;

(ii) the assets and liabilities of the Radiance Group are recognised and measured at acquisition-date fair values in accordance with FRS 103;

(iii) the retained earnings and other equity balances are those of the GIHL Group before the business combination;

(iv) the amount recognised as issued equity interests in the unaudited proforma consolidated financial statements of the Enlarged Group is determined by adding the issued equity interests of GIHL outstanding immediately before the business combination to the cost of the reverse acquisition of the Enlarged Group determined in accordance with FRS 103. However, the equity structure (i.e. the number and type of equity instrument issued) reflects the equity structure of the legal parent (accounting acquire) including the equity instruments issued by the legal parent to effect the combination. Accordingly, the equity structure of the legal subsidiary (accounting acquirer) is restated using the exchange ratio established in the acquisition agreement to reflect the number of shares of the legal parent (the accounting acquire) issued in the reverse acquisition; and

(v) the statement of comprehensive income for the current period reflects that of the legal subsidiary for the full period together with the post-acquisition results of the legal parent based on the attributed fair values.

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011

6 Statement of Adjustments

(a) Unaudited proforma consolidated statement of comprehensive income for the financial year ended 31 December 2009

	Per aggregation of financial statements (Note 5(b)) S$'000	**Profoma adjustments S$'000**	**Per Enlarged Group S$'000**
Revenue	216,692	(66,633)[(1)]	150,059
Cost of sales	(177,120)	64,587[(1)]	(112,533)
Gross profit	39,572	(2,046)	37,526
Other income	(244)	1,003[(1)] 3[(2)]	762
Distribution costs	(175)	-	(175)
Administrative expenses	(23,707)	(75)[(2)]	(23,782)
Other operating expenses	(1,070)	-	(1,070)
Finance income	46	-	46
Finance costs	(304)	-	(304)
Profit before income tax	**14,118**	**(1,115)**	**13,003**
Income tax expense	(4,282)	-	(4,282)
Profit after income tax	**9,836**	**(1,115)**	**8,721**
Other comprehensive income			
- Exchange differences on translation of foreign operations	(1,358)	-	(1,358)
Total comprehensive income for the year attributable to equity holders of the Company	**8,478**	**(1,115)**	**7,363**

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011

6 **Statement of Adjustments** (cont'd)

(b) Unaudited proforma consolidated statement of comprehensive income for the financial year ended 31 December 2010

	Per aggregation of financial statements (Note 5(b)) S$'000	**Profoma adjustments S$'000**	**Per Enlarged Group S$'000**
Revenue	158,266	(40,426)[(1)]	117,840
Cost of sales	(123,195)	40,447[(1)]	(82,748)
Gross profit	35,071	21	35,092
Other income	978	4[(1)] 8[(2)]	990
Distribution costs	(119)	-	(119)
Administrative expenses			
- Costs associated with past services received	(11,728)	-	(11,728)
- Other administrative expenses	(22,993)	(127)[(2)] 1,120[(4)]	(22,000)
Other operating expenses	(164)	-	(164)
Finance income	175	-	175
Finance costs	(173)	-	(173)
Profit before income tax	1,047	1,026	2,073
Income tax expense	(3,284)	-	(3,284)
Loss after income tax	**(2,237)**	**1,026**	**(1,211)**
Other comprehensive loss			
- Exchange differences on translation of foreign operations	(4,871)	6[(2)]	(4,865)
Total comprehensive loss for the year attributable to equity holders of the Company	**(7,108)**	**1,032**	**(6,076)**

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011

6 Statement of Adjustments (cont'd)

(c) Unaudited proforma consolidated statement of comprehensive income for the financial year ended 31 December 2011

	Per aggregation of financial statements (Note 5(b)) S$'000	**Profoma adjustments S$'000**	**Per Enlarged Group S$'000**
Revenue	183,558	(45,272)(1)	138,286
Cost of sales	(144,376)	45,150(1)	(99,226)
Gross profit	39,182	(122)	39,060
Other income	438	(125)(1) (7)(2)	306
Distribution costs	(467)	-	(467)
Administrative expenses	(24,198)	(210)(2) 1,729(4)	(22,679)
Other operating expenses	(65)	-	(65)
Finance income	90	-	90
Finance costs	(79)	-	(79)
Profit before income tax	**14,901**	**1,265**	**16,166**
Income tax expense	(4,290)	-	(4,290)
Profit after income tax	**10,611**	**1,265**	**11,876**
Other comprehensive income			
- Exchange differences on translation of foreign operations	766	(2)(2)	764
Total comprehensive income for the year attributable to equity holders of the Company	**11,377**	**1,263**	**12,640**

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011

6 **Statement of Adjustments** (cont'd)

(d) Unaudited proforma consolidated statement of financial position as at 31 December 2011

	Per aggregation of financial statements (Note 5(b)) S$'000	Profoma adjustments S$'000	Per Enlarged Group S$'000
ASSETS			
Non-current Assets			
Property, plant and equipment	7,493	-	7,493
Investments in subsidiaries	-	60,658(3)	-
		(60,658)(5)	-
Goodwill on consolidation	-	21,146(5)	21,146
Intangible assets	1,155	-	1,155
Club membership	82	-	82
Available-for-sale financial assets	10	-	10
	8,740	21,146	29,886
Current Assets			
Inventories	26,429	(1,264)(6)	25,165
Trade receivables	24,509	(8,111)(6)	16,398
Other current assets	2,235	(470)(6)	1,765
Cash and cash equivalents	29,438	-	29,438
	82,611	(9,845)	72,766
Total assets	**91,351**	**11,301**	**102,652**
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Share capital	34,339	37,820(3)	43,606
		(28,553)(5)	
Reserves	24,693	(2,849)(4)	12,170
		(8,410)(5)	
		(1,264)(6)	
Total equity	**59,032**	**(3,256)**	**55,776**
Non-current Liabilities			
Deferred taxation	339	-	339
Current Liabilities			
Trade payables	21,707	(8,111)(6)	13,596
Other payables	8,893	22,838(3)	31,561
		300(4)	
		(470)(6)	
Provision for income tax	1,380	-	1,380
	31,980	14,557	46,537
Total liabilities	**32,319**	**14,557**	**46,876**
Total equity and liabilities	**91,351**	**11,301**	**102,652**

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011

6 Statement of Adjustments (cont'd)

(1) Being adjustment to eliminate inter-company transactions between the Radiance Group and the GIHL Group.

(2) Being adjustment to re-align the depreciation policy of the GIHL Group with the Enlarged Group.

(3) Being adjustment to reflect the sum of US$18.5 million (equivalent to S$22.8 million) payable in cash and the issue of 122,515,189 ordinary shares with a carrying value of US$30.5 million (equivalent to S$37.8 million) in connection with the Proposed Acquisition as set out in Note 3(a).

(4) Being adjustment to reflect the acquisition costs estimated at S$3,149,000 relating to the Proposed Acquisition, of which S$2,849,000 has been incurred with the remaining balance of S$300,000 accrued as at 31 December 2011.

(5) Being adjustment to reflect the effects of the reverse acquisition as described in Note 5(c).

(6) Being adjustment to eliminate inter-company balances between the Radiance Group and the GIHL Group.

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011

7 Significant Accounting Policies

(a) Basis of Preparation

The unaudited proforma consolidated financial statements have been prepared based on those financial statements as described in Note 5(b) and are based on the accounting policies to be adopted by the Enlarged Group. The significant accounting policies of the Enlarged Group, which are in accordance with Singapore Financial Reporting Standards ("FRS"), are set out below. The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The accounting policies adopted by the Enlarged Group have been consistently applied in preparing the unaudited proforma consolidated financial statements.

(b) Critical Accounting Judgements and Estimates

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and 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.

Judgements made in applying accounting policies

In the process of applying the Enlarged 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 financial year ended 31 December 2011, the Enlarged Group wrote-back an allowance of approximately S$163,000 (Note 12) for inventory obsolescence. The carrying amount of the Enlarged Group's inventories as at 31 December 2011 was S$25,165,000 (Note 19).

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011

7 Significant Accounting Policies (cont'd)

(b) Critical Accounting Judgements and Estimates (cont'd)

Judgements made in applying accounting policies (cont'd)

(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 2011, no impairment loss was recognised for trade receivables and as at 31 December 2011, the carrying amount of the Enlarged Group's allowance for impairment of trade receivables was S$4,961,000 (Note 34(b)(ii)) and the carrying amount of the Enlarged Group's trade receivables was S$16,398,000 (Note 20).

(iii) Costs associated with past services received

The GIHL Group had acquired a controlling interest in Radiance during the financial year ended 31 December 2010 with the advance intention of transferring the shares in the Company to an independent trust, The Pacific Trust ("The Pacific Trust"), for the benefit of beneficiaries, who are also employees in the GIHL Group, in recognition of past services performed. The accounting for the transfer of the shares in the Company to The Pacific Trust in the consolidated financial statements of the GIHL Group had required significant judgement by the directors. A key judgement being whether control over the Company's shares had been relinquished by the group on transfer of the shares in the Company to The Pacific Trust at the financial reporting date.

The directors had considered that control exerted over the Company's shares was relinquished on transfer of the shares to The Pacific Trust leading to the derecognition of the asset in the aforesaid year. The associated costs relating to the transaction had been recorded within administration expenses in the unaudited proforma consolidated statement of comprehensive income for the financial year ended 31 December 2010 (see Note 9 for further details).

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011

7 Significant Accounting Policies (cont'd)

(b) Critical Accounting Judgements and Estimates (cont'd)

Judgements made in applying accounting policies (cont'd)

(iv) Capitalised development costs

Management had determined the amounts of development costs to be recognised as intangible assets at each reporting date. In making their judgement, the management have 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 Enlarged Group.

The carrying amount of the Enlarged Group's capitalised development costs as at 31 December 2011 was S$816,000 (Note 17).

Key sources of estimation uncertainty

The following 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 one (1) to ten (10) years. The carrying amount of the Enlarged Group's property, plant and equipment as at 31 December 2011 was S$7,493,000 (Note 15). 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 Enlarged Group's profit for the financial year ended 31 December 2011 will decrease/increase by approximately S$172,000.

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011

7 Significant Accounting Policies (cont'd)

(b) Critical Accounting Judgements and Estimates (cont'd)

Key sources of estimation uncertainty (cont'd)

(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 2011 was S$21,146,000 (Note 16).

No impairment loss was recognised for the goodwill on consolidation assessed as at 31 December 2011 as the relevant recoverable amounts of the CGUs were in excess of the goodwill carrying amount as of that date.

If the management's estimated growth rate applied to the discounted cash flows for the CGUs as at 31 December 2011 is assumed to be Nil, the recoverable amounts of the CGUs are still in excess of the goodwill carrying amount as of that date.

(iii) Income taxes

The Enlarged Group has exposures 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 Enlarged 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 Enlarged Group has recognised an income tax expense of S$4,290,000 for the financial year ended 31 December 2011. The carrying amounts of the Enlarged Group's current income tax liabilities and deferred income tax liabilities were S$1,380,000 and S$339,000 as at 31 December 2011.

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011

7 Significant Accounting Policies (cont'd)

(c) Group Accounting

<u>Consolidation</u>

Subsidiaries are entities (including special purpose entities) over which the Enlarged Group has the power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Enlarged Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Enlarged Group.

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

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

<u>Acquisition of businesses</u>

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

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.

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011

7 Significant Accounting Policies (cont'd)

(c) Group Accounting (cont'd)

Acquisition of businesses (cont'd)

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Enlarged 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 Enlarged 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 7(f). 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 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 investment at the date when control is lost and its fair value is recognised in profit or loss.

Reverse acquisition

Consolidated financial statements prepared following a reverse acquisition are issued under the name of the legal parent (accounting acquiree) but described in the notes as a continuation of the financial statements of the legal subsidiary (accounting acquirer), with one adjustment, which is to adjust retroactively the accounting acquirer's legal capital to reflect the legal capital of the accounting acquiree.

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011

7 Significant Accounting Policies (cont'd)

(c) Group Accounting (cont'd)

Reverse acquisition (cont'd)

Because the consolidated financial statements represent the continuation of the financial statements of the legal subsidiary except for its capital structure, the consolidated financial statements reflect:

- the assets and liabilities of the legal subsidiary (the accounting acquirer) recognised and measured at their pre-combination carrying amounts;

- the assets and liabilities of the legal parent (the accounting acquiree) are recognised at fair value and measured in accordance with FRS 103;

- the retained earnings and other equity balances of the legal subsidiary (accounting acquirer) before the business combination;

- the amount recognised as issued equity interests in the consolidated financial statements is determined by adding the issued equity interest of the legal subsidiary (the accounting acquirer) outstanding immediately before the business combination to the cost of the reverse acquisition determined in accordance with FRS 103. However, the equity structure (ie the number and type of equity interests issued) reflects the equity structure of the legal parent (the accounting acquiree), including the equity interests the legal parent issued to effect the combination. Accordingly, the equity structure of the legal subsidiary (the accounting acquirer) is restated using the exchange ratio established in the acquisition agreement to reflect the number of shares of the legal parent (the accounting acquiree) issued in the reverse acquisition; and

- the statement of comprehensive income for the current period reflects that of the legal subsidiary for the full period together with the post-acquisition results of the legal parent based on the attributed fair values.

(d) 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). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Singapore Dollar ("S$"), which is the functional currency of the Company and the presentation currency for the consolidated financial statements. All values are rounded to the nearest thousand (S$'000) except when otherwise indicated.

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011

7 Significant Accounting Policies (cont'd)

(d) 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 equity 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 reporting date;

- income and expenses for the statement of comprehensive income presented (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.

On the disposal of a foreign operation, all of the accumulated currency translation differences in respect of that operation attributable to the Enlarged 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 UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011

7 Significant Accounting Policies (cont'd)

(e) Property, Plant and Equipment

All items of property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

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 Enlarged 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:

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

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts 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. Any gain or loss arising on derecognition of the property, plant and equipment is included in profit or loss in the year the property, plant and equipment is derecognised.

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011

7 Significant Accounting Policies (cont'd)

(f) Goodwill on Consolidation

Goodwill represents the excess of the cost of an acquisition of a subsidiary over the fair value of the Enlarged 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, an impairment loss is recognised. Impairment loss on goodwill is not reversed in a subsequent period.

(g) 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 Enlarged 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 and 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 Enlarged 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 Enlarged 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.

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011

7 Significant Accounting Policies (cont'd)

(g) Intangible Assets (cont'd)

Capitalised development costs (cont'd)

Directly attributable costs that are capitalised include relevant employee costs. Capitalised development costs are amortised on a straight line basis over a period of five (5) years from the date that the product is brought into first use.

Trading name

Trading name acquired in a business combination is initially recognised at fair value (which is regarded as its cost) at the acquisition date. Following initial recognition, trading name is measured at cost less any impairment losses. Trading name is assessed as having an indefinite use life as there is no foreseeable limit to the period over which the trading name is expected to generate economic benefits to the Enlarged 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.

Intellectual property rights

Intellectual property rights (comprising granted patents and patents pending) acquired in a business combination is initially recognised at fair value at the acquisition date. 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 ten 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.

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011

7 Significant Accounting Policies (cont'd)

(h) Available-for-sale Financial Assets

Equity investments intended to be held for an indefinite period of time are classified as available-for-sale financial assets. They are carried at fair value, where this can be reliably measured, with movements in fair value recognised directly in other comprehensive income. Gain 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.

Any impairment losses in equity investments classified as available-for-sale financial asset are recognised in profit and loss. Available-for-sale financial asset are included 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 the current assets. On disposal, 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.

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.

(i) 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 Enlarged 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 Enlarged 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.

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011

7 Significant Accounting Policies (cont'd)

(i) Impairment of Non-financial Assets (cont'd)

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.

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.

(j) 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.

(k) Trade and Other Receivables

Trade and other receivables, which generally have 30 to 90 day terms, are initially recognised at fair value, and subsequently measured at amortised cost using the effective interest rate method less allowance for impairment. An allowance for impairment of receivables is established when there is objective evidence that the Enlarged Group will not be able to collect all the amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of the estimated cash flows discounted at the original effective interest rate. The amount of the allowance is recognised in profit or loss.

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011

7 Significant Accounting Policies (cont'd)

(l) 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 unaudited proforma consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above less bank deposits pledged as security.

(m) 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.

(n) 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.

(o) Dividends to Company's Shareholders

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

(p) Financial Guarantees

Financial guarantees are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

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. Subsequent to initial recognition, financial guarantees are amortised to profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amounts with the difference charged to profit or loss.

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011

7 Significant Accounting Policies (cont'd)

(q) Revenue Recognition

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

The Enlarged 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 Enlarged 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.

(r) Employee Benefits

Defined contribution plans

Defined contribution plans (including state-managed retirement benefit schemes) are post-employment benefit plans under which the Enlarged Group pays fixed contributions into separate entities on a mandatory, contractual or voluntary basis. 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 when they accrue to employees. A provision for the estimated liability for annual leave is recognised for services rendered by employees up to the reporting date.

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011

7 Significant Accounting Policies (cont'd)

(r) 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.

- *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.

(s) Operating Leases

Rental payments made under operating leases are recognised in profit or loss on a straight-line basis over the period of the leases.

(t) Income Tax

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

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.

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011

7 Significant Accounting Policies (cont'd)

(t) Income Tax (cont'd)

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 Enlarged 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.

(u) 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 UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011

8 Revenue

	Year ended		
	31.12.2009	**31.12.2010**	**31.12.2011**
	S$'000	**S$'000**	**S$'000**
Sale of goods	150,059	117,840	138,286

9 Costs Associated with Past Services Received

On 29 March 2010, Global Invacom Limited ("GIL"), a wholly owned subsidiary of GIHL, issued a pre-conditional mandatory cash offer stating that GIL had entered into a conditional share purchase agreement with Thumb (China) Holdings Group Limited (In Liquidation) ("TCH") and TCH's liquidators, pursuant to which TCH agreed to sell, and GIL agreed to purchase, an aggregate of 138,235,390 ordinary shares representing approximately 52.41% of the total issued shares in the capital of the Company, for a cash consideration of S$0.07618 per share (the "Acquisition"). On 30 July 2010, GIL completed the Acquisition, and GIL became the majority shareholder of the Company, holding approximately 52.41% of the total issued shares in the capital of the Company, as of that date.

On 1 August 2010, in accordance with Rule 14 of the Singapore Code on Take-overs and Mergers, GIL made a mandatory unconditional cash offer for all the shares, other than those already owned, controlled or agreed to be acquired by GIL for a consideration of S$0.07618 per share (the "Offer"). By the close of the Offer on 14 September 2010, an aggregate of 10,291,703 shares were accepted, representing approximately 3.90% of the total issued shares in the capital of the Company, resulting in GIL owning an aggregate of 148,527,093 shares, representing approximately 56.31% of the total issued shares in the capital of the Company, as of that date.

Subsequently on 20 September 2010 and 4 October 2010, GIL transferred all the shares held by it on the completion of the Acquisition and the Offer, respectively to The Pacific Trust and consequently, GIL ceased to be a shareholder of the Company and The Pacific Trust became the controlling shareholder of the Company.

The Pacific Trust was constituted on 15 July 2010 by way of a trust deed which circumscribes, amongst others, the power to deal with its trust assets. The trustee of The Pacific Trust is Vistra Corporate Services Limited, a company incorporated in Jersey, the United Kingdom.

The shares irrevocably transferred by GIL to The Pacific Trust were for the benefit of a class of beneficiaries in recognition of past services received. Express instructions were given that GIL provides no further guidance over the distribution of the assets held in trust and The Pacific Trust should accept no further instruction from the GIHL Group in relation to the assets transferred.

With the irrevocable transfer of the shares to The Pacific Trust, and the complete loss of control, or influence, over the asset, the GIHL Group deemed that the asset be derecognised and charged to profit and loss during the financial year ended 31 December 2010 in which the transfer took place. The full cost of the shares and the associated transaction costs were included in administrative expenses in profit or loss by way of the fact the transfer was made in respect of past services received. This was a non-recurring expense and this transaction is not expected to be repeated.

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011

10 Finance Income

	Year ended		
	31.12.2009 S$'000	31.12.2010 S$'000	31.12.2011 S$'000
Interest income on bank deposits	46	175	90

11 Finance Costs

	Year ended		
	31.12.2009 S$'000	31.12.2010 S$'000	31.12.2011 S$'000
Interest expense on			
- borrowings	290	167	75
- hire purchase	14	6	4
	304	173	79

12 Profit before Income Tax

	Year ended		
	31.12.2009 S$'000	31.12.2010 S$'000	31.12.2011 S$'000
This is arrived at after charging/(crediting):			
Cost of inventories recognised as an expense	112,533	82,748	99,226
Amortisation of intangible assets	-	-	5
Depreciation of property, plant and equipment	2,694	1,947	1,721
Audit fees – Company's auditors	135	607	630
Audit fees – Other auditors	123	33	-
Loss on disposal of property, plant and equipment	443	70	52
Impairment of property, plant and equipment	94	-	-
Allowance for/(Write-back of) inventory obsolescence	65	(502)	(163)
Bad debts written off - non-trade	42	15	11
Gain on de-registration of subsidiary	(2)	-	-
Impairment against available-for-sale financial assets	566	-	-
Gain on foreign exchange	(332)	(227)	(135)
Operating lease expense	2,149	1,649	1,570
Staff costs:			
- Salaries, bonuses and related costs	20,675	16,092	22,560
- Defined contribution plans	1,750	1,573	2,113
- Share-based payments expense	63	171	32

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011

13 Income Tax Expense

	Year ended		
	31.12.2009 S$'000	31.12.2010 S$'000	31.12.2011 S$'000
Income tax expense attributable to the results is made up of:			
Current income tax			
- Current year	3,921	3,184	3,741
- Overprovision in prior year	-	-	(394)
	3,921	3,184	3,347
Deferred tax	326	(71)	128
Withholding tax			
- Current year	-	-	418
- Prior year	103	202	414
Cash tax rebate with regard to prior year	(68)	(31)	(17)
	4,282	3,284	4,290

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 Enlarged Group operates due to the following factors:

	Year ended		
	31.12.2009 S$'000	31.12.2010 S$'000	31.12.2011 S$'000
Profit before income tax	13,003	2,073	16,166
Income tax expense calculated at applicable tax rates	3,837	(75)	3,943
Non-deductible items	427	3,466	148
Non-taxable income	-	(32)	(1)
Deferred tax assets not recognised	587	469	490
Research and development credits	(604)	(715)	(711)
Overprovision of income tax in prior year	-	-	(394)
Withholding tax	103	202	832
Cash tax rebate with regard to prior year	(68)	(31)	(17)
	4,282	3,284	4,290

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011

13 Income Tax Expense (cont'd)

The corporate tax rate applicable to the entities of the Enlarged Group incorporated in Singapore for the financial years ended 31 December 2009, 2010 and 2011 is 17%.

The corporate tax rate applicable to the entities of Enlarged Group incorporated in England and Wales for the financial years ended 31 December 2009, 2010 and 2011 is 28%, 28% and 26% respectively.

In March 2007, the Enterprise Income Tax Law ("EIT"), effective 1 January 2008, was adopted at the Fifth Session of the Tenth National People Congress of the People's Republic of China ("PRC") to unify income tax rates on domestic and foreign enterprises, including new preferential tax policies and tax deduction policies. Income tax rates for domestic and foreign enterprises are unified and set at 25%. Foreign enterprises that are enjoying preferential tax rates under the previous tax regime are given a 5-year transitional period before the new rate applies. The transitional tax rates, which are applicable to the entities of the Enlarged Group incorporated in the PRC, based on calendar year are as follows: 2008 - 18%; 2009 - 20%; 2010 - 22%; 2011 - 24% and 2012 - 25%.

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 2011, withholding tax on the portion of the undistributed earnings derived by the Enlarged Group's subsidiaries in the PRC which is expected to be distributed out as dividends in the foreseeable future amounted to approximately S$418,000, has been accrued to the Enlarged Group's financial statements.

The Enlarged Group has estimated unutilised tax losses amounting to S$16,483,000 as at 31 December 2011, available for offsetting against future taxable income. This is subject to there being no substantial change in shareholdings and/or other requirements as provided in the Income Tax Regulations of the various jurisdictions where the Enlarged Group operates. The deferred tax benefits arising from unutilised tax losses amounting S$2,802,000 has not been recognised in accordance with the accounting policy in Note 7(t).

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011

14 Earnings/(Loss) Per Share

(a) Basic earnings per share

	Year ended		
	31.12.2009 S$'000	**31.12.2010 S$'000**	**31.12.2011 S$'000**
Basic earnings/(loss) per share	4.63	(0.64)	6.30

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the total number of ordinary shares after the Proposed Acquisition.

The earnings/(loss) and the total number of ordinary shares used in the calculation of basic earnings/(loss) per share are as follows:

	Year ended		
	31.12.2009 S$'000	**31.12.2010 S$'000**	**31.12.2011 S$'000**
Profit/(Loss) for the year attributable to equity holders of the Company	8,721	(1,211)	11,876
Total number of ordinary shares outstanding for basic earnings/(loss) per share ('000)	188,458	188,458	188,458

(b) Dilutive 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.

Dilutive earnings per share is calculated on the same basis as there are no potential dilutive shares during the financial years ended 31 December 2009, 2010 and 2011.

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS

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15 Property, Plant and Equipment

	Machinery & equipment S$'000	Furniture, fittings & equipment S$'000	Motor vehicles S$'000	Renovations S$'000	Total S$'000
Cost					
Balance as at 1 January 2011	12,961	7,421	689	1,232	22,303
Currency realignment	179	151	4	12	346
Additions	1,329	2,084	-	100	3,513
Acquired through business combination (Note 27)	-	3	-	-	3
Disposals	-	(14)	(333)	-	(347)
Balance as at 31 December 2011	14,469	9,645	360	1,344	25,818
Accumulated depreciation					
Balance as at 1 January 2011	10,095	5,167	390	1,112	16,764
Currency realignment	127	(142)	3	12	-
Depreciation charge	917	748	33	23	1,721
Disposals	-	(13)	(147)	-	(160)
Balance as at 31 December 2011	11,139	5,760	279	1,147	18,325
Net book value					
Balance as at 31 December 2011	**3,330**	**3,885**	**81**	**197**	**7,493**

16 Goodwill on Consolidation

	As at 31.12.2011 S$'000
Cost of business combination	60,658
Less: Net fair value of the Radiance Group's identifiable assets and liabilities acquired	(39,512)
Goodwill on consolidation	21,146

In a reverse acquisition, the goodwill represents the excess of the fair value of the consideration effectively given by GIHL to acquire Radiance and the aggregate of the fair value of the identifiable net assets of the Radiance Group.

However, as goodwill is to be determined at the date of acquisition, goodwill arising from the Proposed Acquisition will need to be computed at the completion of the Proposed Acquisition when the shareholders of the GIHL Group effectively obtain control of the Company and therefore, could be materially different from the assumptions used in the preparation of the unaudited proforma consolidated financial statements as described below.

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16 Goodwill on Consolidation (cont'd)

(i) The cost of the reverse acquisition has been assumed to be equivalent to the Purchase Consideration as set out in Note 3(a). This may differ from the actual cost of the reverse acquisition as the actual cost of the reverse acquisition will depend on the share price of the Company at the date of the actual transfer of the shares (Share Swap Consideration – see Note 3(a)(ii)) at the completion of the Proposed Acquisition; and

(ii) The fair value of the net assets of the Radiance Group is assumed to be equivalent to the carrying amounts of the net assets of the Radiance Group as at the relevant acquisition dates. This may differ from the fair value of the net assets as at the actual date of completion. As the carrying amount of the net assets of the Radiance Group excludes the effect of fair value adjustments to the assets, liabilities and contingent liabilities arising from the Proposed Acquisition, the financial effects exclude the effects of any changes to depreciation and amortisation, and any other adjustments arising from these fair value adjustments.

Impairment test of goodwill

The goodwill on consolidation has been allocated to the Enlarged Group's cash-generating units ("CGUs"), which is also the reportable operating segment – contract manufacturing, that are expected to benefit from that business combination for impairment testing.

The recoverable amounts of the CGUs are determined based on value in use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. The management has considered and determined the factors applied in the financial budgets which include budgeted gross margins and growth rates. The budgeted gross margins are based on past performance and the growth rates and discount rates used are based on management's best estimate. The calculations of value in use for the CGUs were discounted at a pre-tax discount rate of 5.12% which reflects current market assessments of the risks specific to the CGUs. The estimated growth rate used to extrapolate the cash flows for the next five years is 5% per annum. Cash flows beyond the five-year period are extrapolated using the estimated growth rate of 3% per annum.

Based on management's review of the recoverable amount of the goodwill, no impairment on goodwill was required during the financial year ended 31 December 2011.

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17 Intangible Assets

	Trading name S$'000	Intellectual property rights S$'000	Capitalised development costs S$'000	Total S$'000
Cost				
Balance as at 1 January 2011	-	-	-	-
Currency realignment	1	11	28	40
Additions	-	-	788	788
Acquired through business combination	20	312	-	332
Balance as at 31 December 2011	21	323	816	1,160
Amortisation				
Balance as at 1 January 2011	-	-	-	-
Amortisation charge	-	5	-	5
Balance as at 31 December 2011	-	5	-	5
Net book value				
Balance as at 31 December 2011	**21**	**318**	**816**	**1,155**

During the financial year ended 31 December 2011, the Enlarged Group acquired the intangible assets of Provision Communications Technologies Limited (see Note 27), comprising its trading name and intellectual property rights (granted patents and patents pending).

The Enlarged Group has capitalised development costs amounted to S$788,000, including employee costs of S$443,000, during the financial year ended 31 December 2011, which relate to the development of wireless transmission of high definition (HD) TV.

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18 Available-for-Sale Financial Assets

	As at 31.12.2011 S$'000
Unlisted equity securities, at cost	577
Currency realignment	(1)
Less: Allowance for impairment	(566)
	10
Analysis of allowance for impairment:	
Balance as at the beginning of the year	566
Addition	*
Balance as at the end of the year	566

* denotes less than S$1,000

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

(a) The GIHL Group acquired a 16% interest in the issued share capital of Provision Communications Technologies Limited ("Provision Communications"), a company incorporated in England and Wales, with a total investment amounting to £250,000, equivalent to US$389,000 (approximately S$566,000), during the years ended 31 December 2008 and 31 December 2009. Provision Communications develops AXAR technology delivering wireless, end-to-end streaming of HDTV throughout every room in a home, or other buildings. Provision Communications has since issued new share capital which has resulted in the dilution of the GIHL Group's interest down to 4% as at 31 December 2010. In view of Provision Communication's poor performance, the directors impaired its investment during the financial year ended 31 December 2009 down to US$240 (approximately S$337) as at 31 December 2009 and it remained the same as at 31 December 2010.

In April 2011, Provision Communications went into liquidation and the carrying amount of the investment has now been fully impaired as at 31 December 2011.

(b) The GIHL Group acquired a 49% interest in the issued share capital of Fibre TV to Home Ltd ("Fibre TV"), a company incorporated in England and Wales, for US$7,955 (approximately S$11,000) in 2009. Fibre TV provided 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 above investment, which is an investment in associate, has not been stated on an equity basis nor is the summarised financial information of Fibre TV being disclosed as the directors considered the investment as not material to the Enlarged Group.

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19 Inventories

	As at 31.12.2011 S$'000
Finished products	12,967
Work-in-progress	3,998
Raw materials	8,200
	25,165
Analysis of allowance for inventory obsolescence:	
Balance as at the beginning of the year	4,079
Currency realignment	186
Write-back of allowance during the year	(163)
Balance as at the end of the year	4,102

The previous allowance for inventory obsolescence recognised has been reversed during the financial year ended 31 December 2011 amounting to approximately S$163,000 (see Note 12), as a result of a change in the estimate of the future demand of the Enlarged Group's products based on a review carried out by the directors as at the year end.

20 Trade Receivables

	As at 31.12.2011 S$'000
Trade receivables	21,359
Less: Allowance for impairment (see Note 34(b)(ii))	(4,961)
	16,398

21 Other Current Assets

	As at 31.12.2011 S$'000
Other receivables	
Deposits	460
Purchase advances paid	424
GST receivables	38
Other debtors	355
Loan advance to associate	100
	1,377
Prepaid expenses	388
	1,765

The loan advanced to an associate (as referred to in Note 18(b)) is unsecured, interest-free and is repayable on demand.

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22 Cash and Cash Equivalents

	As at 31.12.2011 S$'000
Cash and bank balances	22,283
Fixed deposits	7,155
Cash and cash equivalents	29,438

The fixed deposits mature on varying short-term periods and earned interest ranging from 0.49% to 1.50% per annum during the year.

For the purpose of presentation in the unaudited proforma consolidated statement of cash flows, the consolidated cash and cash equivalent comprised the following:

	As at 31.12.2011 S$'000
Cash and cash equivalents as above	29,438
Less: Restricted cash	(3,800)
Cash and cash equivalents per the unaudited proforma consolidated statement of cash flows	25,638

Restricted cash includes fixed deposits pledged with the banks for loans granted to the Enlarged Group (see Note 32) and monies held by the Global Invacom Limited Employee Benefit Trust.

The Enlarged Group has issued a debenture over the GIHL Group's assets to its bankers in connection with an agreed bank overdraft facility of £2,500,000, equivalent to US$3,863,250 (approximately S$5,018,000) as at 31 December 2011.

23 Share Capital

	As at 31.12.2011	
	No. of ordinary shares '000	Amount S$'000
Balance as at the beginning of the year before share consolidation	263,771	5,786
Balance after share consolidation (see Note 3(b))	65,943	5,786
Issue of shares pursuant to the Share Swap Consideration (see Note 3(a)(ii))	122,515	37,820
Balance as at end of the year	188,458	43,606

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS

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23 Share Capital (cont'd)

The equity structure (i.e. the number of shares issued) at the date of the statement of financial position represents that of Radiance, being the legal parent. However, for the purpose of reverse acquisition accounting, the amount recognised as share capital in the unaudited proforma consolidated financial statements is determined by adding to the issued share capital including share premium of GIHL immediately before the business combination, the cost of the reverse acquisition of S$37,820,000.

For the purpose of presenting the unaudited proforma consolidated financial statements, the cost of the Share Swap Consideration is assumed to be S$37,820,000 which is derived based on 122,515,189 consolidated shares (after the completion of the proposed share consolidation of every four (4) existing ordinary shares into one (1) consolidated share – see Note 3(b)) at S$0.3087 per consolidated share as set out in Note 3(a)(ii)).

24 Reserves

	As at 31.12.2011 S$'000
Merger reserve	(14,801)
Capital redemption reserve	8
Share options reserve	135
Foreign currency translation reserve	(1,325)
Retained profits	28,153
Balance as at the end of the year	12,170

Movements in the Enlarged Group's reserves are set out in the unaudited proforma consolidated statement of changes in equity.

25 Deferred Taxation

	As at 31.12.2011 S$'000
Accelerated capital allowances:	
Balance as at the beginning of the year	204
Currency realignment	7
Charge for the year	128
Balance as at the end of the year	339

The GIHL Group has an unrecognised deferred taxation asset as at 31 December 2011 amounting to US$2.1 million (approximately S$2.7 million) relating to costs associated with past services received (see Note 9) which have not yet been deducted for income tax purposes. The directors consider there is uncertainty over the timing of when a tax deduction for the costs will be made. Accordingly, a deferred taxation asset has not been recognised as at 31 December 2011.

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011

26 Trade and Other Payables

	As at 31.12.2011 S$'000
Trade payables	13,596
Other payables	
Accrued operating expenses	6,869
Accrued acquisition costs (Note 6(d))	300
Cash Consideration payable (see Note 3(a)(i))	22,838
Customers advances received	114
Other creditors	1,440
	31,561

27 Acquisition of Provision Communications Technologies Limited

On 19 April 2011, the Enlarged Group's subsidiary, GI Provision Limited ("GI Provision"), entered into a Business Asset Sale Agreement with Provision Communications Technologies Limited (in liquidation) ("Provision Communications") and Samuel Jonathan Talby (the liquidator) to acquire the commercial records, fixtures and fittings, goodwill, intellectual property rights, equipment, stock and work in progress of Provision Communications for a consideration of £200,000 (equivalent to S$403,000).

With the foregoing acquisition, the Enlarged Group intends that GI Provision will continue to design, develop and license digital wireless technologies and audio/visual processing technologies of Provision Communications which have synergistic alignment with the trading activities of the Enlarged Group. Accordingly, the acquisition has been accounted for as an acquisition of business in accordance with FRS 103 Business Combinations. The fair value of the assets acquired as at the date of acquisition were:

	At fair value S$'000	Carrying amount before acquisition S$'000
Plant and equipment	70	70
Trading name	20	-
Intellectual property rights	312	-
Others	1	1
	403	71

The above fair value amounts represent management's best estimate of the market value of the assets acquired. Management had also considered that no goodwill arose on acquisition of the assets of Provision Communications and that consideration represented the fair value of the assets acquired.

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS

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27 Acquisition of Provision Communications Technologies Limited (cont'd)

Further the majority of plant and equipment acquired were considered to be below the Enlarged Group's threshold for recognition as assets of S$1,000. As such, S$67,000 of these plant and equipment was recognised as an expense within the line 'administrative expenses' in the unaudited proforma consolidated statement of comprehensive income for the financial year ended 31 December 2011 and the remaining S$3,000 was recognised as property, plant and equipment (see Note 15).

Acquisition costs of approximately £32,000 (equivalent to S$40,000) have been excluded from the consideration above and recognised as an expense within the line 'administrative expenses' in the unaudited proforma consolidated statement of comprehensive income for the financial year ended 31 December 2011.

Impact of acquisition on the cash flows of the Enlarged Group

No cash was acquired as part of the acquisition. The net cash outflow on acquisition was S$403,000. This has been recognised in the unaudited proforma consolidated statement of cash flows under 'Investing Activities' as S$3,000 (S$70,000 less S$67,000 – see above) paid to acquire property, plant and equipment and S$332,000 paid to acquire intangible assets.

Impact of acquisition on the results of the Enlarged Group

Included in the Enlarged Group's profit for the year ended 31 December 2011 is a loss of S$448,000 attributable to the operations of GI Provision. No external revenue was generated by GI Provision during the period ended 31 December 2011 from acquisition of the assets of Provision Communications to 31 December 2011.

If the assets of Provision Communications had been acquired since 1 January 2011, management believed the attributable revenue and loss would have been no different, as Provision Communications was in liquidation during this period.

28 Share Options Schemes

(a) The Radiance Electronics Share Option Scheme 2003 (the "Scheme") of the Company was approved and adopted by the shareholders at an Extraordinary General Meeting held on 23 April 2003. The Scheme is administered by the Company's Remuneration Committee (the "Committee").

Information regarding the Scheme is as follows:

(i) The exercise price of the options ("Market Price Option"), at the Committee's discretion, may be set at a price (the "Market Price") equal to the weighted average share price of the shares for the last trading day immediately preceding the relevant date of the grant of the option or the nominal value of the shares, whichever is greater, or at a discount to the Market Price ("Discounted Option"), subject to a maximum discount of 20%.

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS

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28 Share Options Schemes (cont'd)

(a) (cont'd)

(ii) The options may be exercised after one (1) year after the grant for a Market Price Option and two (2) years for a Discounted Option.

(iii) The options granted will expire after five (5) years for non-executive directors and ten (10) years for the employees including executive directors of the Radiance Group.

No share options (Market Price Option and Discounted Option) were granted during the financial year ended 31 December 2011 and there were no outstanding share options as at 31 December 2011.

(b) GIHL adopted the rules of a qualifying Enterprise Management Incentive share option scheme (the "EMI Scheme") with the sanction of shareholders for directors and other employees. Where agreement has been sought the options outstanding will be satisfied by Vistra Corporate Service Ltd as Trustee of Global Invacom Limited Employee Benefit Trust.

At 31 December 2011, rights to options over 24,825 ordinary shares of £0.10 each of GIHL were outstanding as follows:

1.1.2011	Granted	Exercised/ Lapsed	31.12.2011	Exercise price	Exercise period
1,750	-	(250)	1,500	£7.32	29 June 2009 to 26 June 2019
2,250	-	(500)	1,750	£7.32	4 June 2010 to 26 June 2019
2,250	-	(250)	2,000	£7.32	4 June 2011 to 26 June 2019
2,250	-	(250)	2,000	£7.32	4 June 2012 to 26 June 2019
1,967	-	-	1,967	£7.32	28 February 2010 to 29 June 2019
2,267	-	-	2,267	£7.32	28 February 2011 to 29 June 2019
2,266	-	-	2,266	£7.32	28 February 2012 to 29 June 2019
1,550	-	-	1,550	£7.42	2 November 2010 to 2 November 2019
1,550	-	-	1,550	£7.42	2 November 2011 to 2 November 2019
1,550	-	-	1,550	£7.42	2 November 2012 to 2 November 2019
1,550	-	-	1,550	£7.42	2 November 2013 to 2 November 2019
1,000	-	-	1,000	£7.80	19 April 2010 to 19 April 2020
1,250	-	(125)	1,125	£7.80	19 April 2011 to 19 April 2020
1,250	-	-	1,250	£7.80	19 April 2012 to 19 April 2020
750	-	-	750	£7.80	19 April 2013 to 19 April 2020
750	-	-	750	£7.80	19 April 2014 to 19 April 2020
26,200	-	(1,375)	24,825		

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28 Share Options Schemes (cont'd)

(b) (cont'd)

No amount is payable by any grantee of an option at the time of grant under any of GIHL's share option schemes particularised above. The following table lists the movements in the weighted average values as follows:

	31.12.2011 Number of share options	**Weighted average exercise price**
Outstanding as at beginning of the year	26,200	£7.44
Exercised	(1,125)	£7.37
Lapsed	(250)	£7.32
Outstanding as at end of the year	24,825	£7.44
Weighted average remaining contractual life in years	7.7 years	

Options over 1,125 ordinary shares of £0.10 each were exercised during the financial year ended 31 December 2011. The weighted average share price (at the date of exercise) of options exercised in 2011 was £7.37.

The fair value of share options granted is estimated as at the date of grant using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used.

	31.12.2011
Expected volatility	60%
Expected life of options	4 years
Risk-free interest rate	2.75%

An expense of US$25,260 (approximately S$32,000) for the financial year ended 31 December 2011 has been included in administrative expenses with a corresponding credit to the share options reserve, and where it relates to key management, has been included in their remuneration disclosed in Note 29.

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29 Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

(a) Compensation of Directors and Key Management

The remuneration of the directors and senior personnel, who are the key management of the Enlarged Group, are as follows:

	Year ended		
	31.12.2009 S$'000	31.12.2010 S$'000	31.12.2011 S$'000
Salaries, bonuses and related benefits	5,045	3,305	4,668
Defined contribution plans	122	126	139
Share-based payments expense	34	153	17
	5,201	3,584	4,824
Comprise amounts payable to:			
- Directors of the Company	2,050	491	181
- Key management	3,151	3,093	4,643
	5,201	3,584	4,824

(b) Transactions with Directors and Shareholders

	Year ended		
	31.12.2009 S$'000	31.12.2010 S$'000	31.12.2011 S$'000
Rental charges paid	139	130	72
Loans to GIHL Group	2,102	5,034	-
Interest expense paid	45	65	-
Professional fees paid	-	-	105

Loans to GIHL Group from its existing shareholders were charged at an interest rate of 2.25% - 2.5% over the Bank of England Sterling base lending rate per annum. All loans were fully paid before 31 December 2010.

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS

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30 Operating Lease Commitments

The Enlarged Group had entered into several operating lease commitments for factory buildings and office premises. These leases have an average lease life of between one (1) and five (5) years with no restrictions placed upon the Enlarged 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:

	As at 31.12.2011 S$'000
Future minimum lease payments:	
Within 1 year	729
Between 2 to 5 years	711
After 5 years	36

31 Statement of Claim

In May 2010, RET received a Statement of Claim by Thumb Mining Investments Co., Ltd ("Thumb Mining") filed with the Beijing No. 2 Intermediate People's Court (the "Beijing Intermediate Court"), claiming RMB28 million in compensation for economic loss suffered as a result of the breach of a lease agreement and for affecting the normal operations of Thumb Mining. The Beijing Intermediate Court dismissed the claim filed by Thumb Mining in August 2010.

In September 2010, RET was served with the same Statement of Claim filed by DaDing Century Properties Holdings Limited ("DaDing Century"), the new name of Thumb Mining, with the Beijing Chaoyang District People's Court (the "Beijing District Court"), in which an asset preservation order was granted by the Beijing District Court against RET freezing RET's bank account with balances totalling approximately RMB23,000,000 (approximately S$4,590,000) (the "Preservation Order"). The Beijing District Court had in October 2011 dismissed the claim filed by DaDing Century on the grounds of insufficient evidence or relevant information to support the claim. With the conclusion of the above claim, the freeze on RET's bank accounts in the PRC has been lifted as at the date of these financial statements.

32 Corporate Guarantee

The Company has provided a corporate guarantee of US$2,600,000 (approximately S$3,377,000) as at 31 December 2011 to banks for loan facilities granted to certain subsidiaries of the Group. There were no outstanding loans under these bank facilities as at 31 December 2011.

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33 Segment Information

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

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

For management purposes, the Enlarged Group is organised into business segments based on their products as the Enlarged 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 Enlarged Group's accounting policies discussed in Note 7. 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. 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 and deferred taxes. No operating segments have been aggregated to form the following reportable operating segments.

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33 Segment Information (cont'd)

(a) Reportable Operating Segments

	Sat Comms S$'000	CM S$'000	Total S$'000
Year ended 31.12.2009			
Revenue	104,516	45,543	150,059
Segment results	12,410	851	13,261
Finance income			46
Finance costs			(304)
Income tax			(4,282)
Profit for the year			**8,721**
Depreciation of property, plant and equipment	1,975	719	2,694
Addition to property, plant and equipment	447	187	634
Allowance for inventory obsolescence	(113)	178	65

	Sat Comms S$'000	CM S$'000	Total S$'000
Year ended 31.12.2010			
Revenue	73,048	44,792	117,840
Segment results	8,335	5,464	13,799
Costs associated with past services received			(11,728)
Finance income			175
Finance costs			(173)
Income tax			(3,284)
Loss for the year			**(1,211)**
Depreciation of property, plant and equipment	1,393	554	1,947
Addition to property, plant and equipment	322	301	623
Write-back of inventory obsolescence	(394)	(108)	(502)

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS

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33 Segment Information (cont'd)

(a) Reportable Operating Segments (cont'd)

	Sat Comms S$'000	CM S$'000	Total S$'000
Year ended 31.12.2011			
Revenue	78,846	59,440	138,286
Operating profit	7,906	8,249	16,155
Finance income			90
Finance costs			(79)
Income tax			(4,290)
Profit for the year			**11,876**
Depreciation of property, plant and equipment	1,200	521	1,721
Addition to property, plant and equipment	3,148	365	3,513
Write-back of inventory obsolescence	(102)	(61)	(163)
Assets and liabilities			
Segment assets	58,716	36,665	95,381
Unallocated assets			
- Non-current assets			195
- Other current assets			275
- Cash and cash equivalents			6,801
Total assets			**102,652**
Segment liabilities	13,260	7,830	21,090
Unallocated liabilities			
- Other payables			24,067
- Deferred taxation			339
- Provision for income tax			1,380
Total liabilities			**46,876**

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS

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33 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 S$'000	Europe S$'000	Rest of the world S$'000	Total S$'000
Year ended 31.12.2009				
Revenue	101,557	23,403	25,099	150,059
Year ended 31.12.2010				
Revenue	75,529	32,612	9,699	117,840
Year ended 31.12.2011				
Revenue	89,976	35,604	12,706	138,286
As at 31.12.2011				
Non-current assets	-	5,024	24,862	29,886

(c) Information about Major Customers

Included in revenue arising from the Satellite Communications and Contract Manufacturing segments are sales of approximately S$125,702,000, S$92,493,000 and S$107,832 which are sales to the Enlarged Group's five (5) largest customers for the financial years ended 31 December 2009, 2010 and 2011.

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34 Financial Instruments

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

The following sections provide details regarding the Enlarged 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 Enlarged Group's transactions are denominated in foreign currencies such as United States Dollar ("USD"), Renminbi ("RMB"), Hong Kong Dollar ("HKD") and Sterling. As a result, the Enlarged Group is exposed to movements in foreign currency exchange rates. The Enlarged Group does not use derivative financial instruments to hedge against the volatility associated with foreign currency transactions.

The Enlarged Group is also exposed to currency translation risk arising from its net investments in foreign subsidiaries, primarily in the PRC.

The Enlarged Group's currency exposure based on the information provided to key management as at 31 December 2011 is as follows:

	SGD S$'000	USD S$'000	RMB S$'000	HKD S$'000	Sterling S$'000	Others S$'000	Total S$'000
As at 31.12.2011							
Financial assets							
Cash and cash equivalents	293	22,169	5,427	37	1,006	506	29,438
Trade receivables	-	14,383	71	-	1,803	141	16,398
Other current assets	147	169	219	-	380	-	915
	440	36,721	5,717	37	3,189	647	46,751
Financial liabilities							
Trade and other payables	(1,314)	(36,472)	(5,001)	(313)	(2,199)	(116)	(45,415)
	(1,314)	(36,472)	(5,001)	(313)	(2,199)	(116)	(45,415)
Net financial assets/ (liabilities)	(874)	249	716	(276)	990	531	1,336
Less: Net financial liabilities/ (assets) denominated in the Enlarged Group's entities functional currency	728	(45,774)	(4,719)	-	-	-	(49,765)
Currency exposure	(146)	(45,525)	(4,003)	(276)	990	531	(48,429)

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011

34 Financial Instruments (cont'd)

(a) Market Risk (cont'd)

(i) Currency Risk (cont'd)

If the USD, RMB, HKD and Sterling change against the SGD 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:

	Increase/ (Decrease) Profit after tax Year ended 31.12.2011 S$'000
USD against SGD	
- strengthened	(2,276)
- weakened	2,276
RMB against SGD	
- strengthened	(200)
- weakened	200
HKD against SGD	
- strengthened	(14)
- weakened	14
Sterling against SGD	
- strengthened	50
- weakened	(50)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Enlarged Group's financial instruments will fluctuate because of changes in market interest rates. The Enlarged Group has no significant exposure to interest rate risk as it has no significant interest-bearing financial assets/liabilities.

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011

34 Financial Instruments (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 Enlarged Group. For trade receivables, the Enlarged 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 Enlarged 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 Enlarged Group level by management. Where appropriate, the Enlarged Group obtains advance payments from its major customers.

The Enlarged Group has a significant concentration of credit risk from its trade receivables as approximately 78.1% of the trade receivables outstanding as at 31 December 2011 were owing from not more than five (5) customers.

As the Enlarged 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:

	As at 31.12.2011 S$'000
By Geographical Areas	
America	7,231
Europe	7,082
Rest of the world	2,085
	16,398

(i) Financial Assets that are Neither Past Due nor Impaired

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

	As at 31.12.2011 S$'000
Trade receivables	
- not past due and not impaired	11,977

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011

34 Financial Instruments (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 Enlarged Group's trade receivables past due as at 31 December 2011 but not impaired is as follows:

	As at 31.03.2011 S$'000
Trade receivables past due:	
- 0 to 60 days	4,420
- Over 61 days	1
	4,421

The Enlarged Group's trade receivables that are impaired as at 31 December 2011 and the movement of the allowance account used to record the impairment is as follows:

	As at 31.12.2011 S$'000
Trade receivables	4,961
Less: Allowance for impairment	(4,961)
	-
Balance as at the beginning of the year	4,911
Currency realignment	50
Balance as at the end of the year	4,961

(c) Liquidity Risk

Liquidity risk is the risk that the Enlarged Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Enlarged Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and financial liabilities. The Enlarged 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 Enlarged Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Enlarged Group's operations and mitigate the effects of fluctuations in cash flows.

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011

34 Financial Instruments (cont'd)

(c) Liquidity Risk (cont'd)

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

	Carrying amount S$'000	Contractual cash flows S$'000	Less than 1 year S$'000	Between 2 to 5 years S$'000
As at 31.12.2011				
Trade and other payables	45,415	45,415	45,415	-
	45,415	45,415	45,415	-

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
Company	**S$'000**
As at 31.12.2011	
Financial guarantee	3,377

(d) Capital Risk

The Enlarged Group's objectives when managing capital are to safeguard the Enlarged Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. The Enlarged Group manages its capital structure, and makes adjustment to it, in the light of changes in economic conditions. In order to maintain or achieve an optimal capital structure, the Enlarged Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings. No changes were made in the objectives, policies or processes during the financial year ended 31 December 2011.

The Enlarged 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 year ended 31 December 2011.

The Enlarged Group monitors capital using a net-debt-to-equity ratio, which is net debt divided by total equity. The Enlarged Group includes within net debt, borrowings and hire purchase, trade and other payables, less cash and cash equivalents. Capital includes equity attributable to the equity holders of the Company.

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011

34 Financial Instruments (cont'd)

(d) Capital Risk (cont'd)

	As at 31.12.2011 S$'000
Trade and other payables	45,157
Less: Cash and cash equivalents	(29,438)
Net debt	15,719
Equity attributable to the equity holders of the Company	55,776
Net-debt-to-equity ratio	28.2%

35 Fair Value of Financial Instruments

Where possible, fair values have been estimated using market prices for the financial statements. Where market prices are not available, values have been estimated using quoted prices for financial instruments with similar characteristics, or otherwise using a suitable valuation technique where it is practicable to do so. The fair value information presented represents the Enlarged Group's best estimate of those values, subject to certain assumptions and limitations.

The methodologies and assumptions used in estimating fair values depend on the terms and risk characteristics of the various instruments and include the following:

(i) Available-for-sale financial assets

The Group's available-for-sale investments which are carried at cost are classified as level 3 of fair value hierarchy as fair value cannot be measured reliably since these investments are not quoted on any market and does not have comparable industry peer that is listed. The Group does not intend to dispose of these investments in the foreseeable future.

(ii) Other Financial Assets and Financial Liabilities

The carrying amounts of other financial assets and financial liabilities with a maturity of less than one (1) year (including trade and other receivables, cash and cash equivalents and trade and other payables) are assumed to approximate their fair values because of their short periods to maturity.

36 Subsequent Events

Pursuant to the Proposed Acquisition, the Company and the Vendors had on 31 January 2012 agreed to extend the Long-Stop Date until 31 July 2012 or such later date as the Company and Vendors may agree in writing.

GLOBAL INVACOM HOLDINGS LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE YEARS ENDED 31 DECEMBER 2011, 2010 AND 2009

GLOBAL INVACOM HOLDINGS LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE YEARS ENDED 31 DECEMBER 2011, 2010 AND 2009

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GLOBAL INVACOM HOLDINGS LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE THREE YEARS ENDED 31 DECEMBER 2011, 2010 AND 2009

The directors are responsible for preparing these non-statutory consolidated financial statements.

The directors have elected to prepare the non-statutory consolidated financial statements in accordance with International Financial Reporting Standards (IFRS).

International Accounting Standard 1 requires that consolidated financial statements present fairly for each financial year the Group's financial position, financial performance and cash flows. This requires faithful representation of the effect of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out on the International Accounting Standards Board's 'Framework for the Preparation and Presentation of Financial Statements'. In virtually all situations, a fair presentation will be achieved by complying with all applicable IFRS. In preparing these financial statements, the directors are also required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS;
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance; and
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Group, and enable them to ensure that the consolidated financial statements comply with IFRS. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

GLOBAL INVACOM HOLDINGS LIMITED

Independent auditor's report to the members of Global Invacom Holdings Limited

We have audited the accompanying consolidated financial statements of Global Invacom Holdings Limited for the three years ended 31 December 2011, 2010 and 2009, comprising the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes.

This report is made solely to the company's members, as a body, in accordance with the terms of our engagement. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Directors' Responsibility for the Consolidated Financial Statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 2, the directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion on consolidated financial statements

In our opinion the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2011, 31 December 2010 and 31 December 2009, and of the financial performance and cash flows for the three years then ended in accordance with International Financial Reporting Standards.

Moore Stephens LLP

150 Aldersgate Street
London, EC1A 4AB

MOORE STEPHENS LLP

Chartered Accountants

23 March 2012

GLOBAL INVACOM HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE YEARS ENDED 31 DECEMBER 2011, 2010 AND 2009

	Notes	2011 $	2010 $	2009 $
Revenue	22	62,875,583	53,359,008	71,782,685
Cost of sales	3, 19 (c)	(45,035,288)	(38,730,760)	(52,387,469)
GROSS PROFIT		17,840,295	14,628,248	19,395,216
Administration expenses:				
Costs associated with past services received	19 (c)	-	(8,566,890)	-
Other administration expenses	19 (c)	(12,534,675)	(11,577,476)	(10,665,037)
Total administration expenses	3	(12,534,675)	(20,144,366)	(10,665,037)
Loss on foreign exchange derivative instruments	16	-	-	(124,046)
Foreign exchange (losses)/gains		(242,470)	103,192	(214,252)
OPERATING PROFIT/(LOSS)	3, 22	5,063,150	(5,412,926)	8,391,881
Interest receivable	5	990	26,320	4,986
Interest payable	5	(20,753)	(58,500)	(33,049)
Impairment against investments	9	(240)	-	(388,730)
PROFIT/(LOSS) BEFORE TAX		5,043,147	(5,445,106)	7,975,088
Income tax expense	6	(951,844)	(410,627)	(1,964,362)
PROFIT/(LOSS) FOR THE YEAR		4,091,303	(5,855,733)	6,010,726
OTHER COMPREHENSIVE INCOME				
Foreign exchange on translation of foreign subsidiary		47,731	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		4,139,034	(5,855,733)	6,010,726

The notes on pages 8 to 38 form part of these financial statements

GLOBAL INVACOM HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE THREE YEARS ENDED 31 DECEMBER 2011, 2010 AND 2009

	Notes	2011 $	2010 $	2009 $
ASSETS				
NON CURRENT ASSETS				
Intangible assets	7	889,430	-	-
Property, plant and equipment	8	2,970,325	1,712,538	2,044,277
Available-for-sale financial assets	9	7,955	8,195	8,195
		3,867,710	1,720,733	2,052,472
CURRENT ASSETS				
Inventories	10	9,429,214	9,045,214	8,032,172
Trade and other receivables	11	7,447,958	7,633,810	6,708,251
Prepayments		150,904	166,337	148,959
Cash and cash equivalents	12	1,880,116	1,262,532	8,950,368
		18,908,192	18,107,893	23,839,750
TOTAL ASSETS		22,775,902	19,828,626	25,892,222
EQUITY AND LIABILITIES				
CAPITAL AND RESERVES				
Issued share capital	13	47,876	48,143	46,670
Share premium	13	3,936,847	3,934,021	3,756,567
Reserves	15	(9,998,748)	(10,065,573)	(10,104,513)
Retained earnings		18,616,504	14,712,859	20,555,476
TOTAL EQUITY		12,602,479	8,629,450	14,254,200
NON CURRENT LIABILITIES				
Deferred taxation	6	260,687	158,308	210,447
CURRENT LIABILITIES				
Tax payable		311,863	71,192	1,010,595
Foreign exchange derivative instruments	16	-	-	110,355
Trade and other payables	17	9,600,873	10,969,676	10,306,625
		9,912,736	11,040,868	11,427,575
TOTAL EQUITY AND LIABILITIES		22,775,902	19,828,626	25,892,222

Approved by the Board and authorised for issue on 23 March 2012 and signed on its behalf by

A B Taylor
Director

The notes on pages 8 to 38 form part of these financial statements

GLOBAL INVACOM HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE YEARS ENDED 31 DECEMBER 2011, 2010 AND 2009

	Issued share capital $	Share premium $	Reserves $	Retained earnings $	Total equity $
Balance at 1 January 2009	2	-	1,331,229	14,794,403	16,125,634
Total comprehensive income for the year	-	-	-	6,010,726	6,010,726
Issue of share capital (note 13)	51,242	3,756,567	-	-	3,807,809
Cancellation of share capital (note 13)	(4,574)	-	4,574	(360,442)	(360,442)
Treasury shares (note 13)	-	-	-	108,361	108,361
Share-based payments (note 14)	-	-	43,228	-	43,228
Share options exercised (note 14)	-	-	(2,428)	2,428	-
Group restructuring (note 15)	-	-	(11,481,116)	-	(11,481,116)
Balance at 31 December 2009	46,670	3,756,567	(10,104,513)	20,555,476	14,254,200
Total comprehensive income for the year	-	-	-	(5,855,733)	(5,855,733)
Issue of share capital (note 13)	2,305	177,454	-	-	179,759
Cancellation of share capital (note 13)	(832)	-	832	(74,140)	(74,140)
Share-based payments (note 14)	-	-	125,364	-	125,364
Share options exercised (note 14)	-	-	(87,256)	87,256	-
Balance at 31 December 2010	48,143	3,934,021	(10,065,573)	14,712,859	8,629,450
Profit for the year	-	-	-	4,091,303	4,091,303
Other comprehensive income for the year	-	-	47,731	-	47,731
Issue of share capital (note 13)	39	2,826	-	-	2,865
Cancellation of share capital (note 13)	(306)	-	306	(26,216)	(26,216)
Treasury shares (note 13)	-	-	-	(167,914)	(167,914)
Share-based payments (note 14)	-	-	25,260	-	25,260
Share options exercised (note 14)	-	-	(6,472)	6,472	-
Balance at 31 December 2011	47,876	3,936,847	(9,998,748)	18,616,504	12,602,479

The notes on pages 8 to 38 form part of these financial statements

GLOBAL INVACOM HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE YEARS ENDED 31 DECEMBER 2011, 2010 AND 2009

	2011 $	2010 $	2009 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax	5,043,147	(5,445,106)	7,975,088
Adjustments for:			
Depreciation	378,968	425,263	603,616
Amortisation	4,143	-	-
Interest income	(990)	(26,320)	(4,986)
Interest expense	20,753	58,500	33,049
Share options charge	25,260	125,364	43,228
Impairment against investments	240	-	388,730
Foreign exchange derivative instruments	-	-	124,046
Foreign exchange movements	47,731	-	-
	5,519,252	(4,862,299)	9,162,771
(Increase)/decrease in inventories	(384,000)	(1,013,042)	133,887
Decrease /(increase) in trade and other receivables	201,285	(862,183)	916,098
(Decrease)/increase in trade and other payables	(1,368,803)	552,695	(1,817,553)
CASH INFLOW/(OUTFLOW) FROM OPERATIONS	3,967,734	(6,184,829)	8,395,203
Interest received	990	26,320	4,986
Tax paid	(608,794)	(1,402,169)	(751,128)
Interest paid	(20,753)	(58,500)	(33,049)
CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	3,339,177	(7,619,178)	7,616,012
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments to acquire property, plant and equipment	(1,633,999)	(93,524)	(198,954)
Payments to acquire plant and equipment through business combinations	(2,756)	-	-
Payments to acquire intangible assets through development	(628,533)	-	-
Payments to acquire intangible assets through business combinations	(265,040)	-	-
Payments to acquire available for sale investments	-	-	(89,701)
Loan made to associate Fibre TV to Home Limited	-	(80,753)	-
CASH OUTFLOW FROM INVESTING ACTIVITIES	(2,530,328)	(174,277)	(288,655)
CASH FLOWS FROM FINANCING ACTIVITIES			
Gross proceeds from issue of share capital	2,865	179,759	5,283
Group restructuring	-	-	(7,678,589)
Treasury shares	(167,914)	-	108,361
Purchases and cancellation of own shares	(26,216)	(74,140)	(360,442)
Receipt of loans from related parties	-	3,677,184	-
Repayment of loans from related parties	-	(3,677,184)	-
CASH (OUTFLOW)/INFLOW FROM FINANCING ACTIVITIES	(191,265)	105,619	(7,925,387)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	617,584	(7,687,836)	(598,030)
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY	1,262,532	8,950,368	9,548,398
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	1,880,116	1,262,532	8,950,368

Details of a significant non-cash transaction during the year ended 31 December 2009 is disclosed in note 15.

The notes on pages 8 to 38 form part of these financial statements

The directors present the consolidated financial statements for Global Invacom Holdings Limited and its subsidiaries (the "Group") for the three years ended 31 December 2011, 2010 and 2009. The principal activity for the Group throughout this period was the design and manufacture of products for the reception, transmission and distribution of signals via satellite. Global Invacom Holdings Limited (the "Company" or the "Parent Company") is a limited company incorporated on 7 November 2008 and domiciled in England & Wales. The Parent Company's registered office is located at Winterdale Manor, Southminster Road, Althorne, Essex, CM3 6BX.

1. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

The consolidated financial statements were authorised for issue on 23 March 2012 and the consolidated statement of financial position was signed on the board's behalf by A B Taylor.

These consolidated financial statements are non-statutory consolidated financial statements. The Company and its subsidiaries prepare and file statutory financial statements, which are filed with Companies House in the United Kingdom.

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies selected for use by the Group. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in these accounting policies under the heading 'Critical accounting policies and the use of judgement'. Use of available information and application of judgement are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Accounting convention
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The principal accounting policies adopted by the Group have been applied consistently for the three years presented unless otherwise stated. The consolidated financial statements have been prepared on the historical cost basis except for the revaluation of certain financial instruments.

b) Basis of consolidation of subsidiaries
Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries acquired using the purchase method are included in the consolidated financial statements from the date control of the subsidiary commences until the date that control ceases. Inter-company balances, and any unrealised gains and losses or income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

For business combinations involving the acquisition of an entity, the assets and liabilities of the business are stated at their fair value at the date of acquisition. Any excess in consideration paid over the fair value of the assets and liabilities acquired is recognised within intangible assets as goodwill.

Business combinations involving entities under common control are excluded from the scope of IFRS 3 "Business Combinations" provided that they are controlled by the same party both before and after the business combination. As a result of applying the pooling of interests method, no goodwill on consolidation will arise.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Revenue recognition

Revenue represents amounts received and receivable for goods and services supplied to external customers of the Group. Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and revenue can be reliably measured. All such revenue is reported net of discounts and value added and other sales taxes. Revenues from sales of goods and services are measured at the fair value of the consideration received or receivable.

Interest receivable is recognised in the period in which it is earned.

d) Employee benefits

Wages, salaries, social security costs and contributions to pension schemes are accrued in the period in which the associated services are rendered by the employees of the Group.

The Group pays contributions to privately administered defined contribution pension plans for employees. The Group has no further payment obligation once the contributions have been paid. The contributions are recognised as employee expenses when the Group incurs the obligation.

The Group issues share options to certain employees which are measured at fair value, recognised as share-based payments and expensed in profit or loss, with a corresponding increase in equity. The fair values of equity-settled payments are measured at the dates of grant using option-pricing models, taking into account the terms and conditions upon which the awards are granted.

The fair value is recognised over the period during which employees become unconditionally entitled to the awards, subject to the Group's estimate of the number of awards which will be forfeited, either due to employees leaving the Group prior to vesting or due to non-market based performance conditions not being met. Where an award has market-based performance conditions, the fair value of the award is adjusted for the probability of achieving these via the option pricing model. The total amount recognised in profit or loss as an expense is adjusted to reflect the actual number of awards that vest, except where forfeiture is due to the failure to meet market-based performance measures. In the event of a cancellation, whether by the Group or by a participating employee, the compensation expense that would have been recognised over the remainder of the vesting period is recognised immediately in profit or loss.

e) Income tax

The Group's liability for current tax is based on taxable profit for the year, and is calculated using tax rates that have been enacted or substantively enacted at the financial reporting date.

Deferred tax assets and liabilities are recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and the corresponding tax bases used in the computation of taxable profit. Temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting profit nor taxable profit are not provided for.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates that have been enacted or substantially enacted at the financial reporting date.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Income tax (continued)
The carrying amount of deferred tax assets is reviewed at each financial reporting date and adjusted to reflect an amount that is probable to be realised based on the weight of all available evidence. Deferred tax is calculated at the rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to profit or loss, except where it relates to items charged or credited directly to equity, in which case the deferred tax is also included within equity. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

f) Property, plant and equipment
Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is charged so as to write off the cost of assets less residual values over their estimated useful lives, on the following bases:

Leasehold improvements	- Over the life of the lease
Plant and equipment	- 15% reducing balance
Tooling	- 20% straight line
Motor vehicles	- 25% reducing balance
Computer equipment	- At variable rates (15% - 25%) reducing balance
Software	- 33% straight line

g) 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 (note 2h). Any other development expenditure is recognised in operating expenses as incurred.

h) Intangible assets
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) the directors intend 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 five years from the date that the product is brought into first use. The directors consider that five years represents the usual period over which the main benefits of a new product are gained by the Group.

Intellectual property rights
The Group has recognised intellectual property rights, comprising patents and patents pending acquired in a business combination during the year ended 31 December 2011. Patents granted are amortised on a straight line basis over a ten year period from the date on which the patent is granted.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Intangible assets (continued)

Trading name

The Group acquired a trading name through a business combination during the year ended 31 December 2011 (see note 18). The asset has been recognised at fair value at the acquisition date. The directors consider that the benefits of this trading name, including market presence and trading contacts derived from it extend for an indefinite period. The asset is therefore not amortised, and management perform a review for impairment at each reporting date.

i) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are determined on a first in first out basis and comprise purchase cost, cost of direct material and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. The Group considers whether provision is required against obsolete or slow-moving inventories on an item by item basis, based on past experience and knowledge of the relevant part or product.

j) Financial assets and liabilities

Financial assets and liabilities other than those at fair value through profit or loss are initially recognised at fair value plus any directly attributable transaction costs. Financial assets and liabilities at fair value through profit or loss are recognised at fair value and any transaction costs are recorded in profit or loss. At each financial reporting date, the Group assesses whether there is any objective evidence that any financial asset is impaired. Financial assets and liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the financial asset or liability. Financial assets are derecognised from the statement of financial position when the Group's contractual rights to the cash flows expire or the Group transfers substantially all the risks and rewards of the financial asset. Financial liabilities are derecognised from the Group's statement of financial position when the obligation specified in the contract is discharged, cancelled or expires.

i. Available-for-sale investments

Equity investments intended to be held for an indefinite period of time are classified as available-for-sale investments. They are 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 investments are recognised in other comprehensive income until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in other comprehensive income is included in profit or loss.

Any impairment losses in equity investments classified as available-for-sale investments are recognised in profit or loss. Available-for-sale investments are included within 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. On disposal, 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 or 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.

ii. Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments and are initially recognised at original invoice amount and are subsequently measured at amortised cost using the effective interest rate method less appropriate allowances for the estimated irrecoverable amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Financial assets and liabilities *(continued)*

iii. Cash and cash equivalents
Cash and cash equivalents include cash in hand, current accounts, deposits receivable on demand and deposits with maturity dates of three months or less from the date of inception. Bank overdrafts that are repayable on demand and which form an integral part of the Group's cash management are also included as a component of cash and cash equivalents where offset conditions are met.

iv. Trade and other payables
Trade and other payables are non-derivative financial liabilities and are measured at amortised cost using the effective interest method. Trade and other payables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial.

v. Offsetting
Financial assets and liabilities are offset and the net amount reported in the statement of financial position only where there is a legally enforceable right to offset the recognised amounts and there is an intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

vi. Effective interest method
The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument, or, where appropriate, a shorter period.

k) Derivative financial instruments
The Group's activities expose it primarily to the financial risks of changes in foreign exchange rates. The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate movements on non-US dollar payables.

Derivative financial instruments are initially measured at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in the fair value of derivative financial instruments are recognised in profit or loss as they arise

l) Prepayments
Prepayments are recognised in the financial statements at cost less provision for impairment.

m) Foreign currency translation
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group company are expressed in US Dollars, which is the Group's presentation currency.

Non-monetary assets and liabilities denominated in foreign currencies are translated to US dollars at the exchange rate prevailing at the date of the initial transaction. Monetary assets, liabilities and commitments denominated in foreign currencies at the financial reporting date are reported at the rates of exchange at that date. Gains and losses from the retranslation of assets and liabilities are included in profit or loss for the year. For the purposes of these consolidated financial statements, liabilities and current assets are translated as follows:

	2011	2010	2009
US dollar / Sterling	1.5453	1.5471	1.5928
US dollar / Euro	1.2949	1.3253	1.4333

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Foreign currency translation *(continued)*
For the purpose of preparing consolidated financial statements, the assets and liabilities of the Group's operations which have a functional currency other than US Dollars are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during that year, in which case the exchange rates at the date of transaction are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

n) Impairment
At each financial reporting date, the Group reviews the carrying amounts of all its assets to determine whether there is any indication that any of those assets have suffered an impairment loss. An impairment is recognised in profit or loss whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. The recoverable amount is the greater of net selling price, defined as the 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 risks specific to the 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.

Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to those units, and then to reduce the carrying amount of other assets in the unit on a pro-rata basis.

An impairment loss for an individual asset or cash generating unit shall be reversed if there has been a change in estimates used to determine the recoverable amount since the last impairment loss was recognised and is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

o) Provisions
Provisions are recognised when the Group has a probable, present legal or constructive obligation to make a transfer of economic benefits as a result of past events where a reliable estimate is available. The amounts recognised represent the Group's best estimate of the transfer of benefits that will be required to settle the obligation as of the financial reporting date. Provisions are discounted if the effect of the time value of money is material using a pre-tax market rate adjusted for risks specific to the liability.

p) Share capital
Ordinary shares are classified as equity. There were no other types of share capital during the reporting period. Where the Company purchases and cancels its own equity share capital, the cost of those shares is deducted from issued share capital with a corresponding credit to a capital redemption reserve within shareholders' equity and a deduction against retained earnings.

Where the Group purchases the Company's equity share capital, the consideration paid, including any directly attributable incremental costs is deducted from shareholders' equity until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs, is included in shareholders' equity.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

q) Critical accounting policies and the use of judgement
The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are set out below:

i. Basis of consolidation
The Group has used the pooling of interests method in preparing these consolidated financial statements. Assets, liabilities, income and expenditure have been brought together on a line by line basis as though the Group existed as at 1 January 2009, as a result of a management buyout whereby the entire issued share capital of Global Invacom Limited was transferred to Global Invacom Holdings Limited on 23 February 2009, as set out in note 15.

ii Costs associated with past services received
The Group acquired a controlling interest in Radiance Group Limited ('RGL') during 2010 with the advance intention of transferring shares in RGL to an independent trust, The Pacific Trust ('TPT'), for the benefit of beneficiaries, who are also employees in the Group, in recognition of past services performed. The accounting for the transfer of the shares in RGL to TPT in the consolidated financial statements has required significant judgement by the directors. A key judgement being whether control over the RGL shares was relinquished by the Group on transfer of the Group's shares in RGL to TPT.

The directors consider that control exerted over the RGL shares was relinquished on transfer of the shares to TPT leading to the derecognition of the asset in 2010. The associated costs relating to the transaction have been recorded within administration expenses in the statement of comprehensive income for the year ended 31 December 2010 (See notes 19 (c) and (d) for full details).

iii. Inventories
Judgement is required in determining whether there is any provision against slow-moving or obsolete items. This involves evaluating the likelihood of further sales of particular stock items.

iv. Taxation
The Group's tax charge is the sum of the total current and deferred tax charges. The calculation of the Group's total tax charge necessarily involves a degree of estimation and judgement in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process.

The Group's statutory tax returns for the period up to 31 March 2010 were prepared based on financial statements prepared in Sterling. The determination of the Group's functional currency as the US dollar is likely to have taxation implications. These financial statements reflect the determination of the Group's functional currency as the US dollar, with effect from 1 January 2008. The Group has determined that the impact of the change in functional currency on its statutory tax returns is not considered significant to the financial statements.

The key area of judgement in respect of deferred tax accounting is the assessment of the expected timing and manner of realisation or settlement of the carrying amounts of assets and liabilities held at the financial reporting date. In particular, assessment is required of when a tax deduction for the RGL share transaction will be made (See note 6).

v. Intangible assets
Note 2h) describes the Group's accounting policy for the recognition of research and development expenditure. The Group has determined the amounts of development expenditure to be recognised as intangible assets at each reporting date. In making their judgement, the directors have 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

r) New accounting pronouncements

The Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 January 2011. These policies have been applied consistently in the consolidated financial statements for the three years ended 31 December 2011.

The Group has not yet adopted certain new standards, amendments and interpretations to existing standards, which have been published but are only effective for our accounting periods beginning after 1 January 2011 or later periods. These new pronouncements are listed below:

New and Amended Standards and Interpretations

- Amendments to IFRS 7 "Financial Instruments – Disclosures" (effective for annual periods beginning on or after 1 July 2011; annual periods beginning on or after 1 January 2013 and annual periods beginning on or after 1 January 2015);
- IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2015);
- IFRS 10 "Consolidated Financial Statements" (effective for annual periods beginning on or after 1 January 2013);
- IFRS 11 "Joint Arrangements" (effective for annual periods beginning on or after 1 January 2013);
- IFRS 12 "Disclosure of Interests in Other Entities" (effective for annual periods beginning on or after 1 January 2013);
- IFRS 13 "Fair Value Measurement" (effective for annual periods beginning on or after 1 January 2013);
- Amendment to IAS 1 "Presentation of Financial Statements" (effective for annual periods beginning on or after 1 January 2012);
- Amendment to IAS 12 "Income Taxes" (effective for annual periods beginning on or after 1 January 2012);
- Amendment to IAS 19 "Employee Benefits" (effective for annual periods beginning on or after 1 January 2013);
- Amendment to IAS 27 "Consolidated and Separate Financial Statements" (effective for annual periods beginning on or after 1 January 2013);
- Amendment to IAS 28 "Investment in Associates" (effective for annual periods beginning on or after 1 January 2013);
- Amendment to IAS 32 "Financial Instruments - Presentation" (effective for annual periods beginning on or after 1 January 2014); and
- IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine" (effective for annual periods beginning on or after 1 January 2013).

The IASB issue new accounting standards, interpretations and amendments which, when effective and approved form part of the reporting framework for the Group. The directors have reviewed all standards, interpretations and amendments which were issued but not yet effective at the date of approval of the consolidated financial statements and concluded that they will have no material effect on the future consolidated financial statements of the Group.

3. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging the following:

	2011	2010	2009
	$	$	$
Cost of inventories recognised as an expense (note 19 (c))	45,397,003	38,730,760	52,387,469
Administration expenses:			
Depreciation of property, plant and equipment (note 8)	378,968	425,263	603,616
Amortisation of intangible assets (note 7)	4,143	-	-
Employee benefits (note 4)	7,576,621	6,153,637	6,020,933
Consumables	998,643	1,319,705	482,447
Other costs	3,576,300	3,678,871	3,558,041
	12,534,675	11,577,476	10,665,037
Costs associated with past services received (note 19 (c))	-	8,566,890	-
	12,534,675	20,144,366	10,665,037

4. EMPLOYEE BENEFITS

	2011	2010	2009
	$	$	$
Wages and salaries	6,938,459	5,249,067	5,105,810
Social security costs	686,611	556,420	604,905
Pension costs - defined contribution plans	279,555	222,786	266,990
Share-based payments (note 14)	25,260	125,364	43,228
	7,929,885	6,153,637	6,020,933

During the year ended 31 December 2011, $353,264 of employee benefits associated with product development were capitalised as intangible assets as set out in note 7 (2010:$nil, 2009: $nil).

The average monthly number of employees during the three years was as follows:

	2011	2010	2009
	No.	No.	No.
Design and administration	76	66	60

Directors' remuneration :

	2011	2010	2009
	$	$	$
Short term employee benefits	1,930,736	1,518,334	1,593,732
Other long term benefits (defined contribution pension scheme)	85,345	74,528	65,487
Termination benefits	-	-	70,840
Share-based payments	8,520	112,056	23,653
	2,024,601	1,704,918	1,753,712

5. INTEREST RECEIVABLE AND INTEREST PAYABLE

	2011	2010	2009
Interest receivable	$	$	$
Cash, cash equivalents and short term deposits	990	26,320	4,986
Interest payable	$	$	$
Interest payable and similar charges (note 19)	20,753	58,500	33,049

6. INCOME TAX

Components of income tax expense

	2011	2010	2009
	$	$	$
Current income tax expense			
Current income tax charge	770,480	462,766	1,740,598
Under provision of previous years	78,985	-	-
Total current tax charge	849,465	462,766	1,740,598
Deferred tax expense			
Origination and reversal of temporary differences	102,379	(39,961)	223,764
Change in tax rate	-	(12,178)	-
Total deferred taxation charge/(credit)	102,379	(52,139)	223,764
Income tax expense	951,844	410,627	1,964,362

Reconciliation of income tax charge to accounting profit/(loss)

	2011	2010	2009
	$	$	$
Tax at the domestic income tax rate of 26.5% (2010: 28%, 2009: 28%)	1,336,434	(1,515,619)	2,233,025
Tax effect of utilisation of taxable losses	-	-	(270,517)
Tax effect of capital allowances (net of depreciation)	(69,406)	39,960	46,753
Tax effect of non deductible expenses	70,511	2,460,762	146,049
Tax effect of research and development credits	(567,059)	(522,337)	(414,712)
Tax expense using effective rate	770,480	462,766	1,740,598

Deferred taxation liability

	2011	2010	2009
	$	$	$
Opening liability/(asset)	158,308	210,447	(13,317)
Total deferred taxation charge/(credit)	102,379	(52,139)	223,764
Closing liability	260,687	158,308	210,447

	2011	2010	2009
	$	$	$
Accelerated capital allowances	(260,687)	(158,308)	(210,447)
	(260,687)	(158,308)	(210,447)

The Group has an unrecognised deferred taxation asset at 31 December 2011 of $2.1 million (2010 $2.4 million) relating to costs associated with past services received in 2010 which have not been yet been deducted for income tax purposes (note 19 (c)). The directors consider there is uncertainty over the timing of when a tax deduction for the costs will be made. Accordingly, a deferred taxation asset has not been recognised at 31 December 2011 (2010 and 2009: $nil).

7. INTANGIBLE ASSETS

	Trading name $	Intellectual property rights $	Capitalised development costs $	Total $
Cost and net book value				
At 1 January 2009, 31 December 2009 & 2010	-	-	-	-
Cost				
At 1 January 2011	-	-	-	-
Additions	-	-	628,533	628,533
Acquired through business combination	16,063	248,977	-	265,040
At 31 December 2011	16,063	248,977	628,533	893,573
Amortisation				
At 1 January 2011	-	-	-	-
Charge for year	-	(4,143)	-	(4,143)
At 31 December 2011	-	-	-	-
Net book value				
At 31 December 2011	16,063	244,834	628,533	889,430

During the year ended 31 December 2011, the Group acquired the intangible assets of Provision Communications Technologies Limited (note 18), comprising its trading name, granted patents and patents pending.

The Group has capitalised development expenditure to the value of $628,533, including employee costs of $353,264, in its subsidiary GI Provision Limited during the year ended 31 December 2011. The subsidiary has developed the wireless transmission of high definition (HD)TV. By 31 December 2011 the subsidiary had a working prototype which has subsequently been demonstrated at a trade show in January 2012.

8. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improve-ments $	Plant, equipment and tooling $	Motor vehicles $	Computer equipment and software $	Total $
Cost					
At 1 January 2009	778,101	457,914	41,243	4,479,750	5,757,008
Additions	99,993	40,857	-	58,104	198,954
At 31 December 2009	878,094	498,771	41,243	4,537,854	5,955,962
Depreciation					
At 1 January 2009	(603,067)	(264,660)	(36,786)	(2,403,556)	(3,308,069)
Charge for year	(148,502)	(99,694)	(995)	(354,425)	(603,616)
At 31 December 2009	(751,569)	(364,354)	(37,781)	(2,757,981)	(3,911,685)
Net book value					
At 31 December 2009	**126,525**	**134,417**	**3,462**	**1,779,873**	**2,044,277**
Cost					
At 1 January 2010	878,094	498,771	41,243	4,537,854	5,955,962
Additions	-	3,267	-	90,257	93,524
At 31 December 2010	878,094	502,038	41,243	4,628,111	6,049,486
Depreciation					
At 1 January 2010	(751,569)	(364,354)	(37,781)	(2,757,981)	(3,911,685)
Charge for year	(33,331)	(87,465)	(773)	(303,694)	(425,263)
At 31 December 2010	(784,900)	(451,819)	(38,554)	(3,061,675)	(4,336,948)
Net book value					
At 31 December 2010	**93,194**	**50,219**	**2,689**	**1,566,436**	**1,712,538**
Cost					
At 1 January 2011	878,094	502,038	41,243	4,628,111	6,049,486
Additions	-	541,723	-	1,092,276	1,633,999
Acquired through business combination	-	-	-	2,756	2,756
At 31 December 2011	878,094	1,043,761	41,243	5,723,143	7,686,241
Depreciation					
At 1 January 2011	(784,900)	(451,819)	(38,554)	(3,061,675)	(4,336,948)
Charge for year	(14,968)	(67,233)	(672)	(296,095)	(378,968)
At 31 December 2011	(799,868)	(519,052)	(39,226)	(3,357,770)	(4,715,916)
Net book value					
At 31 December 2011	78,226	524,709	2,017	2,365,373	2,970,325

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2011	2010	2009
	$	$	$
Unlisted equity securities	7,955	8,195	8,195

At 1 January	8,195	8,195	307,224
Additions	-	-	89,701
Impairment during the year	(240)	-	(388,730)
At 31 December	7,955	8,195	8,195

The above unlisted equity securities are carried at cost less impairment. They have not been stated on an equity basis as they are not considered material. Both companies are registered in England and Wales. Details are as follows:

The Group acquired a 16% interest in the issued share capital of Provision Communications Technologies Limited ("PCT") with a total investment amounting to £250,000, equivalent to $388,970, during the years ended 31 December 2008 and 31 December 2009. PCT developed AXAR technology delivering wireless, end-to-end streaming of HDTV throughout every room in a home, or other buildings. The company issued new share capital which has resulted in the dilution of the Group's interest down to 4% at 31 December 2010. In view of the company's poor performance, the directors impaired its investment during the year ended 31 December 2009 down to $240 at 31 December 2009 and 2010.

During April 2011 PCT went into liquidation and the investment has now been fully impaired at 31 December 2011. The trade and assets of PCT were purchased by the Group's subsidiary GI Provision Limited (Note 18).

The Group acquired a 49% interest in the issued share capital of Fibre TV to Home Ltd for $7,955 in 2009. Fibre TV to Home Ltd 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 Fibre TV to Home Ltd are at an early stage and the Group considers their share of the associate's results are not significant. The Group has therefore not accounted for Fibre TV to Home Ltd on an equity basis.

The directors do not have any plans to dispose of the investment in Fibe TV to Home Ltd for the foreseeable future.

10. INVENTORIES

	2011	2010	2009
	$	$	$
Finished goods	9,429,214	9,045,214	8,032,172
Provisions made in respect of the above	799,463	894,371	676,398

Inventories do not contain any reservation of title clauses.

11. TRADE AND OTHER RECEIVABLES

	2011	2010	2009
	$	$	$
Trade receivables	6,793,906	7,202,162	6,686,168
Amounts due from associate	77,265	80,753	-
Amounts due from related parties (note 19(c))	361,715	-	-
Other receivables	215,072	350,895	22,083
	7,447,958	7,633,810	6,708,251

Amounts receivable from the group's largest customer comprise 67% of the trade receivable balance as at 31 December 2011 (2010: 72%, 2009: 68%).

Amounts receivable from customers are non-interest bearing and are generally on 30 day terms. The Group considers the credit quality of these trade receivables to be good. The ageing of the Group's trade receivables which are past due but not impaired is as follows:

	2011	2010	2009
	$	$	$
Up to 60 days past due date at 31 December	877,115	200,761	351,298

Trade receivables up to 60 days past due at 31 December 2011 comprise one invoice, which was settled in January 2012. Management consider that no provision for doubtful debts is required at 31 December 2011, 2010 or 2009.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The other classes within trade and other receivables do not contain impaired assets.

12. CASH AND CASH EQUIVALENTS

	2011	2010	2009
	$	$	$
Bank balances and cash	1,880,116	1,262,532	8,950,368

Cash on hand includes restricted balances of $24,689 held by the Global Invacom Limited Employee Benefit Trust at 31 December 2011 (31 December 2010: $212,426 and 31 December 2009: $95,475).

The Group has issued a debenture over the Group's assets to its bankers in connection with an agreed bank overdraft facility of £2,500,000, equivalent to $3,863,250 at 31 December 2011 (2010: £2,500,000, equivalent to $3,867,750; 2009: £2,500,000, equivalent to $3,981,500).

The Group has a duty deferment guarantee in place with HMRC and Barclays Bank PLC for £530,000, equivalent to $819,009 at 31 December 2011 (2010: £530,000, equivalent to $819,963; 2009: £530,000, equivalent to $844,184).

13. SHARE CAPITAL AND SHARE PREMIUM

	Number of shares	Issued share capital	Share premium
		$	$
At 1 January 2009	1	2	-
One share sub-divided	9	-	-
Ordinary shares issued	355,042	51,242	3,756,567
Ordinary shares purchased and cancelled	(31,688)	(4,574)	-
At 31 December 2009	323,364	46,670	3,756,567
Ordinary shares issued	15,000	2,305	177,454
Ordinary shares purchased and cancelled	(5,765)	(832)	-
At 31 December 2010	332,599	48,143	3,934,021
Ordinary shares issued	250	39	2,826
Ordinary shares purchased and cancelled	(1,907)	(306)	-
At 31 December 2011	330,942	47,876	3,936,847

All issued share capital is classified as equity. Where any group entity purchases the Group's equity share capital, the consideration paid is deducted from equity attributable to the Group's equity shareholders.

The Company was incorporated on 7 November 2008 with an authorised share capital of £50,000 divided into 50,000 ordinary shares of £1 each. One ordinary share was issued at par, equivalent to $2. On 27 January 2009, the ordinary shares were sub-divided into 500,000 ordinary shares of £0.10 each. On the same date, the Company's authorised share capital was increased by £950,000 by creating 9,500,000 ordinary shares of £0.10 each. The authorised share capital of the Company at 31 December 2011 was £1,000,000 divided into 10,000,000 ordinary shares of £0.10 each.

Ordinary shares issued
During 2009 the Company issued 354,542 ordinary shares at £7.42 per share in February as part of the Group's restructuring outlined in note 18 and 500 ordinary shares at £7.32 per share for cash in November, equivalent to $54,967 share capital and $4,019,845 share premium respectively. In April 2010, the Company issued 15,000 ordinary shares at £7.80 per share for cash, equivalent to $2,305 share capital and $177,454 share premium respectively. In January 2011 250 ordinary shares were issued at £7.32 per share for cash, equivalent to $39 share capital and $2,826 share premium respectively. All shares other than those issued as part of the Group's restructuring were issued in respect of vested employee options.

Ordinary shares cancelled
During 2009 the Company purchased and cancelled 20,000 ordinary shares in August for £7.42 per share, 10,906 ordinary shares in November and 782 ordinary shares in December, both purchases for £8.67 per share. £3,169, equivalent to $4,574 was transferred to the capital redemption reserve. During 2010, the Company purchased and cancelled 9 ordinary shares in January and 5,756 ordinary shares in June for £8.67 per share. £577, equivalent to $832 was transferred to the capital redemption reserve. During 2011, the Company purchased and cancelled 1,750 ordinary shares in April and 157 ordinary shares in November for £8.67 and £7.42 per share respectively. £191 equivalent to $306 was transferred to the capital redemption reserve.

13. SHARE CAPITAL AND SHARE PREMIUM (continued)

Treasury shares
The Group held treasury shares of 25,075 ordinary shares at 31 December 2011 (31 December 2010 and 31 December 2009 of 12,700 ordinary shares) in the Company via the Global Invacom Limited Employee Benefit Trust. Prior to the reorganisation of the Group on 23 February 2009, the Global Invacom Limited Employee Benefit Trust held 18,924 ordinary shares in Global Invacom Limited at 31 December 2008, which were subsequently exchanged for 18,924 ordinary shares in the Company.

14. SHARE BASED PAYMENTS

Share options
The Company adopted the rules of a qualifying Enterprise Management Incentive share option scheme (the "EMI Scheme") with the sanction of shareholders for directors and other employees. Where agreement has been sought the options outstanding will be satisfied by Vistra Corporate Services Ltd as Trustee of the Global Invacom Limited Employee Benefit Trust.

On 29 June 2009 options over a total of 15,500 new ordinary shares of £0.10 each were granted to employees under the 2009 Scheme at an exercise price of £7.32 per share. On 2 November 2009 options over a total of 6,200 new ordinary shares of £0.10 each were granted to employees under the 2009 Scheme at an exercise price of £7.42 per share. On 19 April 2010 options over a total of 20,000 new ordinary shares of £0.10 each were granted to employees under the 2010 Scheme at an exercise price of £7.80 per share. At 31 December 2011 rights to options over 24,825 ordinary shares of £0.10 each of the Company were outstanding as follows:

1.1.2011	Granted	Exercised/ lapsed	31.12.2011	Exercise price	Exercise period
1,750	–	(250)	1,500	£7.32	29 June 2009 to 26 June 2019
2,250	–	(500)	1,750	£7.32	4 June 2010 to 26 June 2019
2,250	–	(250)	2,000	£7.32	4 June 2011 to 26 June 2019
2,250	–	(250)	2,000	£7.32	4 June 2012 to 26 June 2019
1,967	–	–	1,967	£7.32	28 February 2010 to 29 June 2019
2,267	–	–	2,267	£7.32	28 February 2011 to 29 June 2019
2,266	–	–	2,266	£7.32	28 February 2012 to 29 June 2019
1,550	–	–	1,550	£7.42	2 November 2010 to 2 November 2019
1,550	–	–	1,550	£7.42	2 November 2011 to 2 November 2019
1,550	–	–	1,550	£7.42	2 November 2012 to 2 November 2019
1,550	–	–	1,550	£7.42	2 November 2013 to 2 November 2019
1,000	–	–	1,000	£7.80	19 April 2010 to 19 April 2020
1,250	–	(125)	1,125	£7.80	19 April 2011 to 19 April 2020
1,250	–	–	1,250	£7.80	19 April 2012 to 19 April 2020
750	–	–	750	£7.80	19 April 2013 to 19 April 2020
750	–	–	750	£7.80	19 April 2014 to 19 April 2020
26,200	–	(1,375)	24,825		

14. SHARE BASED PAYMENTS (continued)

1.1.2010	Granted	Exercised/ lapsed	31.12.2010	Exercise price	Exercise period
1,750	–	–	1,750	£7.32	29 June 2009 to 26 June 2019
2,250	–	–	2,250	£7.32	4 June 2010 to 26 June 2019
2,250	–	–	2,250	£7.32	4 June 2011 to 26 June 2019
2,250	–	–	2,250	£7.32	4 June 2012 to 26 June 2019
1,967	–	–	1,967	£7.32	28 February 2010 to 29 June 2019
2,267	–	–	2,267	£7.32	28 February 2011 to 29 June 2019
2,266	–	–	2,266	£7.32	28 February 2012 to 29 June 2019
1,550	–	–	1,550	£7.42	2 November 2010 to 2 November 2019
1,550	–	–	1,550	£7.42	2 November 2011 to 2 November 2019
1,550	–	–	1,550	£7.42	2 November 2012 to 2 November 2019
1,550	–	–	1,550	£7.42	2 November 2013 to 2 November 2019
–	16,000	(15,000)	1,000	£7.80	19 April 2010 to 19 April 2020
–	1,250	–	1,250	£7.80	19 April 2011 to 19 April 2020
–	1,250	–	1,250	£7.80	19 April 2012 to 19 April 2020
–	750	–	750	£7.80	19 April 2013 to 19 April 2020
–	750	–	750	£7.80	19 April 2014 to 19 April 2020
21,200	20,000	(15,000)	26,200		

1.1.2009	Granted	Exercised/ lapsed	31.12.2009	Exercise price	Exercise period
–	2,250	(500)	1,750	£7.32	29 June 2009 to 26 June 2019
–	2,250	–	2,250	£7.32	4 June 2010 to 26 June 2019
–	2,250	–	2,250	£7.32	4 June 2011 to 26 June 2019
–	2,250	–	2,250	£7.32	4 June 2012 to 26 June 2019
–	1,967	–	1,967	£7.32	28 February 2010 to 29 June 2019
–	2,267	–	2,267	£7.32	28 February 2011 to 29 June 2019
–	2,266	–	2,266	£7.32	28 February 2012 to 29 June 2019
–	1,550	–	1,550	£7.42	2 November 2010 to 2 November 2019
–	1,550	–	1,550	£7.42	2 November 2011 to 2 November 2019
–	1,550	–	1,550	£7.42	2 November 2012 to 2 November 2019
–	1,550	–	1,550	£7.42	2 November 2013 to 2 November 2019
–	21,700	(500)	21,200		

14. SHARE BASED PAYMENTS (continued)

No amount is payable by any grantee of an option at the time of grant under any of the Company's share option schemes above. The following table lists the movements in the weighted average values as follows:

	2011 Number	Weighted average exercise price	2010 Number	Weighted average exercise price	2009 Number	Weighted average exercise price
Outstanding at 1 January	26,200	7.44	21,200	£7.34	-	-
Granted	-	-	20,000	£7.80	21,700	£7.34
Exercised	(1,125)	7.37	(15,000)	£7.80	(500)	£7.32
Lapsed	(250)	7.32	-	-	-	-
Outstanding at 31 December	24,825	7.44	26,200	£7.44	21,200	£7.34
Weighted average remaining contractual life in years	7.7years		8.7 years		9.6 years	

Options over 1,125 ordinary shares of £0.10 each were exercised in the year settled through the Global Invacom Limited Employee Benefit Trust (2010: 15,000 shares and 2009: 500 shares). The weighted average share price (at the date of exercise) of options exercised during the year was £7.37 (2010: £7.80 and 2009: £7.32).

The fair value of share options granted is estimated as at the date of grant using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used. No share options were granted during 2011.

	2010	2009
Expected volatility	60%	60%
Expected life of options	4 years	2.7 – 4 years
Risk-free interest rate	2.75%	2.77 - 2.97%

An expense of $25,260 has been included in administration expenses for the year ended 31 December 2011 (2010: $125,364 and 2009: $43,228) with a corresponding credit to the share option reserve, and where it relates to key management, has been included in their remuneration disclosed in note 4.

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15. RESERVES

	Merger reserve	Capital redemption reserve	Translation reserve	Share option reserve	Total
	$	$	$	$	$
At 1 January 2009	1,331,229	-	-	-	1,331,229
Group restructuring (see below)	(11,481,116)	-	-	-	(11,481,116)
Ordinary shares cancelled (note 13)	-	4,574	-	-	4,574
Share-based payments	-	-	-	43,228	43,228
Share options exercised (note 13)	-	-	-	(2,428)	(2,428)
At 31 December 2009	(10,149,887)	4,574	-	40,800	(10,104,513)
Ordinary shares cancelled (note 13)	-	832	-	-	832
Share-based payments	-	-	-	125,364	125,364
Share options exercised (note 13)	-	-	-	(87,256)	(87,256)
At 31 December 2010	(10,149,887)	5,406	-	78,908	(10,065,573)
Ordinary shares cancelled (note 13)	-	306	-	-	306
Share-based payments	-	-	-	25,260	25,260
Share options exercised (note 13)	-	-	-	(6,472)	(6,472)
Foreign exchange on translation of foreign subsidiary	-	-	47,731	-	47,731
At 31 December 2011	(10,149,887)	5,712	47,731	97,696	(9,998,748)

Merger reserve

The Company was incorporated on 7 November 2008 and on 23 February 2009 a management buyout took place of Global Invacom Limited whereby the entire issued share capital in Global Invacom Limited was transferred to Global Invacom Holdings Limited (note 19 (c)). The consideration for the Group's restructuring involved the transfer of shares amounting to $11,748,199 and was settled as follows:

- A share for share exchange with the shareholders of Global Invacom Limited whereby Global Invacom Holdings Limited issued 354,542 ordinary £0.1shares, with a corresponding value of $3,802,527; and

- A payment of cash and issue of loan notes to various shareholders in Global Invacom Limited amounting to $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, as described in the basis of consolidation, to prepare the consolidated financial statements. Assets, liabilities, income and expenditure have been brought together on a line by line basis as though the Group existed as at 1 January 2009.

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

16. FOREIGN EXCHANGE DERIVATIVE INSTRUMENTS

	2011	2010	2009
	$	$	$
Forward foreign exchange currency contracts	-	-	(110,355)

The Group has entered into forward foreign exchange contracts to sell US dollars and to purchase Sterling in order to pay UK overheads. All forward exchange contracts in place during 2011 and 2010 expired before 31 December 2011 and 2010. The maturity of the forward exchange contracts was less than one year.

17. TRADE AND OTHER PAYABLES

	2011	2010	2009
	$	$	$
Amounts due to related parties (note 19(c))	6,244,388	8,676,838	6,837,997
Trade payables	878,113	1,226,590	602,866
Other payables	186,546	193,214	788,506
Accruals	2,291,826	873,034	2,077,256
	9,600,873	10,969,676	10,306,625

18. BUSINESS COMBINATIONS

Group restructuring
The Group has used the pooling of interests method in preparing the consolidated financial statements in connection with the Group's restructuring that took place in February 2009. Assets, liabilities, income and expenditure have been consolidated on a line by line basis with the financial statements being prepared as though the Group existed as at 1 January 2009.

Inter-company transactions, balances and unrealised gains or losses between Group companies have been eliminated. Accounting policies are consistent within the Group. The Company's wholly owned subsidiaries included in the consolidated financial statements are as follows:

- Global Invacom Limited;
- Invacom Limited (dormant with effect from 31 March 2008);
- Invacom Holdings Limited (dormant);
- Invacom Systems Limited (dormant); and
- GI Provision Limited (Incorporated 6 April 2011)

All companies are registered in England and Wales. Global Invacom Limited has the main activity of the design and manufacture of products for the reception, transmission and distribution of signals via satellite. All entities within the Group have co-terminous period ends.

GI Provision Limited
On 6 April 2011, the Group incorporated a limited liability company domiciled in England & Wales, GI Provision Limited "GI Provision". Its registered office is Winterdale Manor, Southminster Road, Althorne, Essex, CM3 6BX. The Company has an authorised share capital of 100,000 ordinary shares and an issued share capital of 100,000 ordinary shares at £0.01 each. GI Provision Limited is a wholly owned subsidiary of Global Invacom Holdings Limited.

On 19 April 2011, GI Provision Limited entered into a Business Asset Sale Agreement with Provision Communications Technologies Limited (in liquidation) "PCT" and Samuel Jonathan Talby (liquidator).

The Group intends that GI Provision Limited will continue to design, develop and license digital wireless technologies and audio/visual processing technologies which have synergistic alignment with the trading activities of the Group.

The Group acquired the commercial records, fixtures and fittings, goodwill, intellectual property and third party intellectual property rights, equipment, stock and work in progress for the sum of £200,000 ($321,260).

Acquisition costs of $32,083 have been excluded from the consideration above and recognised as an expense in the current year within the line 'other administration expenses' in the statement of comprehensive income.

18. BUSINESS COMBINATIONS (continued)

GI Provision Limited *(continued)*
Assets acquired at the date of acquisition are as follows:

	$
Trading name	16,063
Patents and patents pending	248,977
Tangible fixed assets	56,214
Other	6
	321,260

The above amounts represent management's best estimate of the market value of each asset class. The majority of tangible fixed assets acquired were considered to be below the group's threshold for recognition as assets of $1,000. As such, $53,464 was recognised as an expense in the current year in the line 'other administration expenses' in the statement of comprehensive income.

Management consider that no goodwill arose on acquisition of the assets of PCT and that consideration represented the fair value of the assets acquired.

No cash was acquired as part of the transaction. The net cash outflow on acquisition was £200,000 ($321,260). This has been recognised in the statement of cash flows in 'Investing Activities' as $265,040 paid to acquire intangible assets and $2,756 paid to acquire property, plant and equipment.

Impact of acquisition on the results of the group

Included in the group's profit for the year is a loss of $357,432 attributable to the operations of GI Provision Ltd. No external revenue was generated by GI Provision during the period from acquisition of the assets of PCT to 31 December 2011.

If the assets of PCT had been owned since 1 January 2011, management believe the attributable revenue and loss would have been no different, as PCT was in liquidation during this period.

Management believe that GI Provision will start generating external revenue from mid 2012 and that operations will be profitable from 2013 onwards.

19. RELATED PARTY TRANSACTIONS

a) Substantial shareholders and directors

R Pannell and H Pannell, founding partners of the Group, each hold approximately 9% of the shares of the Company at 31 December 2011. They did not hold executive functions in the Group during the three years ended 31 December 2011.

Each of the directors reported below hold 9% of the shares in the Company and is a director of the Company and Radiance Group Limited ("RGL") at 31 December 2011:

Anthony B Taylor *	Appointed 23 February 2009
Malcolm J Burrell *	Appointed 23 February 2009
Gary P Stafford *	Appointed 23 February 2009

They have spent a proportion of their time on RGL matters, which has not been recharged.

Each of the directors reported below holds 9% of the shares in the Company and is a director of the Company at 31 December 2011:

John S Parfitt *	Appointed 23 February 2009
David J W Fugeman *	Appointed 23 February 2009
David G Smith *	Appointed 23 February 2009

Each of the directors reported below holds less than 5% of the shares in the Company and is a director of the Company at 31 December 2011:

Jenifer M Gray	Appointed 19 April 2010
Ivan Horrocks	Appointed 19 April 2010

Other directors of the Company during the three years ended 31 December 2011, who are shareholders of the Company during the period, but who are no longer directors at 31 December 2011 are as follows:

Andrea J Fearnley	Appointed 19 April 2010	Resigned 15 October 2010

Other directors of the Company during the three years ended 31 December 2011, who were shareholders of the Company during period, but who are no longer shareholders or directors at 31 December 2011 were as follows:

Mark J Birchall *	Appointed 7 November 2008	Resigned 5 August 2009
Andrew J Jones	Appointed 19 April 2010	Resigned 12 July 2010

* Whilst the Company was only incorporated on 7 November 2008, the highlighted individuals noted above were also directors of Global Invacom Limited from 1 January 2009 through to the date of the Group's restructuring, which took place on 23 February 2009.

19. RELATED PARTY TRANSACTIONS (continued)

b) Lease of Property from R Pannell and H Pannell

The Group entered into a lease agreement with R Pannell and H Pannell dated 1 January 2007 relating to the Althorne property.

The Althorne property comprises the whole of Winterdale Manor, Southminster Road, Althorne, Essex CM3 6BX, and was leased to the Group for an initial three year term commencing 1 January 2007 and ending 31 December 2009, at the rental rate of $113,873 per annum for year one, $110,038 per annum for year two and $95,670 per annum for year three. The Althorne lease was subsequently renewed by the Group for a further one year term from 1 January 2010 to 31 December 2010 at the rate of $94,734 per annum.

In December 2010 the Group renewed the lease agreement at the rental rate of $99,197 per annum for the period commencing 1 January 2011 and ending 31 December 2011. The lease agreement contains an option to renew upon its expiry, at a rent to be agreed. It was agreed in the lease that the Group would undertake an independent valuation at the earliest opportunity. The lease agreement was amended from 1 February 2011. The monthly rent payable from 1 February 2011 to 31 December 2011 is now $4,287.

The total rental charge for the lease of the Althorne property during the financial years ended 31 December 2009, 2010 and 2011 amounted to $95,670, $94,734 and $57,302.

The Group has subsequently renewed the lease agreement at the rental rate of $52,738 for a further year to 31 December 2012.

c) Acquisition and transfer of shares in Radiance Group Limited ("RGL") and subsequent transfer

The Group has had a long standing trading relationship with RGL for a period of more than 10 years and RGL was the Group's largest supplier during the three years ended 31 December 2011, 2010 and 2009. RGL provides electronics manufacturing services to the Group, which includes components for satellite communications products.

In March 2010 the Group became aware that the controlling shareholder of RGL, Thumb (China) Holdings Limited ('TCH'), was in liquidation and their principal supply chain was threatened. On 26 March 2010 the Group entered into a conditional Sale and Purchase Agreement ('SPA') with TCH and the liquidators of TCH.

On 1 August 2010, once the conditions precedent had been met, the Company's subsidiary, Global Invacom Limited ("GIL"), acquired 138,235,390 Shares in the capital of RGL, representing approximately 52.41% of the issued share capital of RGL. On 16 August 2010 GIL then made a Mandatory General Offer ('MGO') for all the issued share capital of RGL. Following the close of the MGO on 14 September 2010, GIL received valid acceptances amounting to 10,291,703 Shares, representing an additional 3.90% of the issued share capital of RGL.

Following the close of the MGO, GIL transferred all the RGL shares it held to Vistra Corporate Services Limited, as trustee for The Pacific Trust ('TPT') and consequently, GIL ceased to be a shareholder. TPT subsequently became the controlling shareholder of RGL for the purposes of Chapter 9 of the Singapore Listing Manual.

TPT was set up on 15 July 2010 and the shares irrevocably transferred to TPT in September 2010 in two tranches, being the original purchase shares and subsequent MGO shares, for the benefit of a class of beneficiaries in recognition of past services received. Express instructions were given that the Company provide no further guidance over the distribution of the assets held in trust and the Trust should accept no further instruction from the Group in relation to the assets transferred. TPT, after exhaustion of the initial contribution, is self funded by divesting of trust assets.

19. RELATED PARTY TRANSACTIONS (continued)

c) Acquisition and transfer of shares in Radiance Group Limited ("RGL") and subsequent transfer *(continued)*

With the irrevocable transfer of the shares to TPT, and the complete loss of control, or influence, over the asset, the Group deem that the asset be de-recognised and charged to profit or loss during the period in which the transfer took place. The full cost of the shares and the associated transaction costs of $8,566,890 are included in administration expenses during the year ended 31 December 2010 by way of the fact the transfer was made in respect of past services received. This is a non-recurring expense and this transaction is not expected to be repeated. The directors consider there has been no change in the above circumstances during the year ended 31 December 2011.

All public announcements in relation to this transaction are available to view at the RGL website: www.radiance-sin.com.sg.

Purchases recorded by the Group during the normal course of business with Radiance Group Limited for the period of ownership of the RGL shares and for the three year ended 31 December 2011, for comparative purposes only, are as follows:

	Period from 1 August 2010 to 21 September 2010	Year ended 31 December 2011	Year ended 31 December 2010	Year ended 31 December 2009
	$	$	$	$
Purchases	3,809,446	37,048,878	30,094,153	45,587,850

It was the intention of the Group to explore the feasibility of carrying out a series of corporate restructuring exercises to inject the existing businesses, undertakings and operating entities of the Group into RGL resulting in RGL becoming the common holding entity of both RGL and the Group's business. This corporate restructuring exercise is deemed to be a reverse take over ('RTO') of RGL by the Group. A Memorandum of Understanding was entered into by the Group and RGL in 2010 and subsequently Global Invacom Holdings Limited entered into a conditional sale and purchase agreement with RGL dated 30 June 2011, which if undertaken and completed will result in the reverse take over of RGL.

On the completion of the RTO, the Group and RGL shall form part of an enlarged group. The key terms of the transaction are as follows:

- RGL will acquire the entire issued and paid up share capital of the Company;
- The consideration payable will be $49 million;
- The consideration shall be settled by $18.5 million cash payable to the vendors in direct proportion to each vendors % shareholding in the capital of the Company. Payable of $3 million on the six month anniversary, $4.5 million on the first anniversary, $5.5 million payable on the second anniversary and $5.5 million payable on the third anniversary of completion;
- $30.5 million payable in the form of consideration shares; and
- Approximately a third of the consideration shares will be held in escrow for twelve months until the warranty period has expired.

All public announcements in relation to the RTO are available to view at the RGL website, noted above.

19. RELATED PARTY TRANSACTIONS (continued)

c) Acquisition and transfer of shares in Radiance Group Limited ("RGL") and subsequent transfer *(continued)*

The Group incurred expenses on behalf of RGL during the year ended 31 December 2011 (2010 and 2009: Nil). These included $290,560 for accountancy services relating to the RTO, $361,715 for rectifying manufacturing issues and $28,943 of travel costs incurred by directors of the Company travelling on RGL business. $319,503 has been set against administrative expenses and the $361,715 relating to manufacturing issues has been set against cost of sales.

d) Loans from directors and shareholders

On 23 February 2009, management of Global Invacom Limited, one of the Company's subsidiaries, undertook a management buyout. At this time certain directors and shareholders sold shares in Global Invacom Limited receiving cash and loan notes in return. An analysis of the management buyout transaction is summarised below:

Person	Shares sold	Consideration	Paid in cash	Taken as loan notes
		$	$	$
R Pannell	280,797	3,008,552	2,461,804	546,748
H Pannell	280,796	3,008,540	2,461,794	546,746
D Fugeman	60,000	642,860	526,032	116,828
M Birchall	60,000	642,860	526,032	116,828
M Burrell	60,000	642,860	526,032	116,828
	741,593	7,945,672	6,501,694	1,443,978

Details of the loan notes in connection with the above transaction are noted as follows:

Person	Principal drawndown	Interest charged	Principal repaid	Date repaid
	$	$	$	
R Pannell	546,748	11,688	546,748	8 December 2009
H Pannell	546,746	11,688	546,746	8 December 2009
D Fugeman	116,828	2,497	116,828	8 December 2009
M Birchall	116,828	2,497	116,828	8 December 2009
M Burrell	116,828	2,497	116,828	8 December 2009
	1,443,978	30,867	1,443,978	

Interest was charged at a margin of 2.25% over the Bank of England Sterling base lending rate.

In March and April 2010, the following loans were provided to the Group as follows:

Person	Principal drawndown	Interest charged	Principal repaid	Date repaid
	$	$	$	
R Pannell	995,904	14,407	995,904	16 September 2010
H Pannell	995,904	14,407	995,904	16 September2010
A Taylor	153,216	2,164	22,982	19 August 2010
			130,234	16 September 2010
M Burrell	459,648	6,649	459,648	16 September 2010
D Fugeman	612,864	6,158	383,040	21 June 2010
			229,824	16 September 2010
A Jones	459,648	3,967	459,648	13 August 2010
	3,677,184	47,752	3,677,184	

19. RELATED PARTY TRANSACTIONS (continued)

d) Loans from directors and shareholders *(continued)*

The loans were provided to allow the Group to enter into the Sale and Purchase Agreement ('SPA') to acquire 56.31% of the issued share capital of Radiance Group Limited. The funds were required to fulfil the requirements for a Mandatory General Offer which had to be made on completion of the conditions precedent in the SPA. See note 19 (c) for further details.

Interest was charged at a margin of 2.5% over the Bank of England Sterling base lending rate. The loans were drawn down on 24 March 2010 with the exception of the loan from A Jones which was drawn down on 30 April 2010. All loans were repaid in full before 31 December 2010.

e) Loan to associated company – Fibre TV to Home Limited

A non interest bearing loan was advanced to an associated company, Fibre TV to Home Limited, in January 2010. The balance receivable at 31 December 2011 was $77,265 (2010: $80,753).

f) Key management compensation

During the year ended 31 December 2011, there were 11 (2010: 10, 2009: 7) members of key management. Key management compensation is summarised as follows:

	2011	2010	2009
	$	$	$
Short term employee benefits	2,467,195	1,518,334	1,593,732
Other long term benefits (defined contribution pension scheme)	91,499	74,528	65,487
Termination benefits	-	-	70,840
Share-based payments	13,915	112,056	23,653
	2,572,609	1,704,918	1,753,712

20. OPERATING LEASE COMMITMENTS

The minimum lease rentals to be paid under non-cancellable operating leases are as follows:

	2011	2010	2009
	$	$	$
Within one year	147,961	182,826	208,999
Between one and five years	337,464	323,653	348,277
After five years	27,678	108,624	195,136
	513,103	615,103	752,412

The majority of operating leases relate to property. The rents payable under these leases are subject to renegotiation at various intervals specified in the leases.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Exposure to credit, liquidity, market, interest rate and foreign currency risks arises in the normal course of the Group's operations. These risks are limited by the Group's financial management policies and practices described below:

a) Credit risk

All customers who wish to trade on credit are subject to credit verification checks. Customer balances are checked regularly to ensure that the risk of exposure to bad debts is minimised. See note 11 for further details.

The Group has a specialist credit insurance policy in place to mitigate losses, by default of payment, on key client balances. The major client is insured to a maximum loss of $5.8 million.

As a percentage, overdue debts represented 12.9% of trade receivables at 31 December 2011, 2.8% at 31 December 2010 and 5.3% at 31 December 2009. Trade receivables up to 60 days past due at 31 December 2011 comprise one invoice, which was settled in January 2012.

b) Liquidity risk

The directors have the responsibility of liquidity risk management. The directors monitor and maintain a level of bank and cash balances deemed adequate to mitigate the effects of fluctuations in cash flows.

The directors monitor rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its banking facilities at all times. Surplus funds held over that required for working capital purposes is placed on short term deposit.

The Group's derivative and non-derivative financial liabilities all mature within one year.

c) Market risk

The Group's main exposure to risk is through foreign currency exchange rates and interest rates. The Group enters into forward foreign exchange contracts when considered necessary but does not enter into any other derivative financial instruments.

d) Interest rate risk

The Group's interest rate exposure is not considered to be material as it does not have any external bank borrowings at the respective financial reporting dates and while there is an element of sensitivity to interest receivable on surplus funds, this is not significant to the Group's risk profile.

e) Foreign currency risk

The Group transacts the majority of its business in US dollars which is its presentational and functional currency. Foreign exchange risk arises from the need to purchase Sterling forward to pay UK overheads. The Group manages this risk by selling dollars forward where considered necessary.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

e) Foreign currency risk *(continued)*

The table below analyses the working capital by currency:

At 31 December 2011		Original currencies (US dollars equivalent)		
	US dollars	Sterling	Euros	Total
	$	$	$	$
Inventories	9,429,214	-	-	9,429,214
Trade, receivables, other receivables and prepayments	5,665,672	1,817,310	115,880	7,598,862
Trade and other payables	(7,818,563)	(1,692,628)	(89,682)	(9,600,873)
Tax payable	-	(311,863)	-	(311,863)
Cash and cash equivalents	717,312	774,450	388,354	1,880,116
	7,993,635	587,269	414,552	8,995,456

At 31 December 2010		Original currencies (US dollars equivalent)		
	US dollars	Sterling	Euros	Total
	$	$	$	$
Inventories	9,045,214	-	-	9,045,214
Trade, receivables, other receivables and prepayments	6,077,598	1,403,006	319,542	7,800,146
Trade and other payables	(9,687,636)	(1,250,564)	(31,476)	(10,969,676)
Tax payable	-	(71,192)	-	(71,192)
Cash and cash equivalents	898,255	92,363	271,914	1,262,532
	6,333,431	173,613	559,980	7,067,024

At 31 December 2009		Original currencies (US dollars equivalent)		
	US dollars	Sterling	Euros	Total
	$	$	$	$
Inventories	8,032,172	-	-	8,032,172
Trade, receivables, other receivables and prepayments	6,091,301	700,206	65,703	6,857,210
Trade and other payables	(8,374,386)	(1,925,072)	(7,167)	(10,306,625)
Tax payable	-	(1,010,595)	-	(1,010,595)
Cash and cash equivalents	6,829,849	1,773,000	347,519	8,950,368
	12,578,936	(462,461)	406,055	12,522,530

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

e) Foreign currency risk *(continued)*

Based on monetary assets and liabilities set out above, the impact of a 10% movement in the US dollar against other significant currencies at 31 December 2011, 31 December 2010, and 31 December 2009 is summarised as follows:

	Sterling	Euros	Total
	$	$	$
31 December 2011	58,727	41,455	100,182
31 December 2010	17,361	55,998	73,359
31 December 2009	(46,246)	40,606	(5,641)

Any percentage increase or decrease of the foreign exchange rate between the US dollar and the Group's significant currencies will have a proportionate effect on the foreign currency sensitivity analyses presented above.

f) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. At present the Group has no external borrowings and therefore gearing ratios are not applicable. In order to maintain its capital structure the Group may adjust the amounts of dividends paid to shareholders, return capital to shareholders or issue new shares. The Group regards issued capital and reserves as capital. There were no changes to the objectives, policies or processes during the years ended 31 December 2011, 31 December 2010 and 31 December 2009 other than the Group's restructuring that took place in 2009.

g) Financial instruments

Depending on their classification financial instruments are carried at fair value or amortised cost as described below.

Fair value is the amount for which the asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair value is the current bid price for financial assets and current asking price for financial liabilities that are quoted in an active market. The Group is not involved currently in any other derivative financial instrument transactions.

Amortised cost is the amount at which the financial instrument was recognised at initial recognition less any principal repayments and, for financial assets, less any write-down for incurred impairment losses.

The Group has determined that the only financial instruments that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy are its foreign exchange derivatives (note 16). The forward foreign exchange contracts are categorised as Level 2 (value based on observable market data). There were no such financial instruments at 31 December 2011 or 2010. At 31 December 2009, the fair value was determined as a liability amounting to $110,355.

All financial instruments at 31 December 2009 are carried at amounts not materially different from their fair values. There are no such items at 31 December 2011 or 2010.

22. PRODUCT RESULTS

Additional information is presented in these financial statements to aid users to understand the revenue streams and operating profit/(loss) by product.

a) Product information

The Group has three main product groups:

i) Digital broadcast services ('DBS') - LNB, Switches and Dish;
ii) Fibre; and
iii) Very small aperture terminal ('VSAT') and accessories

The Group's revenue, operating profit/(loss) and operating profit margin from continuing operations from external customers by product group are detailed below:

Revenue	2011	2010	2009
	$	$	$
DBS – LNB, Switches & Dish	52,834,932	44,616,921	64,275,152
Fibre	6,060,475	4,483,268	1,628,311
VSAT & Accessories	3,980,176	4,258,819	5,879,222
	62,875,583	53,359,008	71,782,685

Operating profit/(loss)	2011	2010	2009
	$	$	$
DBS – LNB, Switches & Dish	3,524,695	1,403,096	6,992,172
Fibre	925,583	1,293,974	592,176
VSAT & Accessories	612,872	456,894	807,533
	5,063,150	3,153,964	8,391,881
Costs associated with past services received (note 19(c))	-	(8,566,890)	-
	5,063,150	(5,412,926)	8,391,881

Operating profit margin	2011	2010	2009
	%	%	%
DBS – LNB, Switches & Dish	6.67	3.14	10.88
Fibre	15.27	28.86	36.37
VSAT & Accessories	15.40	10.73	13.74

The operating profit/(loss) represents the profit/(loss) by product including an allocation of recurring administration expenses on the basis of the proportion of revenue earned. The non-recurring administration expense in 2010 in relation to past services received (note 19 (c)) has not been apportioned across the product groups as the directors believe that to do so would not render the information comparable with the other years.

22. PRODUCT RESULTS (continued)

b) Geographical information

The Group operates in three principal geographical locations. The Group's revenue from continuing operations from external customers by geographical location is detailed below:

	2011	2010	2009
	$	$	$
USA	47,502,176	43,385,979	63,202,737
Europe	13,422,545	8,043,145	6,274,711
Rest of the World	1,950,862	1,929,884	2,305,237
	62,875,583	53,359,008	71,782,685

Information about major customers

Included in revenue arising from external customers in the USA is revenue of $44.1 million (2010: $40.5 million and 2009: $56.9 million) which arose from revenue to one customer.

23. EVENTS AFTER THE FINANCIAL REPORTING PERIOD

Radiance Group Limited

Details are reported in note 19(c). Subsequent to entering into the Memorandum of Understanding with RGL in 2010, the Company has entered into a conditional sale and purchase agreement with RGL dated 30 June 2011, which if undertaken and completed will result in the reverse take over of RGL.

All public announcements in relation to this transaction are available to view at the RGL website: www.radiance-sin.com.sg.

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APPENDIX D – SUMMARY OF RELEVANT LAWS AND REGULATIONS

There are a number of laws and regulations which GIHL is required to comply with in the development, manufacture and sale of its products.

1. EUROPEAN LAWS AND REGULATIONS

1.1 Directive 2002/95/EC on the restriction of the use of certain hazardous substances in electrical and electronic equipment (the "RoHS Directive")

The RoHS Directive aims to reduce the impact of waste from electrical and electronic equipment. Equipment placed on the EU market must not contain more than the permitted maximum concentration values ("**MCVs**") of the following substances: Lead, Cadmium, Mercury, Hexavalent chromium, Polybrominated biphenyls and Polybrominated diphenyl ethers.

The MCVs are 0.1% by weight in homogenous materials for all those substances (except cadmium, for which it is 0.01%) and homogenous material is currently defined as a material of uniform composition that cannot be mechanically disjointed into different materials.

The RoHS Directive applies to a vast spectrum of products that use electricity, including IT and telecommunications equipment.

Several changes to the RoHS Directive have been proposed which will widen the scope of the RoHS Directive in stages to cover areas which are currently excluded. It is unlikely that these changes will have any significant impact on GIHL.

1.2 Directive 2002/96/EC on waste electrical and electronic equipment (the "WEEE Directive")

The purpose of the WEEE Directive is to increase the amount of waste that is treated and recycled and reduce the amount that is disposed of.

The WEEE Directive requires manufacturers and importers that place electronic products onto the EU market to register as waste electrical and electronic equipment ("**WEEE**") producers and provide take-back systems for that waste. It also requires WEEE to be treated using the best available treatment recovery and recycling techniques which are set out in the WEEE Directive.

As with the RoHS Directive, the WEEE Directive applies to a wide range of electrical products including IT and telecommunications equipment.

Several changes to the WEEE Directive have also been proposed which will increase the categories of waste covered and increase the targets for collection and recycling, whilst encouraging manufacturers and importers to devise new ways to ensure that their products can be recycled more thoroughly and efficiently.

1.3 Ecodesign for Energy-Using Products Directive (2005/32/EC) (the "EuP Directive") and Regulation (EC) 107/2009 on ecodesign requirements for simple set-top boxes (the "SSTB Regulation")

The EuP Directive is a framework directive designed to increase the energy efficiency of a large range of products and appliances. The EuP Directive also aims to make products and appliances more environmentally friendly overall.

The SSTB Regulation sets out the design and consumer information requirements for new set-top boxes placed on the EU market, with the aim of reducing their energy consumption. The energy consumption requirements are due to tighten further in 2012.

1.4 CE Marking requirements

CE marking is required on 24 different product categories including electrical equipment. The purpose of a CE mark is to show that a manufacturer has taken all necessary measures to ensure the product complies with the applicable EU safety legislation.

The CE marking consists of three parts; affixing the mark, drawing up the EC declaration of conformity and compiling and holding the technical documentation. Before affixing the CE mark, the manufacturer must identify the applicable EU directives and product specific requirements, determine whether an independent conformity assessment is required, and test that the product complies with EU safety legislation.

A number of EU directives require CE marking and the directives most relevant to the business of GIHL are summarised below. Products that are subject to more than one directive must meet the requirements of all applicable directives.

1.5 Directive 2006/95/EC Electrical Equipment designed for use within certain voltage limits (the "Low Voltage Directive")

The Low Voltage Directive applies to any electrical equipment designed or adapted for use with voltage between 50–1000V alternating current or 75–1500V direct current. It follows that the Low Voltage Directive will apply to all appliances using UK mains voltage (230V). Voltage ratings refer to the voltage of the electrical input or output, not to voltages which may appear inside the equipment.

The scope of the Low Voltage Directive includes both electrical equipment intended for incorporation into other equipment and equipment intended to be used directly without being incorporated so it will include components.

A wide range of safety aspects are covered by the Low Voltage Directive including all risks arising from the use of electrical equipment, health impact of noise and vibrations, and the ergonomic aspects necessary to protect against hazards.

1.6 Radio & Telecommunications Terminal Equipment Directive 1999/5/EC (the "R&TTE Directive")

The R&TTE Directive applies to radio equipment and telecommunications terminal equipment. Its purpose is to ensure that all apparatus provides an adequate level of protection in respect of health and safety, electromagnetic compatibility and, in the case of radio equipment, harmful interference.

Although the R&TTE Directive sets out the essential requirements for health and safety, it does not have its own detailed requirement, and refers to the safety objectives of the Low Voltage Directive, but with no voltage limit applying.

1.7 Electromagnetic Compatibility Directive 2004/108/EC (the "EMC Directive")

The EMC Directive requires that equipment shall be designed and manufactured, having regard to the state of the art, to ensure that the electromagnetic disturbance emitted is limited and the equipment has a level of immunity to other electromagnetic disturbance.

There are further specific requirements which apply to fixed installations. In particular, fixed installations must be installed using good engineering practices, and respecting the information on the intended use of its components. Good engineering practices are required to be documented, and a responsible person must be appointed to hold the documentation should the enforcement authority wish to inspect it.

The EMC Directive applies to most electrical products. In general, if it is possible to make a meaningful electromagnetic compatibility test on a product then it should comply with the EMC Directive. Components with no intrinsic function, for example capacitors, resistors and integrated circuits, are excluded from the scope of the EMC Directive, as are communications apparatus covered by the scope of the R&TTE Directive.

The maximum penalty for the supply of non-compliant equipment is a fine or imprisonment. More usually a manufacturer would be required to recall or replace any non-compliant equipment.

1.8 General Product Safety Directive 2001/95/EC (the "GPS Directive")

Whilst the above Directives relate to the safety of specific types of products, GIHL must also comply with the provisions of the GPS Directive which requires all products placed on the EU market to be safe.

2. US LAWS AND REGULATIONS

There are a similar range of laws and regulations which will apply to the business of GIHL in the USA.

The Federal Communications Commission ("**FCC**") regulates interstate and international communications by radio, television, wire, satellite and cable. The rules and regulations of the FCC are set out in Title 47 of the Code of Federal Regulations. The FCC regulates electromagnetic compatibility and wireless transmitters.

The Consumer Product Safety Commission ("**CPSC**") has jurisdiction over more than 15,000 types of consumer products used in and around the home. The CPSC regulates product safety by issuing and enforcing mandatory standards, or banning consumer products if no feasible standard would adequately protect the public.

The Food and Drug Administration ("**FDA**") regulates the safety of radiation-emitting products including lasers. The FDA also regulates the labelling of products to ensure the labelling is truthful and informative.

State legislation may also impose safety requirements on consumer products and, furthermore, the common law of each state may impose safety requirements on individual consumer products to the extent that federal or state legislation does not cover that particular issue.

3. PATENTS

3.1 Overview

Patents are critical strategic assets for technology-based companies such as GIHL. Patents provide their owners with monopoly rights for a period of time during which competitors cannot market the same product. They give their owners the right to bring suit against any competitor that does, without consent, make, market, or sell a legally similar product; and if the suit is successful, the competitor may be forced to discontinue marketing and/or to pay damages. Such protection is necessary because development of high technology products requires significant investment; recovery of the investment would not be possible if competitors could simply copy the product after the difficult work has been done.

However, patents can be circumvented. It may be possible to discover or develop alternative devices or processes that provide substantially the same outcomes without employing the protected invention. Possession of a patent is no guarantee that a substantially same product or service will not be available in the market at competitive prices.

As patents are legal instruments issued by government agencies, separate applications must be made for each country or region where protection is sought. The process can require several years, and expenses for obtaining a patent can be significant. Once issued, patent holders are also subject to yearly maintenance fees. Successful registration of a patent in any one jurisdiction is not a guarantee that similar patents will be granted in others.

Patent rights are transferable; owners can either sell the patent outright or allow specified parties to use the covered invention for a consideration.

3.2 Application Process

Granting of a patent requires that the item or process for which coverage is being sought is new or novel, a true invention not previously known or anticipated by existing knowledge. Novelty of the invention is assessed by comparing it to existing technology worldwide as of the date of first application for patent rights (also known as the "**priority date**").

Once a patent is granted, the patent holder generally has monopoly rights over the invention filed for up to 20 years from the priority date. For products, the monopoly involves rights to control use, manufacture, sale, offer to sell, import, and export of products. In the case of protected processes, the monopoly owner controls the use of the process. Further, Article 28 of the Agreement on Trade Related Aspects of Intellectual Property Rights, administered by the World Trade Organisation ("**WTO**"), provides that patent holders in signatory countries are to have rights to control the use, sale, offer to sell or import for such purposes products obtained directly by the process.

The Paris Convention (the "**Convention**") allows subsequent applications to be filed in signatory countries up to 12 months from the priority date in a first country. The Convention also provides that subsequent applications in other member countries be assessed at the priority date rather than the actual date of filing in the other countries. This system allows an applicant to defer selection of additional patent territories for up to a year after first filing. Some territories, such as Taiwan, are not signatories to the Convention but may offer other mechanisms for applicants to attain patent protection. Article 27 of Taiwan's Patent Act, for example, provides for priority claims substantially similar to those of the Convention for foreign applicants from WTO countries, as well as applicants from other countries that have concluded reciprocal agreements with Taiwan.

Additionally, applicants seeking patents in member countries of the Patent Cooperation Treaty ("**PCT**") may also file a PCT application claiming priority from the priority date. The PCT is a system recognized by 144 member countries as at 19 March 2012 (the membership continues to expand) and is administered by the International Bureau of the World Intellectual Property Organization ("**WIPO**") based in Geneva. Under the PCT system, an international application can be filed designating all member states for the purposes of meeting the 12 months priority date deadline under the Convention. As the application progresses, the applicant selects which member countries it wishes to proceed with a patent application (known as entering the "**national phase**"). The time required for a PCT patent application to enter the national phase in a specific country may be up to 30 months from the priority date. (The exact period varies according to the laws of individual PCT member countries, but it is generally 30 months.) Thus the applicant may have up to 30 months before selecting all the territories in which to pursue patent protection. It should be noted, however, that not all Convention countries are members of the PCT. For such countries, the original 12 month deadline to file the application from the priority date under the Convention applies.

The entire process from initial application through to grant of a patent may take several years to complete. The process generally follows different timetables for each regional/national application. This is because a part of the application process involves the examination of the invention by a trained examiner to determine whether the invention is new, inventive, and capable of industrial application (with slight differences in each country) and therefore qualify for a patent grant. While applicants can apply for a preliminary examination under the PCT system, each region/country into which the applicant chooses to enter via the regional/national phase may also conduct further substantive examination.

The lengthy amount of time required for prosecuting a patent application is useful for applicants to assess whether the invention is viable and commercially valuable, and to make a more detailed assessment of the markets in which it wishes to seek protection. This allows applicants to focus their resources on key inventions and in target markets.

4. TRADE MARKS

Trade mark rights may be acquired by registration as well. Registered trademarks provide their owners with monopoly rights over the use of the trade mark in the course of trade with respect to goods or services in which the registration is secured. Goods and services are classified into classes in accordance with the Nice Classification of Goods and Services published by WIPO. Like patents, registered trade mark rights are legal instruments issued by government agencies and separate applications must be made for each country or region where protection is sought. The process can require several years. Once issued, registered proprietors may renew registrations indefinitely, usually once every 10 years. Trade mark rights are transferable; owners can either sell the trade mark outright or allow specified parties to use the trade mark for consideration.

Apart from filing national trade mark applications, the Madrid Protocol is a system for the international registration of trademarks administered by the International Bureau of WIPO.

Under the Madrid Protocol, one application filed directly with a member state's national or regional trade mark office may be protected in other member countries. An international mark so registered is equivalent to an application or a registration of the mark in each country or region designated by the applicant. If the trade mark office of a designated country or region does not refuse protection within a specified period, the mark is protected in the designated country or region as if it had been registered there. The Madrid Protocol is recognised by over 84 countries as at April 2011 (the membership continues to expand).

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APPENDIX E – LIST OF PATENTS AND PATENT APPLICATIONS

As at the Latest Practicable Date, the status of patent applications of the GIHL Group is as follows:

A. Patents Granted

Title	Applicant/ Owner	Country/ Region	Priority Date	Application Number	Publication Number	Patent Number	Status
Means for Receiving Data via Satellite Using at least Two Polarisations	Invacom Limited Eutelsat S.A Eutelsat Inc	Eurasian Patent – see Note (2)	11/05/2004	EA200602078	EA010643	EA010643	PUBLISHED 17/11/2005 GRANTED 30/10/2008
Means for Receiving Data via Satellite Using at least Two Polarisations	Invacom Limited Eutelsat S.A Eutelsat Inc	Ukraine	11/05/2004	UA a 200612967	N.A.	UA92321	GRANTED 25/10/2011
Broadcast Signal Waveguide	Invacom Limited	Germany	08/09/2004	05786132.0	EP1787352	P602005011459.9	PUBLISHED 23/05/2007 GRANTED 03/12/2008
Broadcast Signal Waveguide	Invacom Limited	France	08/09/2004	05786132.0	EP1787352	EP1787352	PUBLISHED 23/05/2007 GRANTED 03/12/2008
Broadcast Signal Waveguide	Invacom Limited	Great Britain	08/09/2004	05786132.0	EP1787352	EP1787352	PUBLISHED 23/05/2007 GRANTED 03/12/2008
Broadcast Signal Waveguide	Invacom Limited	Luxembourg	08/09/2004	05786132.0	EP1787352	EP1787352	PUBLISHED 23/05/2007 GRANTED 03/12/2008

APPENDIX E – LIST OF PATENTS AND PATENT APPLICATIONS

Title	Applicant/ Owner	Country/ Region	Priority Date	Application Number	Publication Number	Patent Number	Status
Broadcast Signal Waveguide	Invacom Limited	USA	08/09/2004	11/574838	US-2008-0186110	US7804381	PUBLISHED 07/08/2008 GRANTED 28/09/2010
Circular and/or linear polarity format data receiving apparatus	Invacom Limited	USA	21/04/2005	11/912080	US-2008-157902	US8040206	PUBLISHED 03/07/2008 GRANTED 18/10/2011
Video Error Concealment	GI Provision Limited	USA	08/01/2005	11/794922	US-2008-01-86404	US816045	PUBLISHED 07/08/2011 GRANTED 17/04/2012

Notes:

(1) A patent is required to be renewed on a typically annual basis once the patent is granted. The above are current renewals and may have an existing validity period of up to 20 years from the Priority Date.

(2) For a list of countries covered under the Eurasian Patent – see http://www.eapo.org/eng/ea/.

B. Patents Pending

Title	Applicant/ Owner	Country/ Region	Priority Date	Application Number	Publication Number	Status
Means for Receiving Data via Satellite Using at least Two Polarisations	Invacom Limited Eutelsat S.A Eutelsat Inc	European Community – see Note (2)	11/05/2004	05747223.5	EP1763931	PUBLISHED 21/03/2007
Means for Receiving Data via Satellite Using at least Two Polarisations	Invacom Limited Eutelsat S.A Eutelsat Inc	Canada	11/05/2004	2569594	N.A.	PENDING

APPENDIX E – LIST OF PATENTS AND PATENT APPLICATIONS

Title	Applicant/ Owner	Country/ Region	Priority Date	Application Number	Publication Number	Status
Means for Receiving Data via Satellite Using at least Two Polarisations	Invacom Limited Eutelsat S.A Eutelsat Inc	China	11/05/2004	200580023296.8	N.A.	PENDING
Apparatus for selected provision of linear and/or circular polarity signals	Invacom Limited	European Community – see Note (2)	11/10/2004	05798306.6	EP1807934	PUBLISHED 18/07/2007
Video error concealment in video	GI Provision Limited	European Community – see Note (2)	08/01/2005	06700235.2	EP1851970	PUBLISHED 07/11/2007
Distribution of Data Signals from Broadcast Data Receiving Means	Invacom Limited	European Community – see Note (2)	22/02/2006	07705240.5	EP1987611	PUBLISHED 05/11/2008
Configuration Data Transmission Mechanism	GI Provision Limited – see Note (4)	UK	01/06/2010	1009127.0	EP2480818	PUBLISHED 07/12/2011
Error resilience mechanism for a video transmission system	GI Provision Limited – see Note (4)	UK	01/06/2010	1009128.8	EP2480819	PUBLISHED 07/12/2011
Adaptive multicast transmission system	GI Provision Limited – see Note (4)	UK	01/06/2010	1009133.8	EP2480820	PUBLISHED 07/12/2011
Multicast data transmission systems	GI Provision Limited – see Note (4)	UK	01/06/2010	1009135.3	EP2480821	PUBLISHED 07/12/2011
Data stream rate adaptation mechanism	GI Provision Limited – see Note (5)	UK	22/06/2010	1010477.6	EP2484061	PUBLISHED 04/04/2012
Antenna module for a wireless	GI Provision Limited – see note (5)	UK	07/07/2010	1011470.0	N.A.	PENDING
Multi Channel Video Delivery	GI Provision Limited – see Note (5)	UK	10/12/2010	1102616.8	N.A.	PENDING
Circular and/or linear polarity format data receiving apparatus	Invacom Limited	European Community – see Note (2)	21/04/2005	06726638.7	EP1872432	PUBLISHED 02/01/2008
Apparatus for selected provision of linear and circular polarity signals	Invacom Limited	USA	11/10/2004	11/576797	US-2008-0060023	PUBLISHED 06/03/2008

Title	Applicant/ Owner	Country/ Region	Priority Date	Application Number	Publication Number	Status
Configuration data transmission system using coaxial and/or fibre optic distribution network	Global Invacom Limited	UK	07/07/2010	1120894.9	N.A.	PENDING

C. PCT applications

Title	Applicant/Owner	Priority Date	Application Number	Publication Number	Status
System for transmission and receipt of broadcast digital data	Invacom Limited Stafford Gary – see Note (6)	20/05/2010	PCT/GB2011/050958	WO2011/144943	PUBLISHED 24/11/2011
Data Transmission Apparatus, System and Method	GI Provision Limited James Chung-How, Andrew Nix, David Bull – see Note (6)	01/06/2010	PCT/GB2011/051035	WO2011/151647	PUBLISHED 08/12/2011
Data stream rate adaptation mechanism	GI Provision Limited David Bull, James Chung-How, Andrew Nix, Jon Pledge – see Note (6)	22/06/2010	PCT/GB2011/051169	WO2011/161450	PUBLISHED 29/12/2011
Antenna module for a wireless communications device	GI Provision Limited Andrew Nix, Ioannis Askaroglou – see Note (6)	07/07/2010	PCT/GB2011/051274	WO2012/004602	PUBLISHED 12/01/2012
Data Distribution System and Apparatus therefore	Global Invacom Limited Stafford Gary – see Note (6)	16/07/2010	PCT/GB2011/051323	WO2012/07759	PUBLISHED 19/01/2012

APPENDIX E – LIST OF PATENTS AND PATENT APPLICATIONS

Title	Applicant/Owner	Priority Date	Application Number	Publication Number	Status
Multi Channel Video Delivery	GI Provision Limited James Chung-How, David Bull, Andrew Nix, Jon Pledge, Dimitris Agrafiotis, Robert Stapenhurst – see Note (6)	09/12/2010	PCT/GB2011/052451	N.A.	PENDING

Notes:

(1) Some of the patent applications are required to be renewed on a typically annual basis. The above have such current renewals, where applicable.

(2) For European patent applications, all countries which were party to the European Patent Convention ("**EPO**") when the application was filed are provisionally covered by the application. For the list of countries that are part of EPO – see http://www.epo.org/about-us/organisation/member-states.html. When the application is granted the decision is then made by the patent holder as to which of the European member countries they wish to put the patent into force in.

(3) For those entries indicated as PCT applications, they are filed under the Patent Cooperation Treaty on a worldwide basis which allows the applicant a period of time of up to 30 months in certain countries and 31 months in other countries, from the Priority Date of the application, to decide in which of the available countries or regions they wish to file the patent applications. For the list of countries and regions that are part of the PCT – see http://www.wipo.int/pct/en/list_states.pdf.

(4) The applications for these patents were filed in the name of PCTL. These patents were acquired by GI Provision Limited pursuant to the Business Asset Sale Agreement dated 19 April 2011 and have been assigned to GI Provision Limited.

(5) The applications for these patents were filed in the name of PCTL. These patents were acquired by GI Provision Limited pursuant to the Business Asset Sale Agreement dated 19 April 2011 and have been assigned to GI Provision Limited. This change in ownership is in the process of being registered with the British Patent Office.

(6) Patent applications, including national phase applications through the PCT, in the USA necessarily at first instance require the names of the inventors to be reflected as the applicant(s). In PCT applications, the applicant on record would typically be Global Invacom Limited or GI Provision Limited for all countries except for the USA, and the inventors would be the applicant(s) on record for the USA. Generally in patent prosecution, it is normal for an assignment from the inventors to the relevant company to be subsequently registered with the USA patent office. The GIHL Group regards itself as beneficially entitled, through Global Invacom Limited or GI Provision Limited, to ownership in applications that have not been formally assigned yet.

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PA Consulting Group

Global Invacom Ltd.

Valuation Report

24 June 2011

APPENDIX F — VALUATION REPORT

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Foreword/Executive summary

Global Invacom Ltd. is a UK-based technical design company, specialising in devices, componentry and cabling for the satellite-TV industry. Radiance Group is a Chinese contract manufacturer listed on the Singapore SGX exchange. Radiance Group manufactures the large majority of Global Invacom Ltd's products. Global Invacom Ltd. is Radiance Group's largest customer.

Operational and investment logic suggests that there is considerable benefit to be gained from Radiance's acquisition of Global Invacom Ltd. to create a single, vertically integrated technology design and manufacturing company able to exploit the existing listing for recourse to equity financing.

While this is a straightforward transaction to complete, it is essential for shareholder transparency that the Global Invacom Ltd. business has a stand-alone valuation.

As part of the preparation for this transaction, a Very Substantial Acquisition (VSA) Implementation Team convened by means of a Radiance Group board resolution, has engaged PA Strategy Partners Ltd. on behalf of Radiance Group to carry out a due diligence review of GIL and arrive at a fair valuation of that company.

PA Strategy Partners Ltd. (PA) has prepared this report for the directors of Radiance Group. The report sets out the findings of our review as the basis for arriving at the valuation of Global Invacom Ltd, as well as providing that valuation itself.

Disclaimer

PA has prepared this report on the basis of information supplied by Global Invacom Ltd., both orally and in writing, as well as by its accountants and the use of third party information. The contents of the report have not been verified and it does not purport to be all inclusive or to contain all the information that a prospective financier of or investor in Global Invacom Ltd. may desire in deciding whether or not to finance or invest in Global Invacom Ltd. Each recipient of this Report must make its own investigation and assessment of Global Invacom Ltd. This Report includes certain statements, opinions, estimates and projections in respect of the anticipated future performance of Global Invacom Ltd. Such statements, opinions, estimates and projections are made by PA and they reflect various assumptions concerning anticipated results, which may or may not prove to be correct.

Overall conclusions

The Directors of Radiance Group (hereafter Radiance) are intending to purchase Global Invacom Ltd. (hereafter GIL). The Independent Directors of Radiance have requested that PA Strategy Partners (hereafter PA) provides an independent valuation for its shareholders.

PA has analysed the historic operations of the company, revenue projections for the various lines of business, and the markets in which the company operates.

In PA's view, the valuation of the GIL business should be at a level of USD 56.085 million (£34.46 million) at the GBP / USD exchange rate[1] at time of publication of this report.

This in our opinion represents a fair valuation that a reasonable willing-buyer willing-seller party can rely on to inform negotiations.

Potential strengths of the GIL business

- GIL weathered the downturn successfully. A dip in 2010 revenue was largely the result of customers wishing to reduce inventory (working capital) rather than a drop in end-user demand. The build in latent demand should see orders increase in 2011 onwards.
- Revenue forecasts are broadly in line with market growth and as such seem achievable. GIL stands ready to realise two new revenue streams, one from its 5-year R&D investment in its fibre products, the other from dish sales.
- The company has built an industry reputation for product quality that abstracts it to an extent from the dynamics of the low-value, high volume end of the market.
- GIL is debt free.
- While operating expenses rose in 2010 due to salary increases and additional staff, GIL appears to take a conservative approach to cost control.

Key issues of the GIL business for consideration by investors

- Revenues remain highly concentrated, with a single customer continuing to account for between 50% and 80% of revenues throughout the forecast period.
- The revenue mix is changing. Revenue from switches was historically significant. As switch functionality is built into the LNB, switch revenue is declining rapidly and Low Noise Block (LNB) sales need to increase in order to off-set this decline, in addition to any market growth.
- Sales of fibre products and dishes represent new and unproven lines of business. Demand for fibre products may not materialise as quickly as expected.
- The need to innovate is constant. Old product designs can see unexpected repeat orders due to ad hoc events such as satellite re-pointing, serving as useful cash cows. However, investment in R&D and the product pipeline must be sustained in order to remain current.
- The market is changing. Necessary expansion beyond GIL's existing clients and geographies will bring new challenges.
- A consolidating supply market offers both opportunity and risk - the likely need to carry out further transactions to defend and grow market share requires strong leadership and a diligent management team.
- Competition will increase. GIL has until now faced only niche competition. However, the risk of substitution can rise as market share grows and product sets expand both organically and through acquisition.

[1] Interbank £/$ exchange rate at 14.06.2011, 1.62771, www.oanda.com/currency/converter.

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1 PA's approach to and basis for this review

1.1 PA approach

PA's approach to assessing the value of GIL involves the use of a discounted cash flow methodology, (DCF) in addition to the use of a separate comparables analysis as a cross-check.

In order to arrive at a DCF valuation, we have analysed GIL's financial accounts, assessed and tested both revenue and cost projections as well as forecast a number of financial and operational parameters. In order to arrive at a valuation, we have calculated an appropriate cost of capital and terminal value, from which we subtract the company's net debt.

In order to cross-check the DCF valuation result, we calculate the ratio of the company's enterprise value (eV) to EBITDA, and carry out an analysis of this ratio for other publicly quoted companies operating in the same or analogous market sectors.

The financial forecasts presented in this document have been prepared by PA based on various assumptions. For the avoidance of doubt, these forecasts or estimates in this report have not been prepared by Global Invacom Holdings Limited and its subsidiaries and associates ("GIHL Group"). Consequently these forecasts and estimates do not constitute a profit forecast by the GIHL Group.

1.2 Basis for review

PA has focused its review on the following areas:

- The commercial performance of GIL over the last 3 years (2008 - 2010 inclusive)
- Corporate strategy as expressed by the management team
- Technical development competence across a number of product areas
- The broader technical and commercial market context within which the company operates.

1.2.1 Review of historic financials and business plan forecasts

PA has reviewed GIL's historic accounts for 2008, 2009 and 2010. These have been restated by GIL for calendar year-end in order to be consistent with the financial accounting periods used by Radiance. Subsequently, these accounts have been consolidated by GIL's accountants MacIntyre Hudson and audited by Moore Stephens LLP.

We have analysed breakdowns of GIL's historic revenues by product line, as well as the margins associated with them. Furthermore, we have also carried out analysis of GIL's operational expenditure, using the 2009 ledger account as the basis for testing administrative costs.

Lastly, we have reviewed GIL's business plan forecasts for projected revenues and margins in 2011 and forwards, and set these against knowledge of the overall markets in which GIL operates.

1.2.2 Additional sources of value

When considering the valuation of GIL, there are sources of value additional to the stated revenues of the company. These relate mainly, although not entirely, to benefits derived through the transaction between GIL and Radiance. Potential for such value includes the following:

- **Lower cost base** - there is potential scope for the combined Radiance and GIL entity to enjoy a lower cost base through shared back-office business functions such as in finance. This is particularly the case where such back-office costs cannot only be combined, but also delivered from a lower cost-base such as that in Singapore / China.

- **Vertical integration** - there is potential scope to optimise operational aspects in a vertically-integrated, combined company. This includes improved planning/scheduling of manufacturing cycles, reduced manufacturing of secondary or some lower volume items, tighter integration between design and manufacture and a closer link between sales and inventory.
- **Commercialising intellectual property** - GIL has significant intellectual property and associated patents. These are currently employed in a defensive capacity and as such, not commercialised. There is potential hidden value in offering a portfolio of IP to third parties under licence.

We do not believe that these potential additional sources of value should be considered in this valuation. There are a number of reasons, the most obvious being the aim of providing a simple and objective valuation to Radiance of GIL as it currently operates.

1.3 Log of materials

In the preparation of this report, PA has relied on the following sources of information.

- Numerous discussions and/or correspondence with Global Invacom Directors and staff including:
  - *Tony Taylor, Managing Director*
  - *Andrea Fearnley, Finance Director*
  - *Gary Stafford, Business Development Director*
  - *Malcolm Burrell, Technical Director*
  - *David Fugeman, Sales & Marketing Director.*
- Presentations from Global Invacom including:
  - *GIL company overview 080210*
  - *GIL Development Review v1*
  - *Fibre, Switch and Accessories Technology v4.*
- Financial information, including
  - *Unconsolidated (and unaudited) internal ledger accounts, restated for calendar year-end, for years 2008, 2009, 2010 YTD.*
  - *Consolidated (unaudited) financial accounts prepared by GIL's accountants MacIntyre Hudson, for years 2008, 2009, 2010 and Q1 2011.*
  - *Consolidated audited accounts prepared by GIL's accountants MacIntyre Hudson and audited by Moore Stephens LLP, for years 2008, 2009, 2010.*
  - *Ad hoc monthly sales and gross margin reports, exported from GIL's accounting system, for 2008, 2009 and 2010 YTD.*
  - *Consolidated 5 year forecast - GIL sales forecasts 2011 - 2015.*
- Further documentation
  - Business plan '2011gps ver 2' (in conjunction with consolidated 5 year forecast).
  - A variety of third party information obtained from Bloomberg and PA's contracted information providers.
  - 2008 opening balances for a number of financial parameters including stock, debtor days, creditor days.

2 Description of the Global Invacom business

2.1 Introduction

GIL is a UK-based technical design company, specialising in devices, componentry and cabling for the satellite industry.

GIL supplies customer premise equipment and related accessories to industry service providers under white-label. It neither brands its own equipment, nor targets the end-user market directly.

While GIL designs its products, it outsources the subsequent manufacture to Radiance Group, a contract manufacturer in China.

The company is the product of an earlier merger in April 2008 between Global Communications and Invacom. Global Communications was founded in 1985 and designed and built products such as switches and splitters for the then-new satellite broadcast market. Invacom was founded in 2000 with investors that included Global Communications. Invacom designed and made satellite LNBs and has worked closely with Global Communications from inception. Both sets of products are now designed and brought to market by Global Invacom.

2.2 Background

GIL's design capabilities historically saw it focus on the more difficult development areas of the industry. The background of Global Communications has led to it bridging technical gaps due to oversight or problems in satellite signal/service delivery systems. GIL refers to this as the 'distressed' market. It has developed a large product range to address many specific problems encountered in both new installations and modifications to existing installations.

The founders of Invacom have a background in the satellite industry and are experienced in the microwave engineering skills necessary to design LNBs. This is a difficult subject to master and there are relatively few companies worldwide that design LNBs as a result. Increases in the frequency of the satellite signal, such as the move to Ka band for new VSAT systems, will continue to differentiate GIL's skills in this area.

GIL continues to focus broadly on the more complex areas of the industry. This includes:

- "Volume bespoke" solutions
- Satellite solutions for "edge of envelope" reception, where users do not sit in the prime satellite reception zone and better quality equipment is therefore required
- Supplying service providers that wish to differentiate through increased feature sets
- The more progressive areas of the industry such as fibre-optic distribution.

GIL is not a manufacturer of the more mass-market products inherent in the satellite industry, such as STBs (set-top boxes) / decoders or commodity LNBs. In these markets, competition and margin pressure is significant, in particular from Far Eastern 'copy cat' manufacturers.

While this has the benefit of distancing GIL somewhat from the financial dynamics of consumer electronics volume-manufacture, it brings its own commercial pressures. Despite being relatively large, volumes are lower by comparison and GIL's portfolio sustains multiple product variations in order to satisfy the particular demands of customers and the varying satellite arcs / positions. Pressure to increase scale in or strip out cost from the production process and thereby lower unit price remains.

Furthermore, the pressure to remain at the forefront of sector innovation is constant, making the company heavily reliant on its technical development competence and product pipeline.

2.3 Products

GIL's core product range covers the signal path from the dish down to the input of the Set Top Box (STB). This includes the dish itself, the low noise block (LNB) or receiver attached to the dish and the various items used to distribute as well as replicate the signal around the property, such as switches, splitters and accessories. GIL does not manufacture set-top or other consumer electronics boxes.

Conventionally, distribution of the analogue signal from the satellite dish is done using coaxial cable (coax). Recently GIL has developed an alternative set of products that use fibre-optic cable (fibre). Fibre has the advantage over coax that it is thinner and lighter and thus easier to install. For the same reasons it is less visually intrusive. Finally it has a much wider bandwidth than coax and so can carry, in a single fibre, signals that could require a bundle of several coax cables. This further enhances the value of the reduction in size and weight of fibre over coax.

GIL also offers a "tvLINK" range of accessories. These accessories are related to the remote control function of the STB that enable a user to operate the STB while it is out of sight e.g. in a cabinet or in a different room from the viewing screen.

In a related although separate market, GIL designs the transmit/receive units for the very small aperture satellite (VSAT) terminal market. This product range has around 80 variants due to the permutations of frequencies in use around the world.

2.3.1 LNB

The Low Noise Block converter is a unit that is located a short distance in front of the dish. The dish acts as a mirror to radio signals and its curvature focuses the incoming signal from the satellite onto the LNB. The incoming signal is at a very high frequency that would suffer significant attenuation in coaxial cable. The LNB therefore shifts the frequency down to a much lower frequency band (the intermediate frequency or IF) that is suitable for the cable lengths needed in a house, apartment block or similar.

GIL makes LNBs for DBS receivers and for VSATs. The LNBs used for DBS also perform a pre-selection function for the channel tuning, selecting one of four permutations of frequency band and signal polarisation according to control signals from the STB. GIL makes LNBs that have 1, 2 or 4 independently controllable outputs. This gives the advantage that where multiple STBs are installed, such as in an apartment block or a house with multiple TVs, each user can select any channel independently of other users. A similar requirement exists with modern STBs that include a recording facility. To enable independent selection of the 'record' and 'view now' programmes, each STB will require two inputs from the LNB.

2.3.2 Switches

The simplest DBS installation has a single dish and LNB connected to a single STB. Many installations have more elements than this, typically multiple STBs in the same building but in some countries two or more dishes pointing at different satellites may be common. For any such installation there is a requirement for units that can distribute the signals from the LNBs to the STBs appropriately. GIL has many products in this area, which we have grouped together under the heading Switches.

A switch is a device that takes two or more outputs from the LNB(s) and selects the correct one according to the control signals sent from the STB. This enables the same LNB outputs also to be connected to other switches where separate selections can be made.

GIL makes a range of switches that can feed 6, 8 or 16 STB inputs. Up to four such switches can be connected to a single set of LNB inputs, giving potentially 64 outputs to the STBs. GIL's switches include a facility for terrestrial TV aerials to be connected in addition to satellite LNB and routed to STBs in the same way. This eliminates the need for users to unplug and reconnect TV aerial leads for the viewing of terrestrial broadcasts.

2.3.3 VSAT

VSAT differs from DBS in several ways: it is a two-way communication system whereas DBS is receive-only; VSAT supports individual connections to each user rather than a common broadcast to all users. VSAT uses different frequency bands from DBS; VSATs are often transportable whereas DBS is nearly always a fixed installation.

As a result GIL's product range and the nature of its usage are quite different from DBS. It includes transmitters but not switches and splitters. In addition the VSAT LNBs are generally designed to a higher specification than the DBS equivalents. Some VSAT terminals, particularly in the maritime market, may have separate units for the transmitter / receiver / dish and the modem, which are connected by coax or fibre cables.

VSAT systems currently mainly use the Ku band, which is a slightly higher frequency (14GHz) than the DBS band (10GHz). An expansion of VSAT is already in process, with the launch of the HYLAS 1 satellite on 26th November 2010, which will provide broadband internet services to Europe and parts of the Middle East and North Africa. The launches of a number of further satellites are scheduled over the coming two years.

Some of these satellites, including HYLAS 1, will use the Ka band (30GHz) to provide increased bandwidth and avoid possible congestion at Ku band. The higher frequency will require more exacting engineering standards in both design and manufacturing. This is not expected to present problems for GIL as it has already been supplying Ka band products to Hughes for 9 months at the time of writing. It may even serve as a differentiator in GIL's favour, should competitors have more difficulty in engineering Ka band products for VSAT applications.

2.3.4 Fibre

Conventionally, distribution of the analogue signal from the LNB is done using coaxial cable (coax). GIL's range of DBS products and accessories above are designed to be used in systems using coax. Recently GIL has developed an alternative set of products that use fibre-optic cable (fibre). Fibre has the advantage over coax that it is thinner and lighter and thus easier to install. For the same reasons it is less visually intrusive. Finally it has a much wider bandwidth than coax and so can carry in a single fibre signals that could otherwise require a bundle of several coax cables. This further enhances the value of the reduction in size and weight of fibre over coax.

One of the key factors affecting the ability to use fibre in this application is the performance of the laser and receiver diodes. These are the components that convert the electronic signal into infra-red light and vice-versa. Infra-red laser and receiver diodes have existed for many years but these have usually been designed for digital signals. GIL has used such diodes for the analogue signal that is output by the LNB. A single diode cannot carry the full bandwidth of the LNB output so multiple diodes are used in current GIL fibre products.

GIL has recently worked with Avago to develop higher performance diodes capable of carrying the full bandwidth. This will give an advantage to GIL but its roll-out is not critical as the current fibre product range continues to be deployed. Avago was until 2005 part of Hewlett Packard. It specialises in semiconductor components including a range of electro-optical devices. In return for part funding the development, GIL has exclusive rights for 18 months. Selling under licence provides future competitors that may emerge a cheaper and guaranteed alternative to reverse engineering.

GIL's fibre product range includes an LNB with a fibre output; switches that convert the fibre back to coax for connection to the STB; and converters that enable a mixed fibre/coax installation. For large scale installations, for example a street or a housing estate fed from a single dish, the FibreIRS system can feed over 100 receivers.

2.3.5 Satellite dishes

Home-user satellite dishes became a commodity item soon after introduction, attracting the competitive attention of generic metal pressers that served other industry sectors such as automotive and kitchen-ware products. This has enabled mass production of low cost dishes.

The designs of the LNB and dish should be matched to obtain the optimum performance. This matching means that the dish focuses as much of the satellite signal as possible onto the LNB, while excluding as much as possible of any extraneous signals to minimise noise and interference. GIL therefore designs some of the dishes to which its LNBs are fitted.

GIL has only recently moved into the selling of the dishes themselves, with an initial £3 million contract to supply Sky UK as well as more recently its main customer in North America. The dishes are at present manufactured by sub-contract metal pressing companies. In the medium term GIL is considering investing in such a company.

The key benefit of specifying the dish is to extract the maximum performance from GIL's LNBs.

2.3.6 Accessories

GIL offers a "tvLINK" range. These are accessories related to the remote control function of the STB that enable a user to operate the STB while it is out of sight e.g. in a cabinet or in a different room from the viewing screen.

In large installations, one LNB output may feed multiple switches. To achieve this, components referred to as 'splitters' are required. Splitters reproduce an input signal at two or more outputs. Splitters often include amplifiers to ensure the signal is not attenuated in the process. GIL sells amplifiers as separate units.

An installer can choose from the range of switches, splitters, amplifiers and similar devices in order to customise an installation as required.

Other accessories include units for combining multiple signals into a single cable where it is difficult to run extra cables, and products for use with systems using Cat5 (Ethernet) cabling.

2.3.7 Other activities

GIL continues to use its skill and experience in DBS/VSAT product development to carry out a small amount of specialist design work on a bespoke basis. Such work is opportunistic in that GIL operates and promotes itself primarily as a product company rather than a design services company. While the revenues in this area are small, the margins are relatively high.

2.4 Addressable market

GIL's core addressable market currently comprises two main areas of the broader satellite industry:

1. The market for Direct Broadcast Satellite (DBS) signal receipt equipment, including the cabling and peripherals employed for installation and operation.
2. The market for ground/sea-based VSAT receive/transmit equipment.

2.4.1 The market for Direct Broadcast Satellite

The DBS market continues to see sustained growth in end-user demand for services and therefore, demand for customer-premise equipment (CPE) such as that offered by GIL. The drivers for growth from new uptake as well as replacement cycles include:

- Competition between TV service providers leading to improvement in service offerings, that include:
  - *Richer core programming*
  - *Additional programme-related services such as video-on-demand (VOD), 'catch-up viewing', movie-club offerings*
  - *Peripheral, non-programme-related offers such as free additional hardware.*
- Sustained technical innovation on the broadcast/streaming of video content, fuelling the race between satellite, cable and the emergent IP-TV delivery variants.
- Technical innovation on the viewing options, including developments such as HD-TV, 3D-TV, home cinema and advances in home-recording media.
- Ad hoc industry events such as digital switchover, the launch of further satellites and the 're-pointing' of existing satellites.

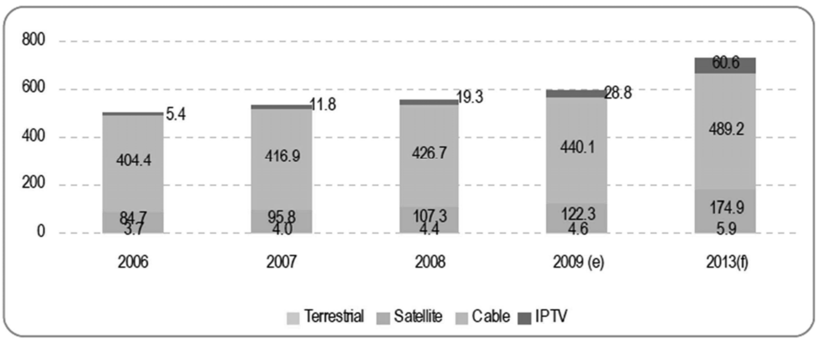
The market comprises sales of equipment due both to new service uptake as well as replacement cycles. Replacement cycles are not to be under-estimated. They occur through subscription service churn as well as technical obsolescence. Obsolescence itself comes about for two different reasons, the first being that both software and hardware feature-sets move on. Secondly, every few years satellites are 're-pointed' on a different axis, forcing receivers to be refocused and at the same time equipment frequently replaced. Subscriber churn and technical obsolescence both occur to greater degrees in more competitive markets.

Demand side

Television subscribers have a number of choices for accessing content. These comprise terrestrial, free-to-air (FTA), cable, satellite, Over-the-Top (OTT) and IP-TV.

All television markets have continued to grow through the financial crisis in absolute terms. The market share accounted for by satellite pay-TV has grown in real terms and is expected to reach almost 175 million households worldwide by 2013 at a compound annual growth rate of 20% since 2006.

Global household pay-TV subscriptions, 2006 - 2013 (millions)



e estimates, f forecasts

Source: IDATE, according to World Television Markets January 2010

- The global subscription television market in 2009 comprised 596 million subscribers.

- Satellite pay-TV is the second most popular subscription style after cable. It is positioned at a premium, in that it offers subscribers additional value over alternatives, for example the higher number of HD satellite channels compared with cable TV.
- The global market share for subscription pay-TV has grown over the period 2006 to 2009 despite the emergence of IP-TV. The key statistics are:
  - *Cable TV is the most popular delivery medium but its subscriber market share has decreased from 81% in 2006 to 74% in 2009*
  - *The share of households subscribed to satellite TV has increased from 17% to 21% over the same period*
  - *The emergent IP-TV subscriber share increased from 4% in 2006 to 5%*
  - *Subscription terrestrial TV has also grown, from 3.7 million subscriber households to 4.6 million,[2] due almost entirely to uptake in the emerging economies.*
- Free-to-air services increasingly fail to provide consumers with the content and/or features desired. Examples include the fact that the majority of movie, sport, and high definition content is all charged. The effect is to drive sustained increase in uptake. New uptake in the satellite TV subscription market sees consumers requiring hardware to support signal receipt. Such hardware is normally supplied for free to consumers in conjunction with a subscription service contract by GIL's customers.
- GIL's revenue is not constrained to new uptake. Customer churn when subscribers move house or switch service runs at 10% - 12% per annum in most developed markets. When these events occur, new equipment is often installed, generating demand for GIL's products.

Supply side

Satellite television

The provision of satellite TV services comprises both national and regional markets. GIL currently supplies a large operator in North America. This operator directly and indirectly has over 14.5 million subscribers. The customer operates several in-orbit satellites, recently launching a new satellite in order to expand its HD offering in the region.

Dish Network and DirecTV compete for the provision of satellite pay-TV. They both compete against cable operators Comcast and Time Warner Cable and former-RBOC fixed-line providers AT&T and Verizon.

Dish Network is a 'value' service provider in comparison to DirecTV. As such, its subscribers tend to be more sensitive to the prevailing economic environment, with a downturn leading to increased subscriber churn, as witnessed through 2009 and 2010'Q2 subscriber losses.

Cable television

The DBS market traditionally competes head-to-head with cable. While cable's installed base is larger and its subscribers are growing in absolute terms, it continues to lose market share to satellite. Satellite has a number of advantages and disadvantages over cable, namely:

Satellite TV pros

- Satellite-TV is available to all within the orbital satellite's footprint whether urban or rural. Cable is only available in densely populated areas, since it is not economical to deploy elsewhere.
- Satellite signal can be adjusted and resolved by the subscriber by re-pointing the dish, whereas a break in a cable run relies on an industry repair that may take some days.

[2] iDate 'TV markets and trends 2010'

- Satellite-TV offers greater capacity for delivering HD content and more interactive features such as Personal Viewing Recording (PVR).

Cable TV pros:

- Allows two-way communication with broadcaster
- Cable terminates at the television / viewing station guaranteeing reception without restriction, whereas a dish must face the satellite causing problems for sub-optimally oriented households.
- Does not suffer interference due to weather.
- Installation is unaffected by dish location restrictions.
- CableTV delivers all channels to the viewing terminal, whereas SatelliteTV LNBs pre-select a subset of channels coming from the satellite. CableTV can support multiple televisions / viewing stations, whereas satellite subscribers require upgraded LNBs to support more household tuners/receivers.

IP-TV

Satellite services must increasingly compete with IP-TV. IP-TV services are nascent and in many cases remain add-on rather than replacement services for viewers. While IP-TV is served over a DSL access (last mile) network, it is best served over fibre to the home (FTTH). DSL draw-backs include limited speed, capacity, service degradation with distance from the exchange and support for fully interactive (two-way) services. FTTH roll-outs are more prevalent in Asian-Pacific regions but are gathering momentum in the USA and Western Europe. Nevertheless these all-fibre networks are merely the delivery mechanism - IP-TV providers must still develop and improve the services on offer over those networks and 'killer' applications / services have yet to emerge.

IP-TV pros:

- Lower cost of customer premise equipment (CPE)
- Support fully interactive services
- Allows fully multi-modal usage, i.e. simultaneous TV viewing and Internet browsing in the house.
- Consistent levels of quality.

IP-TV cons:

- Requires fibre connectivity to deliver on its potential
- Industry fragmentation currently prevents emergence of service standardisation and content aggregation
- Uncertain regulatory environment due to nascence.

In order to deliver on its full future promise, IP-TV relies on the availability of fibre to the home (FTTH) infrastructure, in order to overcome the latency effects of copper cable and co-axial transmission, especially in the last mile. In response to performance promised by IP-TV, Satellite providers are keen to point out that future fibre-optic cabling of the feed from the satellite will equally deliver an IP-TV feed.

2.4.2 The market for VSAT

The VSAT service market has seen steady growth from a small base. Usage comprises enterprise and consumer broadband service. For enterprises, low data throughput and/or remote location can make use of VSAT equipment preferable. Consumer usage of VSAT service is typically caused only by the remote nature of the location and due to this, the fact that other broadband access technologies fail to deliver.

Demand side

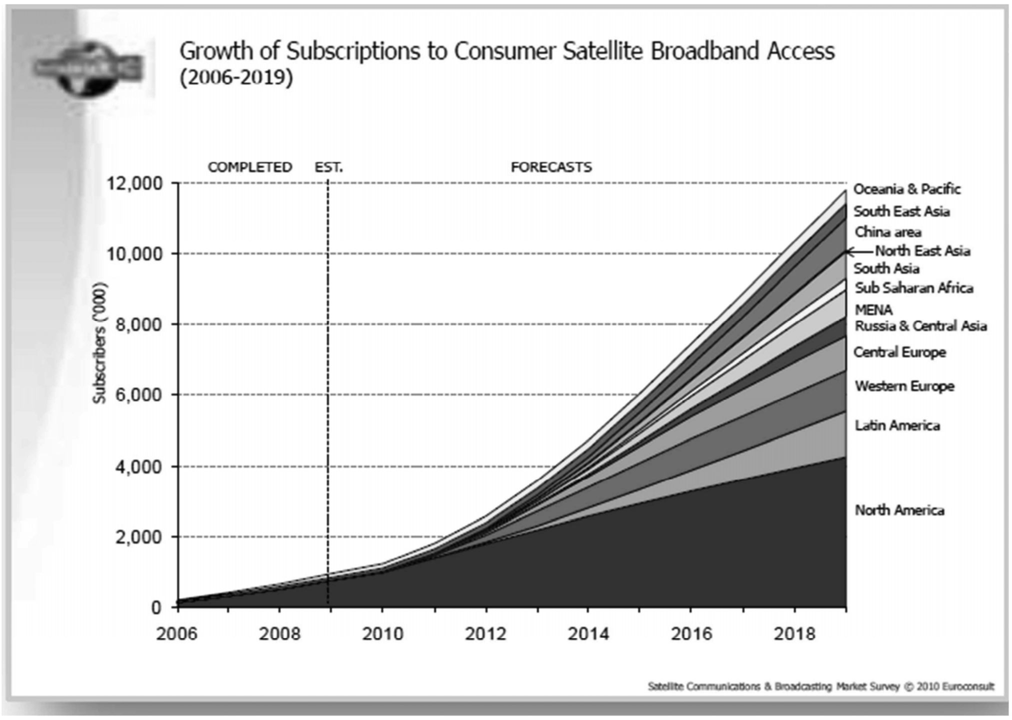
VSAT supply and demand are more interdependent than other communications markets, particularly in the consumer segment. Consumer demand remains subdued due to the capacity constraints and comparatively high cost of supply, even if many areas are currently incapable of receiving sufficient broadband capacity by other means.

Consumer demand has occurred in some instances where no other technologies can reasonably provide service, such as locations in central USA. The sustained demand for consumer broadband access is a global phenomenon, and the European region adheres to the trend. However, Ku-band satellite broadband services are comparatively expensive and therefore of more appeal to enterprise clients. There is pent-up demand for lower cost satellite broadband access.

Enterprise demand occurs to link remote sites or facilities where modest data transfer is required. Examples include mobile applications in media and shipping, retail networks and fuel stations and further afield, oil rigs. Convenience-style retail outlets have employed VSAT access for over a decade.

There are approximately 1.25 million satellite broadband subscribers in North America. Global forecasts suggest that satellite broadband service will see uptake by 12 million consumers, as well as bring about the sale of 6.4 million enterprise terminals by 2019.[3]

Consumer satellite broadband access subscription, 2006 - 2019 (thousands)



In the maritime sector, VSAT uptake continues to see strong growth. The total number of vessels in service globally rose by over 50 percent between 2007 and 2009, despite the economic slowdown.[4]

[3] Satellite Communications and Broadcasting Market Survey - EuroConsult.

[4] www.idirect.net/Company/Press-Room/Press-Releases/2010/Release-409-iDirect-Expands-Leadership-In-Maritime-VSAT-Market-According-To-New-COMSYS-Report.aspx.

Industry forecasts suggest that the next five years will see a doubling in the proportion of the global fleet equipped with VSAT installations, to more than 20,000 vessels. The global fleet is estimated at in excess of 100,000 vessels.

Demand-side drivers comprise:

- Sustained consumer demand for broadband connectivity to support the fabric of daily life.
- Rising enterprise demand to connect remote or field locations and deliver back-up service, such as in the upstream oil and gas industry.
- Rising maritime sector demand for vessel voice, video and data for both operational (crew welfare, business productivity) and passenger use.

Supply side

Governmental attempts to address those remaining portions of the population without broadband access have seen the deployment of satellite solutions in some areas. Deployment of conventional technologies such as DSL can prove too costly under certain circumstances. For example, deployment of terrestrial, next generation broadband access to those areas of the UK with population density lower than 6 persons per sq. km. and currently without access is estimated to cost £1.2 billion in infrastructure, or £1,800 per premises. This compares with costs of between £350 and £600 per premises on a satellite broadband solution.[5]

Government intervention programmes are evident across not only GIL's core markets but globally, in order to address the digital divide. Furthermore, commercial service has come to market in its own right.

- Several countries such as France, the UK, Ireland and Australia have already deployed, backed or are planning government-sponsored national satellite broadband roll-out.[5]
- The achievement of the UN’s Millennium Development Goals specifically addressing ICT Capacity will depend on further delivery of VSAT broadband access.[5]
- VSAT consumer broadband service is commercially available throughout many Middle-Eastern countries.
- Projections for future African adoption are high, although there are expected issues around pricing.

The uptake dynamic that comprises speed, capacity and cost is on the verge of developments that are likely to see a marked change. With the launch of a number of new satellites offering service in the new Ka-band rather than old Ku-band, greater capacity and speed will be available at lower cost. Whereas Ku-band satellite capacity is shared between satellite TV and broadband users, a number of Ka-band satellites will be dedicated to broadband. While deployments have in some instances initially been viewed as 'stepping stone' solutions, this perception is changing.

The first new satellite HYLAS launched in November 2010 and more launches are scheduled. Hylas has capacity to support 150,000 broadband end-users as well as corporate and carrier clients. Globally, nine Ka-band satellites are either under construction of already in orbit. Inmarsat has indicated that it is building a Ka-band unit dedicated to servicing maritime use.

This increased speed and capacity will serve multiple purposes for carrier, enterprise and consumer alike. It is likely that consumer satellite broadband services will become a high-street product,[6] whereas increased capacities and lower pricing will see greater use of VSAT for operator backhaul. Greater uptake across the board will directly benefit GIL's business.

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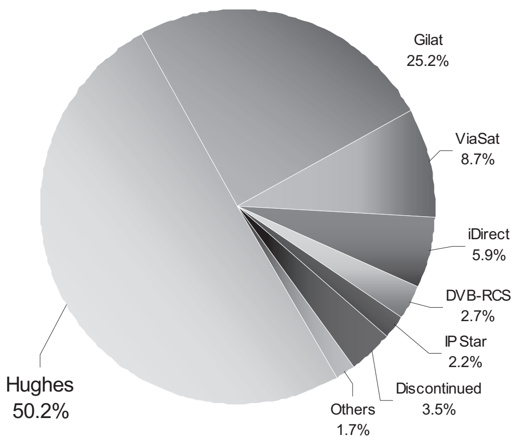
[5] Space IGS, A Space Innovation and Growth Strategy 2010 to 2030, pg 26.

[6] 'Space IGS Markets & Wealth Creation - An Innovation and Growth Team reference document from Working Group One'.

Hughes dominates the world VSAT market with 50% market share of enterprise terminal shipments, running in excess of 165,000 per year. In total, Hughes shipped almost 320,000 units in 2009 across enterprise and consumer segments, and by the end of that year, it serviced in excess of 500,000 ground sites with HughesNet consumer service.[7]

Global VSAT enterprise terminal shipments, 2009



Interactive VSATs - Vendor Historical Enterprise Shipped Market Share

SatelliteTV provider EchoStar has announced its intention to acquire Hughes, subject to regulatory approval. The deal would create the world's largest satellite-delivered video and broadband services. The premium on the share price offered to Hughes shareholders suggests that considerable scales of economy are expected through the combination. It remains unclear how these will be achieved between Echostar's low-cost, consumer hardware manufacturing capability and Hughes' higher-end, enterprise-focused hardware offering.

The maritime environment has been dominated by iDirect, a subsidiary of VT Systems. In 2009, the company reported that 60% of all new onboard installations were of its own equipment and that by mid-2010, it accounted for in excess of 40% of all vessel-installed VSAT routers. iDirect will now see a sustained increase in competition from Hughes for this market segment.

Supply-side drivers comprise:

- Governmental interventions in the form of universal service obligations for broadband access.
- Technical advances that offer greater capacity / speed.
- Improving cost dynamics, whereby VSAT service packages can start to compete with low-end terrestrial connectivity solutions.

2.4.3 Organic growth

GIL enjoys variable market shares in its different addressable market segments. This is due to the small number of competitors in those segments, the prevalence of industry 'single-source' arrangements and GIL's investment into a new sat-TV market - fibre-optic distribution.

[7] www.hughes.com.

GIL's scope for organic growth is, in these instances, limited more by the growth in the businesses of its customers than by competition. However, broadening the customer base is important in order to dilute the current customer (and therefore revenue) concentration and associated risk.

DBS

GIL has a significant and long-standing stable of DBS products (including LNB, splitters and switches) since this is where the company's history lies. The market is changing, as GIL has transitioned traditional revenues earned from separate LNB and switch products, to combined LNB and switch unit products.

LNBs and switches

The majority of DBS revenues are earned from a single North American customer. Sales outside the region are a distributed mixture of 'edge of envelope' situations, where end-users do not sit in the satellite signal sweet-spot. As such, they comprise a multitude of specific product variations. Such sales to Southern Europe (Spain, Greece, Cyprus) and as far afield as Australia do not currently represent the opportunity for volume growth by product type sufficient to dilute the revenue concentration on GI's North American customer.

Revenues from GIL's North American customer are expected to expand again in 2011. The post financial downturn situation saw a North-American customer using up stock during 2010 rather than placing additional orders. Now that inventory is diminished, orders are re-materialising and revenue rises will follow. A temporary hurdle is the current manufacturing lead-time due to an industry shortage in component supply. Furthermore, the re-pointing of satellite services from time to time re-invigorates demand for the replacement of existing LNBs, serving as mini cash-cows. This is however transitory as satellite re-points occur only sporadically.

Dishes

The dishes that LNBs are fitted to are pressed from steel as it is cheap and durable. The manufacturing of dishes is carried out by companies that specialise in that pressing process rather than in the satellite receiver market, and they may have a background in sectors such as automotive or white goods. GIL designs some of the dishes that its LNBs are fitted to and provides plans to the manufacturer rather than describing the requirements to a company that has little or no ability at dish design. Dishes are pressed in the country of sale, since shipping the metal weight internationally damages margin.

GIL has recently started delivering on a £3m contract to supply satellite dishes to a major Northern European satellite TV operator. The contract is fixed, dishes are comparatively low-cost items and the customer is cost-conscious, but the expectation is that this contract will continue, if not expand. However, since this customer has a monopoly in its national Satellite TV market, there is no opportunity for GIL to increase the number of customers it serves from the metal-pressing it carries out.

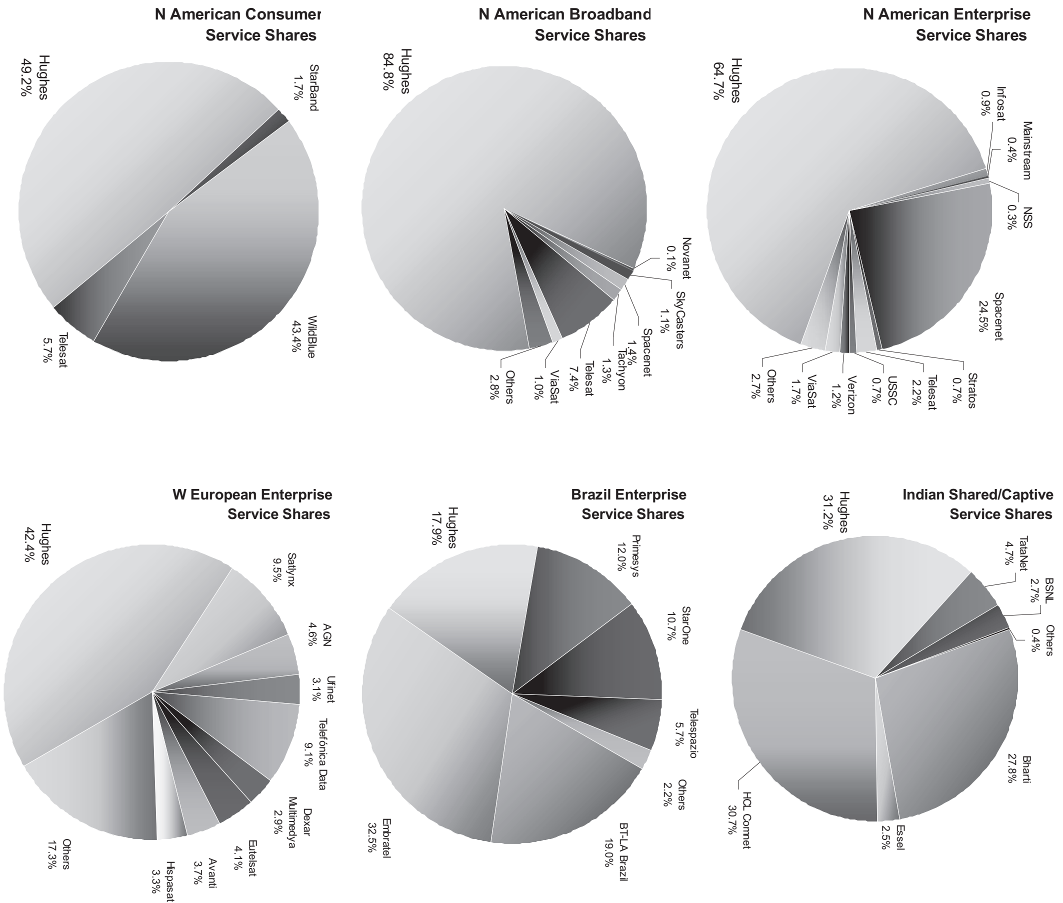
GIL has also contracted to supply dishes to its main North American customer from 2011. This could develop into a relationship to provide dishes to its 'core' as well as 'edge of envelope' customers.

VSAT

GIL has some history in the VSAT space in the UK, having supplied VSAT LNBs specifically to VSAT service provider Hughes Communications Inc. for installations such as at the UK's National Health Service (NHS) as well as for the network of newsagents selling National Lottery tickets. GIL has been shipping its new Ka-band VSAT LNBs for approximately a year although volumes have been low to date. Volume will however ramp up to 20,000 units per month from 2011.

GIL's VSAT revenues are derived solely from Hughes. Hughes is the world's largest VSAT operator, with an international footprint and significant market share, depicted in the diagrams below. It offers both consumer broadband and service to industry and is launching its own multi-spot beam satellite in 2012 under the project name 'Jupiter'.

Hughes Communications Inc. market share (in yellow)[8]



Organic expansion of the DBS business (including LNBs, switches, splitters and amplifiers, and the new fibre products to an extent) is likely to be easier than for the VSAT business. GIL has a significant DBS product portfolio and lateral expansion (sales of those products to more customers) is easier than the vertical expansion (addition of more products to the same customers). This may happen naturally through growth in the uptake of fibre products, although this is still a highly emergent market.

GIL has the opportunity to expand its sales to Hughes significantly on an international basis, not least in light of project Jupiter. Hughes currently manufactures the dishes itself, thereby limiting GIL's scope in this direction. However, the sustained future development of relevant new VSAT products could see future years deliver multiples of current revenues.

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[8] Comsys VSAT report, 11th edition, Hughes Profile & Summary, pages 3 and 4, www.hughes.com/Documents/Feature%20Articles/COMSYS_Hughes_Summary_020310.pdf.

Fibre

While GIL has spent five years developing the fibre product range, it is in its sales infancy. The potential for volume growth differs from that for the remainder of GIL's product set in that the fibre products are by their nature not tethered to particular clients, but generically applicable. Opportunities include building, campus and even city developments. Initially, sales opportunities are likely to be cross-sells from existing products and indeed the fibre products have relevance for supporting both DBS as well as some VSAT installations. In time, the fibre product range will go to market in its own right.

2.4.4 Inorganic growth

The supplier market in which GIL operates, including companies manufacturing both service-provider supplied and consumer-purchased products is seeing active consolidation. Some of those suppliers have not weathered the financial downturn as well as others and make potentially attractive acquisition targets. It is GIL's stated intention to look actively at potential acquisition options, where such acquisitions:

- Broaden GIL's addressable market for its existing product sets
- Provide access to new markets, or
- Offer complimentary product sets.

Consolidation in the space also adds an external market pressure on GIL to expand through M&A activity. Successful competitors will continue to do so, and GIL/Radiance will need to take part in order to sustain market share and address new opportunities.

Broaden the addressable market

The majority of GIL's current and projected revenues come from a large North American customer. GIL enjoys sole source status for some products to this customer as well as other customers. Such sole-source supplier arrangements are not unique within the industry and the customer base is finite by region. While such arrangements are not set in stone, it may prove more effective to acquire a competitor with a similar sole-source arrangement than attempt to win the competitor's customer.

This is particularly applicable to GIL's LNB, switch/splitter and matched LNB+dish business, since these products currently constitute the source of GIL's customer concentration and are aimed at a relatively tight-knit customer community: sat-TV service providers. The upside of winning a single additional sat-TV service provider customer is the access to substantial end-user revenue potential, given the one-to-many dynamic of this service provision.

Access new markets

Growth and expansion have naturally taken GIL into new markets. GIL's new fibre product range increases this potential substantially, since the target market no longer comprises mainly Satellite-TV service providers, but a far wider community of equipment installers and engineers, as well as a multitude of companies in the property development industry.

The sales model to this wider audience will be more varied, not only by customer type but also by geography. Sales of its fibre products are already taking GIL into markets such as Malaysia and India among others. Building revenue streams in these new markets and geographies without local knowledge and contacts can be difficult, whereas partnerships or joint ventures with local companies offer more immediate resolution.

Complimentary product set

While GIL's product sets can be viewed as complimentary, they are made more distinct by the differing customer-base and geographies for each.

- LNBs and splitters/switches sell mainly to the North American market.
- VSAT products sell to Hughes Communications Inc.
- Fibre products are so far selling in Europe as well as Asia and Indian sub-continent.

This alleviates the obvious concern about fibre revenues cannibalising GIL's more traditional switch/splitter revenues. The increase in revenues from its new fibre products and the push into new geographies will allow the product set to be viewed as a more cohesive offering that allows cross-selling to the customer base.

The fibre products serve as potential glue for future combination sales. GIL is already investigating the opportunity for selling its fibre cabling into the maritime VSAT market, given both the difficulties in routing and the potential for electro magnetic interference in maritime coax cable runs. In order to sell into this space effectively, GIL recognises its need to acquire an established manufacturer of antenna gimbals to compliment its own existing products. This situation is likely to arise in a number of arenas to facilitate wider cross-selling of GIL's existing product portfolio.

2.5 Intellectual property

GIL has to date filed 43 patent applications, of which the majority describe inventions used in its product range. A minority of the patents filed were not ultimately used in GIL products.

To date, GIL has not sought any royalties for these patents, viewing them principally defensively. There exists a risk that GIL may inadvertently have infringed patents belonging to others. Should the future see any competitors press GIL on any potential infringement, GIL's patent portfolio may prove useful to support reaching a settlement. Examples of such cross-licensing are not uncommon.

PA has no reason to believe that GIL is currently involved in any outstanding patent litigation, either against or brought by other companies.

3 Financial forecasts

PA has based its valuation model on the GIL audited financial accounts for 2008, 2009 and 2010. Investors should recognise that these accounts include a number of non-standard entries, required to reconcile the GIL accounts with the Radiance accounting periods. These accounts in PA's view represent a reasonable basis for the valuation.

The financial forecasts presented in this document have been prepared by PA based on various assumptions. For the avoidance of doubt, these forecasts or estimates in this report have not been prepared by Global Invacom Holdings Limited and its subsidiaries and associates ("GIHL Group"). Consequently these forecasts and estimates do not constitute a profit forecast by the GIHL Group.

3.1 Revenue projections

PA has developed a market model in order to compare GIL's revenue forecasts and their associated compound annual growth rates with the expected development in the market. We have done this for each of GIL's main lines of business. These forecasts have then been discussed with GIL's management and sales staff. The key lines of business that PA has used for its market evaluation are:

- LNB and switches
- VSAT
- Fibre
- Accessories and dishes.

We comment on each of these below.

When the growth forecast for each of these GIL lines of business is compared to growth forecasts for the broader market, it seems reasonable that GIL's revenue projections are broadly achievable.

3.1.1 LNB and switches

The LNB and switch markets have been considered together, since switch functionality is increasingly moving into the LNB itself. Growth aside, as GIL's switch revenue declines, so its LNB revenue increases.

Basis for forecasting

The market for this equipment has been modelled using a variety of 3rd party information sources and assumptions, detailing in the main:

- Historic sales by region
- Ratio of equipment for free-to-air satellite versus that for subscription services
- New subscriber uptake, average contract length, subscriber churn (customer churn rates by region)
- Relationship between contract subscription and equipment purchase.

Market growth forecasts

- PA's analysis shows that the global market for LNBs is likely to grow at an annual compound rate of approximately 9% to 10% between 2010 and 2015. This growth comprises new uptake, replacement as well as upgrade due to re-pointing.
- This rate of growth is in line with other forecasts from other market analysis sources, such as those included in Section 2.4.1, which evidence a CAGR of 8.5% over the period 2008 to 2013.

- New growth to 2015 is largely due to new uptake in regions outside Europe and North America. Nevertheless, there is a growing replacement market in these Western regions, which off-sets the flatter growth in new uptake.
- In the US region, from where GIL's current revenues are largely derived, a similar although slightly lower CAGR of 6% - 7% is expected over the same period.

GIL's revenue growth forecasts

- In calculating the forecast growth rate for GIL's revenues, one must take into account an anomaly in 2010 revenues.
- Due to the economic downturn, one of GIL's customers chose to run down its own existing inventory, rather than placing additional orders. Such a strategy reduces working capital and releases cash.
- The CAGR of GIL's revenue forecast is 4% between 2010 and 2015. However, this CAGR falls to 1.5% if excluding the anomaly and starting the period in 2011.

Conclusion

GIL's LNB and switch revenue forecasts are modest, falling well within the rate of market growth. This remains the case despite the fact that 50% to 80% of GIL's revenues are forecast to emanate from one of GIL's customers.

3.1.2 VSAT

GIL supplies VSAT ground equipment for both consumer and enterprise segments. It has been shipping new Ka-band equipment for some 12 months. Ka-band technology and services are expected to reshape the satellite market, although legacy markets continue to grow.

Basis for forecasting

The market for this equipment has been modelled using a variety of 3rd party information sources and assumptions, detailing in the main:

- Historic and forecast consumer uptake
- Growth in Ku-band and Ka-band enterprise payloads
- Correlation between enterprise payload and terminals.

Market growth forecasts

- Global consumer satellite broadband households are expected to grow from an installed base of around 1.6 million in 2010 to just under 12 million by 2019, with a CAGR of approximately 22%.
- Growth in carrier and enterprise demand is expected to be more modest across the board, despite pockets of high growth such as in upstream oil and gas and maritime sectors. The forecast sale of 6.4 million enterprise VSAT terminals to 2019[9] includes the range of units from low-cost up to carrier-grade equipment, and includes regular as well as emergent satellite broadband payloads.
- This forecast sale in enterprise VSAT terminals represents a 2010 - 2019 CAGR of over 11%. North America remains the dominant market for enterprise VSAT, although Latin America, West and East Europe and the Middle-East all show growing potential.

GIL's revenue growth forecasts

- GIL's revenue forecasts exhibit a CAGR of approximately 30% between 2010 and 2015. This growth is weighted specifically to the next two years, 2011 and 2012.

[9] Satellite Communications and Broadcasting Market Survey - EuroConsult.

- A rise in demand for Ka-band products over the following 2 years (2010 to 2012) is a reasonable expectation to coincide with the period when newly-launched Ka-Band satellite capacity comes online for commercial service.
- After this short-term rise, the CAGR of GIL's revenue forecasts for 2012 to 2015 falls to settle around a more modest 7%.

Conclusion

GIL's short-term (2 year) forecast revenue CAGR of 30% initially seems high. However when considered in light of the following facts, PA believes it to be credible:

- The new Ka-band capacity due to come online over the next 12 - 30 months,
- GIL has an existing contractual relationship with Hughes, the largest global VSAT service provider.

In the medium term, GIL's 7% forecast CAGR in revenue appears modest in comparison to global enterprise growth of 11% and sustained growth in consumer broadband households of 22%.

3.1.3 Fibre distribution products

Assessing the potential market for GIL's fibre products is difficult. Fibre cabling in the satellite market is novel and there is little precedent, although the fixed-line communication industry moves increasingly towards fibre use. We understand that GIL is currently the only company providing this type of fibre product and for this reason the assumption of 100% market share in 2010 is fair.

Basis for forecasting

Rather than model a growth rate for the total market and then compare GIL's forecasts, we have instead used:

- GIL's historic sales,
- GIL's historic growth in those sales as reflective of a market growth rate as a whole, and
- this as a headline growth rate into the future.

In our view, fibre cabling will supersede coaxial cabling in the short-term as method of choice for new-build, such as in new multiple dwelling units (MDU). In the longer-term it will then replace existing coaxial deployments in upgrade cycles.

Market growth forecasts

Sales increased from a tiny base, causing growth of 200% to 2010. We have forecast annual growth to decline to 130% by 2015. This rate of growth is still significant; however the market base remains small. The rate will decline further as the market grows.

Having forecast a headline market growth rate, we compare it to GIL's fibre revenue forecasts. Taking one as a percentage of the other provides GIL's forecast market share. The model shows GIL's market share falling from 100% in 2010, to only 44% in 2015 due to the market entry of competitors. We believe this to be reasonable.

GIL's revenue forecasts

GIL's forecast revenues have CAGR of approximately 20% between 2010 and 2015 due to rapid growth in the first two years of the forecast period. If considered between 2012 and 2015, this growth rate falls to 15%.

Conclusion

Given the currently very limited installed base of GIL's fibre products, annual growth rates of 15% - 20% seem modest. The difficulty in a nascent market is that sales are less replicable than in more mature markets. However, with some good customer wins in the construction and service provider industries over the next 12 to 24 months, we believe there would be scope for an upwards revision in revenue forecasts to 2015.

3.1.4 Accessories and dishes

GIL sells a number of accessory products. GIL does not sell direct to the consumer. These are sold as white-label products through third parties including those companies that are customers for GIL's other products. These accessories comprise mainly 'stackers' for sending multiple signals through a single coaxial cable when installing or expanding a system, and the 'tvLINK' range for in-home remote control of a set top box.

In addition, GIL recently entered the satellite dish market, having secured contracts in both UK and USA.

Basis for forecasting

We have not modelled individually the sale of accessories and dishes, but instead consider the revenue forecasts in the light of growth in GIL's other relevant markets.

GIL's revenue forecasts

Accessories

- GIL's forecast sales for accessories show a CAGR of approximately 12% between 2010 and 2015.

Dishes

- Between 2011 and 2015, a CAGR of 30% is forecast. However, sales of dishes are growing from zero in 2009 and as such, the high rate of growth due to early years can be misleading. When considering later years within the forecast period, the growth rate in dish revenues falls; the CAGR for 2012 - 2015 is 13%, and that for 2013 - 2015 falls to below 5%.

Conclusions

Accessories

- GIL's forecast accessory revenues account for between 6% and 7% of total sales throughout the forecast period, other than a decline below 5% in 2011. This is the result of gradual erosion in the sales of tvLINK to existing customers before the counter-effect of growth in accessory sales to new customers occurs, from 2012.
- Sales of accessories remain relatively constant as a percentage of overall forecast revenues in the medium term and this seems to be a reasonable assumption.

Dishes

- The trend in annual growth after the initial two years of the forecast period of first 13% then 5% is in line with the growth in the LNB / switch market of between 6% and 10%.
- GIL supplies dishes to Sky UK as of 2010 and has already entered contract to supply dishes to a North American customer as of 2011. Selling into two major customers, one of which comprises a significant installed base, lends credibility to a rapid growth in forecast revenues.
- GIL is incumbent supplier of 'edge of envelope' LNBs to a North American operator, having proved the quality of its products. Dishes are required in the same ratio as LNBs and it is not unreasonable to assume that GIL will fulfil an increasing percentage of its existing clients' requirements for edge of envelope reception. Shipments of new 'matched' LNB and dish set-ups will contribute to this trend.

3.2 Gross Margins

Gross margins are treated independently per product line. Gross margins increase on some product lines over time as volume efficiencies occur or development costs on nascent fibre products diminish. Other margins remain constant or decline, as is the case with LNBs or sales of accessories. Changes to each of the revenue projections by line of business are reflected commensurately through variance in the individual cost of sale. PA has analysed the gross margins GIL achieves on each of the key lines of business and reflected its observations regarding the key issues in the business which are as follows.

- Revenues remain highly concentrated, with a single customer continuing to account for between 50% and 80% of the total throughout the forecast period. Margins for lines of business sold to DBS customers may decline from current rates as other players attempt to enter this sub-sector.
- The revenue mix is changing. Revenue from switches was historically significant. As switch functionality is built into the LNB, switch revenue is declining rapidly and Low Noise Block (LNB) revenue needs to increase in order to off-set this decline, in addition to any market growth.
- Sales of fibre products and dishes represent new and unproven lines of business. Demand for fibre products may not materialise as quickly as expected and it is likely that margin will be eroded from the current launch position over the 5 year forecast period.
- The need to innovate is constant. Old product designs can see unexpected repeat orders due to ad hoc events such as satellite re-pointing, serving as useful cash cows. However, investment in R&D and the product pipeline must be sustained in order to remain current.
- The market is changing. Necessary expansion beyond GIL's existing clients and geographies will bring new competitive challenges which may make it harder for GIL to sustain its traditional margins.
- A consolidating supply market offers both opportunity and risk - the likely need to carry out further transactions to defend and grow market share requires strong leadership and a diligent management team.
- Competition will increase. GIL has until now faced only niche competition. However, the risk of substitution can rise as market share grows and product sets expand both organically and through acquisition.

Consequently PA has made the following assumptions regarding GILs growth margins which we consider to be conservative:

- Maintaining the margins on LNBs at the 2010 rate
- Decreasing the fibre product margins from their high, but introductory levels of 2010 through to a long term-sustainable level similar to GILs other product ranges
- Applying a gradual decline to VSAT margins to reflect the possibility of increased competition
- For the other lines of business PA has maintained the margins forecast in the GIL business plan.

3.3 Other operational and financial forecasts

In order to determine the likely operation of the business in the future, we have forecast a number of operational and financial parameters, as is customary in business planning. The basis for key forecasts is described below:

- **Capital expenditure** - 2008 capex spiked, likely in relation to the merge of Invacom Ltd and Global Comms, 2009/10 capex is subdued, likely due to the economic downturn and gearing up for the Radiance transaction. We have therefore forecast a modest increase in capital expenditure in the initial year forecast period before employing an aggregate capex-to-sales ratio.

- **Operating expenditure** - GIL's administrative expenses have fluctuated modestly as a percentage of cost of sale. We believe viewing opex against COS rather than revenue is appropriate since operational costs cannot typically be controlled in line with revenue. 2010 saw higher opex than in previous years. A fixed historic average delivers a future rise in operational costs of approximately 11% per annum which we deem conservative.
- **Depreciation** - our forecast for depreciation increases over time, tracking the long-term trend in capital expenditure.
- **Stock** - 2010 saw a spike in the inventory level, as GIL's customers exhausted their own inventories before buying further product. We have ignored this spike and carried a stock-to-sales ratio forward through the forecast period.

4 Company valuation

PA has carried out a valuation of GIL using a discounted cash flow methodology. We have calculated the historic EBITDA positions of the company in the years 2008 - 2010 in order to re-cast the cash flow statements for the purpose of valuation. We have tested GIL's revenue forecasts for each of its lines of business using our own market model. We have validated the cost of sale / gross margin associated with each line of business based on GILs historic ledger information and forecast these margins conservatively to reflect the key issues for investors in GIL. Key financial and operational parameters are forecast for five years to the end of 2015. Finally, we have determined a terminal value. This, when added to the sum of discounted cash flows in the forecast period in addition to the current net debt position, results in the equity value of the company.

4.1 Selection of a discounted cashflow methodology

There are a number of ways in which to assess the value of a company. These commonly include a discounted cash flow (DCF) approach, as well as comparables analysis based mainly on EBITDA (e,g, eV/EBITDA) and price earnings ratio (PER).

PA has selected the DCF approach as we believe it is most appropriate for a business like GIL. GIL is a medium sized enterprise with few, if any direct equivalents. Because of its size, cashflows vary year to year as the revenue from different lines of business changes to accommodate industry trends and customer demand for its products. The future value of the business is likely to result from cashflows generated by new product ranges and vary with future market changes. DCF is the most appropriate method as it uses forecasts of the company's financial performance as the basis for the valuation. As implemented by PA, these forecasts take into account changes in product mix, competition and customer mix.

While we have used a comparables approach to cross-check our DCF valuation, we believe it is less appropriate for GIL because the methodology depends on the existence of a set of other similar firms with similar products, customers and market performance. Additionally, because the comparables methodology uses a "snapshot" of business performance in one year to determine the valuation, the methodology is less appropriate for a business with more variable performance year to year, such as GIL.

4.2 Valuation

PA's final assessment of the valuation of Global Invacom Ltd. is USD 56.1 million. The table below breaks out the constituent components of this value:

Forecast cash flows	Terminal value	Enterprise Value	Net debt	Equity value
USD 16.99 m	USD 31.73 m	USD 48.73 m	(USD 7.35 m)	USD 56.1 m

4.3 Valuation assumptions

A number of assumptions and caveats apply, which assist with understanding the valuation.

- **EBITDA** - PA calculates GIL's EBITDA in the historic periods, and this forms the basis of new cash flow statements for the purposes of a discounted cash flow valuation. This calculation and use of EBITDA leads to different cash flow statement values than those presented in the audited financial accounts. This is as expected and reflects the impact of several items such as sums paid for

Radiance shares and other transactions some of which we have discussed below. Overall we believe the accounts and our calculations are broadly consistent.

- **Extraordinary items** - the 2010 audited financial accounts include an $8.6 million investment write-off. This relates to the acquisition of shares in Radiance Group. No commensurate asset is shown on the balance sheet since shares were then gifted. PA's valuation of GIL is on the basis of existing operations, exclusive of its dealing with Radiance Group. PA has therefore excluded the investment write-off. This leads to a calculated 2010 EBITDA of $3.6 million, as opposed to ($5.4) million as shown in the financial accounts.
- **Other adjustments to audited financial accounts** - GIL has pointed out a number of further individual line items in the accounts relating variously to administrative expenses, chip development costs, bonus per share payments, cost of sale increase and various currency/stock movements. PA has not made specific provision or adjustment for these items and their inclusion is on the basis presented in the financial accounts. They are as follows:
  - *2010 has been a product transition year with some products seeing declining sales and some others yet to make it into production. This short-term effect is accommodated in forecasts for revenues and costs by line of business (product type).*
  - *Administrative expenses have increased significantly in 2010 due to increased salary levels and staffing. This is a normal growth adjustment but the step-change is smoothed in the forecast period.*
  - *Bonus per share payments amounted to a notable portion of administrative expenses in 2008 and 2009 since they are not treated as dividend payments. These were however actual costs to the business and as such their inclusion in the valuation is appropriate.*
  - *The 2008 COS figure stated in the accounts has seen minor adjustment in order to bring it into line with GIL's ERP-system output data.. COS forecasts are based on inputs that include each of the years 2008 - 2010 in addition to analysis of the 2008, 2009 and 2010 ERP-system outputs for each of GIL's product lines. In our opinion therefore, our forecasts are not overly influenced by outliers such as the 2008 figure.*
- **2008 opening balances** - opening balances for items such as inventory and cash at bank are not included in the audited financial accounts. These were provided separately by GIL. We have assumed that these opening balances are consistent with the data in the audited financial accounts.
- **Financial exchange rates** - used internally by GIL and the accountants in the financial statements in converting between GBP, USD and Euro denominated revenues, costs and overheads are various. We have employed blended annual rates to reconcile between sterling-denominated sales and gross margin information from GIL's ERP system, and the dollar-denominated audited financial accounts. Broadly we believe these rates will be consistent as we have calculated them based on GIL ERP and accounting data.
- **Tax** - we have made the conservative assumption that future tax liabilities are paid in full in the year they fall due for the years in which we forecast GIL's financial performance. No tax liability is therefore carried on the future balance sheet.

4.3.1 WACC calculation

PA has calculated a WACC of 12.05% based on GIL's financial position at end of full year 2009. GIL is financed through equity and has no debt. The WACC therefore reflects solely the cost of equity. We have carried out some high-level analysis of the effect of an altered WACC and this is shown below in the section 'sensitivity analysis' below.

Constituent components of the WACC calculation are detailed below.

4.3.2 Risk free rate - 4.3%

The UK 30-year bond rate on the day of writing is 4.3%. In our opinion it is appropriate to use a 30-year historic average rather than the current yields in the low interest-rate environment in the UK. We believe that 4.3% more fully reflects a 'through the economic cycle' rate and is consistent with our assessment of the Equity Risk Premium below.[10]

4.3.3 Equity premium - 6.3%

The equity risk premium is the difference between the expected collective (*i.e. earnings and dividend*) rate of return on shares and the risk free rate of return (*on a mid-to-long duration sovereign bond from the country being analysed*). This is the "Earnings yield + dividend yield less the bond yield".

PA's calculation takes the EPS yield of an appropriate country index such as the S&P 500 or FTSE All Share or FTSE 250, which serves as a proxy for developed markets. To this EPS, the dividend yield is added. From this sum, the risk-free rate is subtracted, leaving the risk premium of an investment in equities over the risk free rate.

PA has used the FTSE All share rate as the basis for this calculation, because GIL is a UK based company. The use of a country all share index clearly includes companies that trade on a multi-region basis, such as GIL. The calculation has been carried out as follows:

EPS yield of FTSE All Share at 7.5%, added to the dividend yield of 3.1%, subtract the current yield on a 30-year UK gilt at 4.3%, gives an equity risk premium of 6.3%.

4.3.4 Equity beta - 1.23

We calculated an equity beta by means of de-gearing the betas for a basket of comparable companies and re-gearing the beta for GIL. In light of the nature of GIL's operations and the fact that most companies operating in similar areas are private, identifying a comparables basket of listed companies is difficult. The basket comprised 6 companies; Harmonic, Pace, KVH, Calamp, Prime Electronics & Satellites Inc. These companies have been selected because their business operations are sufficiently comparable in nature to the business operations of GIL and due to the availability of financial data. These businesses focus in large part on the design and manufacture of communications solutions including satellite and transmission equipment. We have considered and analysed and excluded a further number of companies. The average equity beta of the 6 companies included is 1.23.

We have cross-checked this beta and confirmed that it is in line with the average equity betas of relevant industry sectors,[11] which are as follows:

- Aerospace and defence - 1.10
- Consumer electronics - 1.24
- Communications equipment - 1.19
- Technology sector - 1.08.

4.3.5 Terminal value

We have used the Bank of England's inflation report for November 2010 to select a terminal growth rate of 2%. This rate used in determining the terminal value (TV).[12] In its report, the Bank of England forecasts that UK GDP growth in the next 3 years is forecast to rise from 1.8% to 2.5%, while CPI inflation is forecast to fall from 2.5% to 1.9% over the same period.

[10] http://markets.ft.com/markets/bonds.asp, 21st February 2011

[11] Reuters, December 2010.

[12] www.bankofengland.co.uk/publications/inflationreport/2010.htm, November 2010.

Bank of England forecasts	2011 Q4	2012 Q4	2013 Q4
GDP growth	1.8	2.3	2.5
CPI inflation	2.5	1.8	1.9

Given the UK's current position emerging from a low point in the economic cycle, our assessment is that the short-term GDP growth and inflation rates in the table are high. We have therefore taken a more conservative estimate of 2% as more reflective of GDP growth in the long term.

This is a conservative position, since an increasing volume of GIL's sales are likely to emanate from non Western geographies, which are growing at faster rates than the UK. We have carried out a sensitivity analysis on the impact of changes to the growth rate as shown below.

4.4 Sensitivity analysis

4.4.1 Valuation sensitivity to WACC

The table below demonstrates the impact of adjustments to the discount rate used in calculating a discounted cash flow valuation of the business. Adjustments to the WACC of +/- 1% result in a corresponding change to the valuation of the business by +/- USD 0.4 million.

The equity value of the business shown in the table below includes the addition of the company's net debt (cash) position, calculated as described at the start of this chapter.

Analysis of the effect of WACC variance (USD)

WACC %	**NPV of DCF (2011E-2015E)**	**NPV of TV**	**Enterprise Value**	**Equity value**
Sensitivity increment *0.25%*	**$'000s**	**$'000s**	**$'000s**	**$'000s**
11.05%	$17,361	$36,690	$54,050	$61,405
11.30%	$17,267	$35,344	$52,611	$59,966
11.55%	$17,175	$34,073	$51,248	$58,602
11.80%	$17,083	$32,871	$49,954	$57,309
12.05%	$16,993	$31,737	$48,730	$56,085
12.30%	$16,903	$30,653	$47,556	$54,911
12.55%	$16,814	$29,629	$46,443	$53,797
12.80%	$16,725	$28,656	$45,381	$52,736
13.05%	$16,638	$27,730	$44,368	$51,722

4.4.2 Valuation sensitivity to the terminal growth rate

The impact of adjustments to the terminal growth rate (TGR) used in calculating a discounted cash flow valuation of the business are shown in the table below. Adjustments to the TV of up to 0.5% bring a commensurate adjustment in the valuation of the business by USD 1.8 million.

Analysis of the effect of growth rate on terminal value (USD)

WACC	NPV of DCF (2011E-2015E) $'000s	TGR %	NPV of TV $'000s	Equity value $'000s
12.05%	$16,993	2.00%	$31,737	$56,085
		2.25%	$32,626	$56,974
		2.50%	$33,563	$57,910

4.5 EBITDA multiple analysis

PA has valued GIL on the basis of a discounted cash flow analysis. To test this value, we have carried out an analysis of comparable EBITDA multiples.

We have calculated GIL's enterprise value (eV) over EBITDA to compare this ratio to that of other companies operating in the sector.

In considering the EBITDA multiple, PA reverts to US dollars, the currency in which the audited financial accounts are stated. The reason is to strip out any additional effects of currency variation. Currency calculations are based on the following:

– *GIL's 2009 and 2010 eV / EBITDA figures have been calculated in dollars on the basis of the dollar figures in the audited financial accounts*

– *The 2011E eV / EBITDA figure is calculated by PA's financial model in sterling and has then been converted into dollars at the prevailing interbank exchange rate at the time of calculation.*[13]

The 2010 EBITDA multiple appears high. It is important to note that 2010 represented a significant drop in GIL's EBITDA. We have therefore also considered the valuation figure in comparison to both 2009 and 2011*E* EBITDA positions. GIL EBITDA multiples are shown in the table below.

Year	Enterprise Value	EBITDA	EBITDA multiple
2009	-	$9.4 m	5.2
2010	$48.7 m	$3.6m	13.5
2011 E	-	$5.4m	9.0

To identify the companies to be used for comparison, PA initially prepared a list of all those companies included in Bloomberg's categories for "*Manufacturers of Professional, Communal and In-Home Satellite Equipment and Accessories*". The category was expanded through the use of websites such as www.satellite-links.co.uk/links/pes.html.

The list has been reduced through sub-selection of the few companies that (a) are publicly listed, (b) are in sufficient part comparable to the operations of GIL, (c) have similar debt/equity

Companies considered	Used	Reason for exclusion

[13] Interbank £/$ exchange rate at 14.06.2011, 1.62771, www.oanda.com/currency/converter.

Harmonic	Yes	
Pace	Yes	
Calamp	Yes	
KVH	Yes	
ViaSat	Yes	
Prime Electronics & Satellites Inc	Yes	
Hughes	Yes	
Wistron Neweb	Yes	
Comtech Telecom	No	Military communications contractor with few consumer product applications
Visilink	No	Although engaged in some satellite and wireless comms, it operates in different industry sectors.
E2V	No	Different Industry: "*Electronic Instr. and Controls*" rather than "*Communications Equipment*". Its main focus is on electronics and sub-components.
Hauppauge	No	Focus on analogue and digital television tuner products for the personal computer market. Different industry
Infineon Technologies AG	No	Semi-conductor
Sumavision		Different industry sub-sector despite minimal overlap. Different geographic base.
Sharp	No	Consumer electronics manufacturing conglomerate.
Philips	No	Consumer electronics manufacturing conglomerate.
Globecomm Systems	No	Different business model including hardware, software, systems integration and managed service.
Cobham plc	No	Different industry sector: Avionics & surveillance
API Technologies Corp	No	Different industry.

A range of comparison EBITDA multiples for these companies operating is provided below. It is important to bear in mind a number of factors when comparing any individual company listed below to GIL. Most notably, these include:

- Net debt - very different levels of net debt are carried by comparison companies.
- Field of operation - several of these companies are service rather than equipment businesses.
- Growth expectations - several of these companies have significantly lower expectations than GIL.

Company	EBITDA multiple	Comment and source
Calamp	*-96.9*	*Outlier - negative EBITDA. (Source: Yahoo! Finance)*
Prime Electronics & Satellites	5.5	Quoted for 12/2010. (Source: Bloomberg).
Hughes Communications	9.6 - 10.5	Based on 2010 EBITDA. Figure varies, depending on calculation timing relative to the announcement

		of Echostar take-over. (Source: various media reports)
Gilat	7.4	(Source: Yahoo! Finance)
Wistron Neweb	8.1	(Source: Infinancialanalytics.com)
ViaSat	12.8	(Source: Yahoo! Finance)
KVH	16.3	(Source: Yahoo! Finance)
Harmonic	23.6	(Source: Yahoo! Finance)
Pace	*710.5*	*Outlier. (Source: Yahoo! Finance)*

The range of EBITDA multiples lies between 5.5x and 23.6x. This results in an implied valuation for GIL of between USD 19.9 million and USD 85.0 million, with a mean implied valuation for GIL of USD 52.4 million. This compares with our DCF valuation of USD 56.1 million. We therefore conclude that the DCF valuation is consistent with the comparables analysis above.

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APPENDIX G – RULES OF THE GLOBAL INVACOM GROUP EMPLOYEE SHARE OPTION SCHEME

1. NAME

This scheme shall be called the Global Invacom Employee Share Option Scheme or the "ESOS".

2. DEFINITIONS

2.1 In this ESOS, unless the context otherwise requires, the following words and expressions shall have the following meanings:

"Act"	:	The Companies Act (Chapter 50) of Singapore, as amended, supplemented or modified from time to time;
"Articles of Association"	:	The articles of association of the Company, as amended, supplemented or modified from time to time;
"Auditors"	:	The auditors of the Company for the time being;
"Board"	:	The board of directors of the Company for the time being;
"CDP"	:	The Central Depository (Pte) Limited;
"Committee"	:	The Remuneration Committee, or such other committee comprising directors of the Company duly authorised and appointed by the Board to administer the ESOS;
"Company"	:	Global Invacom Group Limited (formerly known as Radiance Group Limited);
"Controlling Shareholder"	:	Means a person who (as defined in the Listing Manual): (a) holds, directly or indirectly, 15% or more of the total number of issued Shares in the Company, excluding treasury shares (unless the SGX-ST determines such person is not a Controlling Shareholder); or (b) in fact exercises control over the Company;
"CPF"	:	Central Provident Fund;
"Director"	:	A director of the Company, as the case may be, for the time being;
"ESOS"	:	The Global Invacom Group Employee Share Option Scheme, as modified, supplemented or amended from time to time;
"Exercise Price"	:	The price at which a Participant shall acquire each Share upon the exercise of an Option, as determined in accordance with Rule 9, or such adjusted price as may be applicable pursuant to Rule 10;
"Group"	:	The Company and its subsidiaries;
"Group Employee"	:	Any full-time confirmed employee of the Group, including where appropriate, a Group Executive Director;

"Group Executive Director"	:	An executive director of the Group;
"Group Non-Executive Director"	:	A non-executive director of the Group;
"Listing Manual"	:	The Listing Manual of the SGX-ST, as amended, supplemented or modified from time to time;
"Market Day"	:	A day on which the SGX-ST is open for trading of securities;
"Market Price"	:	The price that is equal to the average of the last dealt prices for a Share, as determined by reference to the daily official list or other publication published by the SGX-ST for the three (3) consecutive Market Days immediately preceding the Offer Date of that Option, rounded up to the nearest whole cent in the event of fractional prices;
"Memorandum"	:	The memorandum of association of the Company, as amended, supplemented or modified from time to time;
"Offer Date"	:	The date on which an offer to grant an Option is made pursuant to Rule 7;
"Option Period"	:	The period for the exercise of an Option, being: (a) in the case of an Option granted to a Group Employee at Market Price, a period commencing on the first anniversary of the Offer Date and expiring on the day preceding the tenth anniversary of such Offer Date, subject as provided in Rules 11, 12 and 14; (b) in the case of an Option granted to a Group Non-Executive Director at Market Price, a period commencing on the first anniversary of the Offer Date and expiring on the day preceding the fifth anniversary of such Offer Date, subject as provided in Rules 11, 12 and 14; (c) in the case of an Option granted to a Group Employee at a price which is set at a discount to the Market Price, a period commencing on the second anniversary of the Offer Date and expiring on the day preceding the tenth anniversary of such Offer Date, subject as provided in Rules 11, 12 and 14; and (d) in the case of an Option granted to a Group Non-Executive Director at a price which is set at a discount to the Market Price, a period commencing on the second anniversary of the Offer Date and expiring on the day preceding the fifth anniversary of such Offer Date, subject as provided in Rules 11, 12 and 14;
"Option Shares"	:	The Shares to be granted pursuant to the exercise of the Options;

“Options”	:	The right to acquire Shares granted or to be granted pursuant to the ESOS and for the time being subsisting;
“Participant”	:	A person who is selected by the Committee to participate in the ESOS in accordance with the provisions herein;
“Record Date”	:	The date as at the close of business (or such other time as may have been prescribed by the Company) on which Shareholders must be registered in order to participate in the dividends, rights, allotments or other distributions (as the case may be);
“Rules”	:	The rules of the ESOS, as the same may be amended from time to time;
“SGX-ST”	:	The Singapore Exchange Securities Trading Limited;
“Shareholders”	:	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;
“Shares”	:	Ordinary shares in the capital of the Company;
“subsidiary”	:	A subsidiary as defined under the Act;
“S$”	:	Singapore dollars;
“treasury shares”	:	This term shall have the meaning ascribed to it under the Act; and
“%” or “per cent.”	:	Per centum. or percentage.

2.2 For the purposes of this ESOS:

(a) in relation to a Shareholder (including, where the context requires, the Company), “control” means the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of that company;

(b) unless rebutted, a person who holds directly or indirectly, a shareholding of fifteen per cent. (15%) or more of the Company’s issued share capital shall be presumed to be a Controlling Shareholder;

(c) in relation to a Controlling Shareholder, his “associate” shall have the meaning ascribed to it by the Listing Manual or any other publication prescribing rules or regulations for corporations admitted to the Official List of the SGX-ST (as modified, supplemented or amended from time to time);

(d) The terms “Depositor”, “Depository Register” and “Depository Agent” shall have the meanings ascribed to them respectively by Section 130A of the Act;

(e) Words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and neuter gender. References to such persons shall include corporations;

(f) Any reference in the ESOS to any enactment is a reference to that enactment as for the time being amended, supplemented or re-enacted. Any word defined under the Act, or any statutory modification thereof and used in this ESOS shall, where applicable, have the same meaning ascribed to it under the Act, as the case may be; and

(g) Any reference in this ESOS to a time of day shall be a reference to Singapore time unless otherwise stated.

3. OBJECTIVES

The ESOS will provide an opportunity for Group Employees and Group Non-Executive Directors who have contributed significantly to the growth and performance of the Group and who satisfy the eligibility criteria as set out in Rule 4, to participate in the equity of the Company.

The ESOS is primarily a share incentive scheme. The Company recognises the fact that the services of such Group Employees and Group Non-Executive Directors are important to the success and continued well being of the Group. Implementation of the ESOS will enable the Company to give recognition to the contributions made by such Group Employees and Group Non-Executive Directors. At the same time, it will give such Group Employees and Group Non-Executive Directors an opportunity to have a real and meaningful stake in the Company and will also help to achieve the following positive objectives:

(a) to motivate each Participant to maintain a high level of performance and contribution;

(b) to attract and retain key Group Employees whose contributions are important to the long-term growth and profitability of the Group;

(c) to give recognition to the contributions made or to be made by Group Non-Executive Directors to the success of the Group; and

(d) to instil loyalty to the Group and stronger identification by Participants with the long-term prosperity of the Group.

4. ELIGIBILITY

4.1 The following persons shall be eligible to participate in the ESOS, subject to the absolute discretion of the Committee:

(a) Confirmed Group Employees (including for the avoidance of doubt, Group Executive Directors) who have attained the age of twenty-one (21) years on or prior to the relevant Offer Date and are not undischarged bankrupts and have not entered into a composition with their respective creditors, and who have, as at the Offer Date, been in the employment of the Group for a period of at least twelve (12) months, or such shorter period as the Committee may determine; and

(b) Group Non-Executive Directors.

4.2 Group Employees who are eligible to participate in the ESOS may also be eligible to participate in any other share option or share incentive schemes implemented by any other company within the Group. There is no restriction on persons selected to participate in the ESOS from also participating in any other share option or share incentive scheme implemented by any other company within the Group.

4.3 Persons who are also Controlling Shareholder(s) and their respective associates would be eligible to participate in the ESOS if each such person meets the eligibility criteria in Rule 4.1.

However, (i) the aggregate number of Option Shares available to the Controlling Shareholder(s) and their associates shall not exceed twenty-five per cent. (25%) of the total number of Option Shares available under the ESOS; and (ii) the number of Option Shares available to each Controlling Shareholder or his associate shall not exceed ten per cent. (10%) of the total number of Option Shares available under the ESOS.

Participation in the ESOS by the Controlling Shareholder(s) and their associates must be approved by independent Shareholders of the Company and a separate resolution must be passed for each such person to approve the actual number and terms of Option and Option Shares granted to such person(s). The Company will at such time provide the rationale and justification for any proposal to grant any Options to the Controlling Shareholder(s) and their associates in the circular, letter or notice to Shareholders.

4.4 For the purposes of determining eligibility to participate in this ESOS, the secondment of a Group Employee or Director to another company within the Group shall not be regarded as a break in his employment or his employment having ceased by reason only of such secondment to be a full-time employee of the Group.

4.5 Subject to the Act and any requirement of the SGX-ST or any other stock exchange on which the Shares may be listed or quoted, the terms of eligibility for participation in the ESOS may be amended from time to time at the absolute discretion of the Committee.

5. MAXIMUM ENTITLEMENT

Subject to Rules 4 and 10, the aggregate number of Option Shares comprised in Options which may be offered to a Participant for subscription in accordance with the ESOS shall be determined at the absolute discretion of the Committee who shall take into account, where applicable, criteria such as rank, past performance, years of service and potential contribution of the Participant.

6. SIZE

The aggregate number of Option Shares over which the Committee may grant Options for the duration of the ESOS, when added to the number of Option Shares issued and issuable in respect of all Options granted under the ESOS and other Shares issued and/or issuable under other share-based incentive schemes of the Company, shall not exceed fifteen per cent. (15%) of the total number of issued Shares (excluding treasury shares) on the day immediately preceding the Offer Date of the Option.

7. OFFER DATE

7.1 The Committee may, save as provided in Rules 4, 5, 6 and 10, offer to grant Options to such Participants as it may in its absolute discretion select at any time during the period when the ESOS is in force, except that no Options shall be granted during the period of thirty (30) days immediately preceding the date of announcement of the Company's interim or final results (whichever the case may be). In addition, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is made, offers to grant Options may only be made on or after the second Market Day on which such announcement is released.

7.2 An offer to grant the Option to a Participant shall be made by way of a letter (the "**Letter of Offer**") in the form or substantially in the form set out in Appendix 1, subject to such amendments as the Committee may from time to time determine.

8. ACCEPTANCE OF OFFER

8.1 An Option offered to a Participant pursuant to Rule 7 may only be accepted by the Participant within thirty (30) days after the relevant Offer Date and not later than 5.00 p.m. on the thirtieth (30th) day from such Offer Date (a) by completing, signing and returning to the Company the Acceptance Form in or substantially in the form set out in Appendix 2, subject to such modification as the Committee may from time to time determine, accompanied by payment of S$1.00 as consideration or such other amount and such other documentation as the Committee may require and (b) if, at the date on which the Company receives from the Participant the Acceptance Form in respect of the Option as aforesaid, he remains eligible to participate in the ESOS in accordance with these Rules.

8.2 If a grant of an Option is not accepted strictly in the manner as provided in this Rule 8, such offer shall, upon the expiry of the thirty (30) day period, automatically lapse and shall forthwith be deemed to be null and void and be of no effect.

8.3 The Company shall be entitled in its absolute discretion to reject any purported acceptance of a grant of an Option made pursuant to this Rule 8 or Exercise Notice given pursuant to Rule 12 which does not strictly comply with the terms of the ESOS.

8.4 Options are personal to the Participants to whom they are granted and shall not be sold, mortgaged, transferred, charged, assigned, pledged or otherwise disposed of or encumbered in whole or in part or in any way whatsoever without the Committee's prior written approval, but may be exercised by the Participant's duly appointed personal representative as provided in Rule 11.6 in the event of the death of such Participant.

8.5 The Participant may accept or refuse the whole or part of the offer. If only part of the offer is accepted, the Participant shall accept the offer in multiples of 1,000 Shares. The Committee shall, within fifteen (15) Market Days of receipt of the Acceptance Form and consideration, acknowledge receipt of the same.

8.6 In the event that a grant of an Option results in a contravention of any applicable law or regulation, such grant shall be null, void and of no effect and the relevant Participant shall have no claim whatsoever against the Company.

8.7 Unless the Committee determines otherwise, an Option shall automatically lapse and become null, void and of no effect and shall not be capable of acceptance if:

(a) it is not accepted in the manner as provided in Rule 8.1 within the thirty (30) day period;

(b) the Participant dies prior to his acceptance of the Option;

(c) the Participant is adjudicated a bankrupt or enters into composition with his creditors prior to this acceptance of the Option;

(d) the Participant being a Group Employee ceases to be in the employment of the Group or being a Group Executive Director ceases to be a Director, in each case, for any reason whatsoever prior to his acceptance of the Option; or

(e) the Company is liquidated or wound-up prior to the Participant's acceptance of the Option.

9. EXERCISE PRICE

9.1 Subject to any adjustment pursuant to Rule 10, the Exercise Price for each Share in respect of which an Option is exercisable shall be determined by the Committee at its absolute discretion, and fixed by the Committee at:

(a) the Market Price; or

(b) a price which is set at a discount to the Market Price, the quantum of such discount to be determined by the Committee in its absolute discretion, provided that the maximum discount which may be given in respect of any Option shall not exceed twenty per cent. (20%) of the Market Price (or such other percentage or amount as may be prescribed or permitted for the time being by the SGX-ST) and further provided that the Shareholders shall have approved such maximum discount at a general meeting in a separate resolution.

9.2 In making any determination under Rule 9.1(b) on whether to give a discount and the quantum of such discount, the Committee shall be at liberty to take into consideration such criteria as the Committee may, at its absolute discretion, deem appropriate, including but not limited to:

(a) the performance of the Group, taking into account financial parameters such as net profit after tax, return on equity and earnings growth;

(b) the years of service and individual performance of the eligible Participant;

(c) the contribution of the eligible Participant to the success and development of the Company; and

(d) the prevailing market conditions.

10. VARIATION OF CAPITAL

10.1 If a variation in the issued share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue or reduction (including any reduction arising by reason of the Company purchasing or acquiring its issued Shares), subdivision, consolidation or distribution, or otherwise howsoever) should take place, then:

(a) the Exercise Price in respect of the Shares comprised in the Option to the extent unexercised; and/or

(b) the number of Shares comprised in the Option to the extent unexercised and the rights attached thereto,

may, at the option of the Committee, be adjusted in such manner as the Committee may determine to be appropriate including retrospective adjustments where such variation occurs after the date of exercise of an Option but the Record Date relating to such variation precedes such date of exercise and, except in relation to a capitalisation issue, upon the written confirmation of the Auditors (acting only as experts and not as arbitrators) that in their opinion, such adjustment is fair and reasonable.

10.2 Notwithstanding the provisions of Rule 10.1 above:

(a) no such adjustment shall be made if as a result, the Participant receives a benefit that a Shareholder does not receive; and

(b) any determination by the Committee as to whether to make any adjustment and if so, the manner in which such adjustment should be made, must (except in relation to a capitalisation issue) be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

10.3 The issue of securities as consideration for an acquisition of any assets by the Company or a private placement of securities or the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares, in accordance with the Listing Manual, undertaken by the Company on the SGX-ST during the period when a share repurchase mandate granted by the Shareholders (including any renewal of such mandate) is in force, will not be regarded as a circumstance requiring adjustment under the provisions of this Rule 10.

10.4 Any increase in the issued share capital of the Company as a consequence of the delivery of Shares pursuant to the exercise of options or other convertibles issued from time to time by the Company including the Options granted from time to time by the Company pursuant to the ESOS or through any other share-based incentive schemes implemented by the Company will also not be regarded as a circumstance requiring adjustment.

10.5 Upon any adjustment required to be made pursuant to this Rule 10, the Company shall notify the Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the new Exercise Price thereafter in effect and the number of Option Shares thereafter comprised in the Option so far as unexercised. Any adjustment shall take effect upon such written notification being given.

11. RIGHTS TO EXERCISE OPTIONS

11.1 Subject as provided in Rules 11, 12 and 14, each Option shall be exercisable, in whole or in part (provided that the Option is exercised in respect of 1,000 Shares or any multiple thereof), during the Option Period applicable to that Option subject to any conditions that may be imposed by the Committee.

11.2 In the event of an Option being exercised in part only, the balance of the Option not thereby exercised shall continue to be exercisable in accordance with the ESOS until such time as it shall lapse in accordance with the ESOS.

11.3 An Option shall, to the extent unexercised, immediately lapse and become null and void and a Participant shall have no claim against the Company:

(a) subject to Rules 11.3, 11.4 and 11.5, upon the Participant, being a Group Employee, ceasing to be in the employment of the Company or any of the companies within the Group for any reason whatsoever;

(b) upon the bankruptcy of the Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of such Option; or

(c) in the event of gross misconduct on the part of the Participant, as determined by the Committee in its absolute discretion.

The discretion to allow the Option to remain valid notwithstanding the circumstances described in sub-paragraphs (a), (b) and (c) above shall be exercised by the Committee where there are strong justifications under the prevailing circumstances to do so, including, but not limited to, any unfairness caused to the Participant by the lapse of the Option, taking into account factors including, but not limited to, the reasons for the Participant's cessation in his relevant position and the past contributions made by the Participant. In exercising such discretion, the Committee may also determine the period during which such Option may continue to be exercisable, provided that such period may not in any event exceed the Option Period applicable to such Option. Such exercise shall, at the absolute discretion of the Committee, either be in full or only in respect of such Shares comprised in that Option for which the Participant would have been entitled to exercise pursuant to Rule 11.1. The Committee may, in exercising such discretion, allow the Option to be exercised at any time (and, in relation to an Option which was granted at a price which is set at a discount to the Market Price, provided that the Committee has determined that the Option is not to be cancelled, the Exercise Price applicable to that Option shall be the initial Exercise Price subject to any discount determined by the Committee), notwithstanding that the date of exercise of such Option falls within the Option Period in respect of such Option.

For the purpose of Rule 11.3(a), a Participant shall be deemed to have ceased to be so employed as of the date the notice of termination of employment is tendered by or is given to him, unless such notice shall be withdrawn prior to its effective date. For the avoidance of doubt, in the case of a Group Executive Director, mere cessation of performing an executive function is not deemed to be cessation of employment.

11.4 If a Participant ceases to be employed by the Group by reason of his:

(a) ill health, injury or disability, in each case, as certified by a medical practitioner approved by the Committee;

(b) redundancy or retrenchment;

(c) retirement at or after a normal retirement age; or

(d) retirement before that age with the consent of the Committee,

or for any other reason approved in writing by the Committee, he may, at the absolute discretion of the Committee, exercise any Option either in full or only in respect of such Shares comprised in that Option for which he would have been entitled to exercise pursuant to Rule 11.1 within such period after the date of such cessation of employment as may be determined by the Committee in its absolute discretion (but before the expiration of the Option Period in respect of that Option), and upon the expiration of such period, the Option shall lapse. The Committee in exercising such discretion, may allow the Option to be exercised at any time (and, in relation to an Option which was granted at a price which is set at a discount to the Market Price, provided that the Committee has determined that the Option is not to be cancelled, the Exercise Price applicable to that Option shall be the initial Exercise Price subject to any discount determined by the Committee), notwithstanding that the date of exercise of such Option falls within the Option Period in respect of such Option.

11.5 If a Participant ceases to be employed by a subsidiary or to be a director in a subsidiary, as the case may be:

(a) by reason of the subsidiary, by which he is principally employed ceasing to be a company within the Group or the undertaking or part of the undertaking of such subsidiary, being transferred otherwise than to another company within the Group; or

(b) for any other reason, provided the Committee gives its consent in writing,

he may, at the absolute discretion of the Committee, exercise any Option that remains unexercised in the manner and at the times provided in Rule 11.1 or within such other period during the Option Period as may be determined by the Committee in its absolute discretion, provided that Rules 11.3, 11.4, 11.6 and 11.7 will continue to apply during that period as though the event contemplated in this Rule 11.5 did not occur.

11.6 If a Participant dies and at the date of his death holds any unexercised Option, such Option may, at the absolute discretion of the Committee, be exercised by the duly appointed legal personal representatives of the Participant within such period after his death as may be determined by the Committee in its absolute discretion (but before the expiration of the Option Period in respect of that Option), and upon the expiration of such period, the Option shall lapse. Such exercise shall, at the absolute discretion of the Committee, either be in full or only in respect of such Shares comprised in that Option for which the Participant would have been entitled to exercise pursuant to Rule 11.1. The Committee may, in exercising such discretion, allow the Option to be exercised at any time (and, in relation to an Option which was granted at a price which is set at a discount to the Market Price, provided that the Committee has determined that the Option is not to be cancelled, the Exercise Price applicable to that Option shall be the initial Exercise Price subject to any discount determined by the Committee), notwithstanding that the date of exercise of such Option falls within the Option Period in respect of such Option.

11.7 If, for any reason whatsoever, a Participant, being a Group Executive Director or a Group Non-Executive Director, ceases to be a director in the Group, any Option then held by him shall, to the extent unexercised, immediately lapse without any claim against the Company, unless otherwise determined by the Committee in its absolute discretion. Such discretion shall be exercised by the Committee where there are strong justifications under the prevailing circumstances to do so, including, but not limited to, any unfairness caused to the Participant by the lapse of the Option, taking into account factors including, but not limited to, the reasons for the Participant's cessation in his relevant position and the past contributions made by the Participant. In exercising such discretion, the Committee may also determine the period during which such Option may continue to be exercisable, provided that such period may not in any event exceed the Option Period applicable to such Option. Such exercise shall, at the absolute discretion of the Committee, either be in full or only in respect of such Shares comprised in that Option for which the Participant would have been entitled to exercise pursuant to Rule 11.1. The Committee may, in exercising such discretion, allow the Option to be exercised at any time (and, in relation to an Option which was granted at a price which is set at a discount to the Market Price, provided that the Committee has determined that the Option is not to be cancelled, the Exercise Price applicable to that Option shall be the initial Exercise Price subject to any discount determined by the Committee), notwithstanding that the date of exercise of such Option falls within the Option Period in respect of such Option.

12. EXERCISE OF OPTIONS

12.1 Any Option may be exercised, in whole or in part (provided that an Option may be exercised in part only in respect of 1,000 Shares or any multiple thereof), by a Participant giving notice in writing to the Company in or substantially in the form set out in Appendix 3 (the "**Exercise Notice**"), subject to such amendments as the Committee may from time to time determine.

Every Exercise Notice must be accompanied by a remittance for the full amount of the aggregate Exercise Price in respect of the Shares which have been exercised under the Option, the relevant CDP charges (if any) and any other documentation the Committee may require. All payments shall be made by cheque, cashier's order, bank draft or postal order made out in favour of the Company. An Option shall be deemed to be exercised upon the receipt by the Company of the said notice duly completed and the receipt by the Company of the full amount of the aggregate Exercise Price in respect of the Shares which have been exercised under the Option.

12.2 Subject to the Act and the rules of the Listing Manual, the Company shall have the flexibility to deliver Shares to Participants upon the exercise of their Options by way of:

(a) an allotment of new Shares; and/or

(b) the transfer of existing Shares, including (subject to applicable laws) any Shares acquired by the Company pursuant to a share purchase mandate and/or held by the Company as treasury shares.

In determining whether to issue new Shares or to deliver existing Shares to Participants upon the exercise of their Options, the Company will take into account factors such as (but not limited to) the number of Shares to be delivered, the prevailing market price of the Shares and the cost to the Company of either issuing new Shares or purchasing existing Shares.

12.3 Subject to:

(a) such consents or other actions required by any competent authority under any regulations or enactments for the time being in force as may be necessary (including any approvals required from the SGX-ST); and

(b) compliance with the Rules of the ESOS, the Act and the Memorandum and Articles of Association of the Company,

the Company shall, as soon as practicable after the exercise of an Option by a Participant but in any event within ten (10) Market Days after the date of the exercise of the Option in accordance with Rule 12.1, allot, transfer or procure the transfer (as the case may be) of the Shares in respect of which such Option has been exercised by the Participant and, where required, despatch the relevant Shares by ordinary post or such other mode of delivery as the Committee may deem fit.

12.4 Where new Shares are allotted upon the exercise of an Option, the Company shall as soon as practicable after the exercise of an Option, apply to the SGX-ST or any other stock exchange on which the Shares are quoted or listed for permission to deal in and for quotation of the Shares which may be issued upon exercise of the Option and the Shares (if any) which may be issued to the Participant pursuant to any adjustments made in accordance with Rule 10.

12.5 Shares which are allotted or transferred on the exercise of an Option by a Participant shall be issued or registered (as the case may be), in the name of CDP to the credit of the securities account of the Participant maintained with CDP, the securities sub-account of that Participant maintained with a CDP Depository Agent or the CPF investment account of that Participant maintained with a CDP agent bank.

12.6 Shares acquired upon the exercise of an Option shall be subject to all provisions of the Memorandum and Articles of Association of the Company and shall rank *pari passu* in all respects with the then existing issued Shares in the capital of the Company except for any dividends, rights, allotments or other distributions, the Record Date for which is prior to the date such Option is exercised.

12.7 Except as set out in Rule 12.3 and subject to Rule 10, an Option does not confer on a Participant any right to participate in any new issue of Shares.

13. DURATION

13.1 The ESOS shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten (10) years, commencing on the date on which the ESOS is adopted by Shareholders in a general meeting. Subject to compliance with any applicable laws and regulations in Singapore, the ESOS may be continued beyond the above stipulated period with the approval of the Shareholders by ordinary resolution at a general meeting and of any relevant authorities which may then be required.

13.2 The ESOS may be terminated at any time by the Committee or by resolution of the Shareholders at a general meeting subject to all other relevant approvals which may be required and if the ESOS is so terminated, no further Options shall be offered by the Company hereunder.

13.3 The termination, discontinuation or expiry of the ESOS shall be without prejudice to the rights accrued to Options which have been granted or accepted as provided in Rule 8, whether such Options have been exercised (whether fully or partially) or not.

14. TAKEOVER AND WINDING UP OF THE COMPANY

14.1 In the event of a takeover offer being made for the Company, Participants (including Participants holding Options which are then not exercisable pursuant to the provisions of Rule 11.1) holding Options as yet unexercised shall, notwithstanding Rules 11 and 12 but subject to Rule 14.5, be entitled to exercise such Options in full or in part (provided that an Option may be exercised in part only in respect of 1,000 Shares or any multiple thereof) in the period commencing on the date on which such offer is made or, if such offer is conditional, the date on which the offer becomes or is declared unconditional, as the case may be, and ending on the earlier of:

(a) the expiry of six (6) months thereafter, unless prior to the expiry of such six (6) month period, at the recommendation of the offeror and with the approvals of the Committee and the SGX-ST, such expiry date is extended to a later date (being a date falling not later than the date of expiry of the Option Period relating thereto); or

(b) the date of the expiry of the Option Period relating thereto;

whereupon any Option then remaining unexercised shall immediately lapse and become null and void.

Provided always that if during such period the offeror becomes entitled or bound to exercise the rights of compulsory acquisition of the Shares under the provisions of the Act and being entitled to do so, gives notice to the Participants that it intends to exercise such rights on a specified date, the Option shall remain exercisable by the Participant until such specified date or the expiry of the Option Period relating thereto, whichever is earlier. Any Option not so exercised shall lapse and become null and void, provided that the rights or obligations to acquire stated in the notice shall have been exercised or performed, as the case may be. If such rights of acquisition or obligations have not been exercised or performed, all Options shall, subject to Rule 11.2, remain exercisable until the expiry of the Option Period.

14.2 If, under the Act or any applicable laws, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies, Participants (including Participants holding Options which are then not exercisable pursuant to the provisions of Rule 11.1) shall notwithstanding Rules 11 and 12 but subject to Rule 14.5, be entitled to exercise any Option then held by them during the period commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending either on the expiry of sixty (60) days thereafter or the date upon which the compromise or arrangement becomes effective, whichever is later (but not after the expiry of the Option Period relating thereto), whereupon any unexercised Option shall lapse and become null and void.

14.3 If an order or an effective resolution is passed for the winding up of the Company on the basis of its insolvency, all Options, to the extent unexercised, shall lapse and become null and void.

14.4 In the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date or soon after it despatches such notice to each member of the Company give notice thereof to all Participants (together with a notice of the existence of the provisions of this Rule 14.4) and thereupon, each Participant (or his or her legal personal representative(s)), shall be entitled to exercise all or any of his Options at any time not later than two (2) business days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate Exercise Price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, deliver the relevant Shares to the Participant credited as fully paid.

14.5 If in connection with the making of a general offer referred to in Rule 14.1 above or the scheme referred to in Rule 14.2 above or the winding up referred to in Rule 14.4 above, arrangements are made (which are confirmed in writing by the Auditors, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of Participants, whether by the continuation of their Options or the payment of cash or the grant of other options or otherwise, a Participant holding an Option, which is not then exercisable, may not, at the discretion of the Committee, be permitted to exercise that Option as provided for in this Rule 14.

15. ALTERATIONS AND AMENDMENTS

15.1 Any or all of the provisions of the ESOS may be modified and/or altered at any time and from time to time by resolution of the Committee except that:

(a) any modification or alteration which shall alter adversely the rights attaching to any Option granted prior to such modification or alteration and which in the opinion of the Committee, materially alters the rights attaching to any Option granted prior to such modification or alteration, may only be made with the consent in writing of such number of Participants who, if they exercised their Options in full, would thereby become entitled to not less than three-quarters (3/4) in nominal amount of all the Shares which would fall to be acquired upon exercise in full of all outstanding Options;

(b) any modification or alteration which would be to the advantage of Participants under the ESOS shall be subject to the prior approval of Shareholders at a general meeting; and

(c) no modification or alteration shall be made without the prior approval of (if required) the SGX-ST or any other stock exchange on which the Shares are quoted or listed, and such other regulatory authorities as may be necessary.

For the purposes of Rule 15.1(a), the opinion of the Committee as to whether any modification or alteration would alter adversely the rights attaching to any Option shall be final and conclusive.

15.2 Notwithstanding anything to the contrary contained in Rule 15.1, the Committee may at any time by resolution (and without any other formality save for the prior approval of the SGX-ST, if required) amend or alter the ESOS in any way to the extent necessary to cause the ESOS to comply with any statutory provision or the provisions or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).

15.3 Written notice of any modification or alteration made in accordance with this Rule shall be given to all Participants.

16. ADMINISTRATION

16.1 The ESOS shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred on it by the Board.

16.2 The Committee shall have the power, from time to time, to make or vary such regulations (not being inconsistent with the ESOS) for the implementation and administration of the ESOS as it thinks fit.

16.3 Any decision of the Committee, made pursuant to any provision of the ESOS (other than a matter to be certified by the Auditors), shall be final and binding (including any decisions pertaining to disputes as to the interpretation of the ESOS or any rule, regulation, or procedure thereunder or as to any rights under the ESOS).

16.4 A Director who is a member of the Committee shall not be involved in its deliberation in respect of Options to be granted to him.

17. NOTICES

17.1 Any notice given by a Participant to the Company shall be sent by post or delivered to the registered office of the Company or such other address as may be notified by the Company to the Participant in writing.

17.2 Any notice of documents given by the Company to a Participant shall be sent to the Participant by hand or sent to him at his home address stated in the records of the Company or the last known address of the Participant, and if sent by post shall be deemed to have been given on the day immediately following the date of posting.

18. DISCLOSURE IN ANNUAL REPORT

The Company shall make the following disclosures (as applicable) in its annual reports so long as the ESOS remains in operation:

(a) The names of the members of the Committee;

(b) The information required in the table below for the following Participants (which for the avoidance of doubt, shall include Participants who have exercised all their Options in any particular financial year):

(i) Participants who are Directors of the Company;

(ii) Participants who are Controlling Shareholders and their associates; and

(iii) Participants, other than those in (i) and (ii) above, who receive five per cent. (5%) or more of the total number of Options available under the ESOS.

Name of Participant	Options granted during financial year under review (including terms)	Aggregate Options granted since commencement of the ESOS to end of financial year under review	Aggregate Options exercised since commencement of the ESOS to end of financial year under review	Aggregate Options outstanding as at end of financial year under review

(c) The number and proportion of Options granted at a discount of ten per cent. (10%) or less during the financial year under review; and

(d) The number and proportion of Options granted at a discount of more than ten per cent. (10%) during the financial year under review.

An appropriate negative statement will be included in the annual reports to the Shareholders in the event that disclosure of any of the abovementioned information is not applicable.

19. TERMS OF EMPLOYMENT UNAFFECTED

19.1 The ESOS shall not form part of any contract of employment between the Company, any subsidiary and any Participant, and the rights and obligations of any individual under the terms of the office or employment with such company within the Group shall not be affected by his participation in the ESOS or any right which he may have to participate in it or any Option which shall afford such an individual no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason whatsoever.

19.2 The ESOS shall not confer on any person any legal or equitable rights (other than those constituting the Options themselves) against the Company, and/or any subsidiary directly or indirectly or give rise to any cause of action at law or in equity against the Company or any subsidiary.

20. TAXES

All taxes (including income tax) arising from the exercise of any Option granted to any Participant under the ESOS shall be borne by the Participant.

21. COSTS AND EXPENSES

21.1 Each Participant shall be responsible for all fees of CDP, the Depository Agent or, if applicable, the CPF agent bank relating to or in connection with the allotment and issue, or transfer of any Shares pursuant to the exercise of any Option in CDP's name, the deposit of share certificate(s) with CDP, the Participant's securities account with CDP or the Participant's securities sub-account with a Depository Agent or, if applicable, the Participant's CPF investment account with a CPF agent bank.

21.2 Save for the taxes referred to in Rule 20 and such costs and expenses expressly provided in the ESOS to be payable by the Participant, all fees, costs and expenses incurred by the Company in relation to the ESOS including but not limited to the fees, costs and expenses relating to the allotment and issue or transfer of the Shares pursuant to the exercise of any Option shall be borne by the Company.

22. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained and subject to the Act, the Board, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in respect of any matter under or in connection with the ESOS including but not limited to the Company's delay or failure in delivering the Shares or in applying for or procuring the listing of and quotation for the Shares on the SGX-ST or any other stock exchanges on which the Shares are quoted or listed.

23. DISPUTES

Any disputes or differences of any nature in connection with the ESOS shall be referred to the Committee and its decision shall be final and binding in all respects.

24. CONDITION OF OPTION

Every Option shall be subject to the condition that no Shares shall be delivered pursuant to the exercise of an Option if such delivery would be contrary to any law or enactment, or any rules or regulations of any legislative or non-legislative governing body for the time being in force in Singapore or any other relevant country.

25. ABSTENTION FROM VOTING

Participants who are Shareholders are to abstain from voting on any Shareholders' resolution relating to the ESOS.

26. EXCLUSION OF THE CONTRACTS (RIGHTS OF THIRD PARTIES) ACT

No person other than the Company or a Participant shall have any right to enforce any provision of the ESOS or any Option by virtue of the Contracts (Rights of Third Parties) Act (Chapter 53B) of Singapore.

27. GOVERNING LAW

The ESOS shall be governed by and construed in accordance with the laws of the Republic of Singapore. The Participants, by accepting the offer of the grant of Options in accordance with the ESOS, irrevocably submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

Appendix 1

THE GLOBAL INVACOM GROUP EMPLOYEE SHARE OPTION SCHEME

LETTER OF OFFER

Serial No: ____________________

PRIVATE AND CONFIDENTIAL

Date: ________________________

To: Name
Designation
Address

Dear Sir/Madam

We are pleased to inform you that you have been nominated by the Remuneration Committee of the Board of Directors of the Global Invacom Group Limited (the "**Company**") to participate in the Global Invacom Group Employee Share Option Scheme (the "**ESOS**"). Terms as defined in the ESOS shall have the same meaning when used in this letter.

Accordingly, an offer is hereby made to grant to you an Option, in consideration of the payment of a sum of S$1.00, to acquire____________ Shares at the price of S$________ for each Share (the "**Exercise Price**"). The Option shall be subject to the terms of this Letter of Offer and the ESOS (as the same may be amended from time to time pursuant to the terms and conditions of the ESOS), a copy of which is enclosed herewith.#

* The Exercise Price represents a discount of______% to the Market Price.

+ The Option Period applicable to the Option is as follows:

Option Period	
Commencement Date	**Expiry Date**

The Option is personal to you and may not be sold, mortgaged, transferred, charged, assigned and pledged or otherwise disposed of or encumbered in whole or in part or in any way whatsoever.

If you wish to accept the offer, please sign and return the attached Acceptance Form with a sum of S$1.00 not later than 5.00 p.m. on the ____________ day of ____________ failing which, this offer will forthwith lapse.

Yours faithfully
For and on behalf of

The Remuneration Committee
Global Invacom Group Limited
The Global Invacom Group Employee Share Option Scheme

Conditions (if any) to be attached to the exercise of the Option will be determined by the Committee at its absolute discretion.

* *Applicable only to an Option which was granted at a price which is set at a discount to the Market Price.*

\+ *An Option which was granted at Market Price may not be exercised before the first anniversary of the Offer Date, while an Option which was granted at a price which is set at a discount to the Market Price may not be exercised before the second anniversary of the Offer Date.*

Appendix 2

THE GLOBAL INVACOM GROUP EMPLOYEE SHARE OPTION SCHEME

ACCEPTANCE FORM

Serial No:______________________

To: The Remuneration Committee
The Global Invacom Group Employee Share Option Scheme

8 Temasek Boulevard
#20-03 Suntec Tower Three
Singapore 038988

Closing Time and Date for Acceptance of Option	:	____________________
No. of Shares in respect of which Option is offered	:	____________________
Exercise Price per Share	:	____________________
Total Amount Payable on Acceptance of Option (exclusive of the relevant CDP charges)	:	____________________

I have read your Letter of Offer dated ___________________(the "**Offer Date**") and agree to be bound by the terms thereof and of the Global Invacom Group Employee Share Option Scheme stated therein. I confirm that my acceptance of the Option will not result in the contravention of any applicable law or regulation in relation to the ownership of shares in the Company or options to acquire such shares.

I hereby accept the Option to acquire _____________ Shares at S$ _________ for each Share and enclose *cash/banker's draft/cashier's order/postal order no./cheque no. ____________________ for S$1.00 being payment for the purchase of the Option.

I understand that I am not obliged to exercise the Option.

I also understand that I shall be responsible for all the fees of CDP, the Depository Agent or, if applicable, the CDP agent bank relating to or in connection with the allotment and issue or transfer of any Shares pursuant to the exercise of any Option in CDP's name, the deposit of share certificate(s) with CDP, my securities account with CDP or my securities sub-account with a Depository Agent, or, if applicable, my CPF investment account with a CDP agent bank (collectively, the "**CDP charges**").

I confirm that as at the date hereof:

(a) I am not less than twenty-one (21) years old nor an undischarged bankrupt nor have I entered into a composition with any of my creditors;

(b) I satisfy the eligibility requirements to participate in the ESOS as defined in Rule 4 of the ESOS; and

(c) I satisfy the other requirements to participate in the ESOS as set out in the Rules of the ESOS.

I hereby acknowledge that you have not made any representation or warranty or given me any expectation of employment or continued employment to induce me to accept the offer and that the terms of the Letter of Offer and this Acceptance Form constitute the entire agreement between us relating to the offer.

I agree to keep all information pertaining to the grant of the Option to me confidential.

PLEASE PRINT IN BLOCK LETTERS

Name in Full : ______________________________

Designation : ______________________________

Address : ______________________________

Nationality : ______________________________

*NRIC/Passport No. : ______________________________

Signature : ______________________________

Date : ______________________________

* Delete as appropriate

Notes:

1. Option must be accepted in full or in multiples of 1,000 Shares.
2. The Acceptance Form must be forwarded to the above address in an envelope marked "Private and Confidential".
3. The Participant shall be informed by the Company of the relevant CDP charges payable at the time of the exercise of an Option.

Appendix 3

THE GLOBAL INVACOM GROUP EMPLOYEE SHARE OPTION SCHEME

EXERCISE NOTICE

To: The Remuneration Committee
The Global Invacom Group Employee Share Option Scheme

8 Temasek Boulevard
#20-03 Suntec Tower Three
Singapore 038988

Total Number of ordinary shares (the "**Shares**") at S$ _______ per Share under an Option granted on _________ (the "**Offer Date**") : ____________________

Number of Shares previously acquired thereunder : ____________________

Outstanding balance of Shares which may be acquired thereunder : ____________________

Number of Shares now to be acquired (in multiples of 1,000) : ____________________

1. Pursuant to your Letter of Offer dated _____________ and my acceptance thereof, I hereby exercise the Option to acquire Shares in Global Invacom Group Limited (the "**Company**") at S$ _________ per Share.

2. I hereby request the Company to allot and issue and/or transfer or procure the transfer to me the number of Shares specified in paragraph 1 in the name of The Central Depository (Pte) Limited ("**CDP**") to the credit of my *Securities Account with the CDP/Securities Sub-Account with a CDP Depository Agent/CPF Investment Account with a CPF agent bank specified below and to deliver the share certificates relating thereto to CDP at my own risk. I further agree to bear such fees or other charges as may be imposed by CDP (the "**CDP Charges**") and any stamp duties in respect thereof:

   (a) Direct Securities Account Number : ____________________

   (b) Securities Sub-Account Number : ____________________

   Name of CDP Depository Agent : ____________________

   (c) CPF Investment Account Number : ____________________

   Name of CPF agent bank : ____________________

3. I enclose a *cheque/cashier's order/bank draft/postal order no.____________for S$ _____________ in payment for the acquisition of the total number of the said Shares and the CDP Charges of S$ _________________.

4. I agree to acquire the Shares subject to the terms of the Letter of Offer, the Global Invacom Group Employee Share Option Scheme (as the same may be amended pursuant to the terms thereof from time to time) and the Memorandum and Articles of Association of the Company.

5. I declare that I am acquiring the Shares myself and not as a nominee for any other person.

PLEASE PRINT IN BLOCK LETTERS

Name in Full : ______________________________

Designation : ______________________________

Address : ______________________________

Nationality : ______________________________

*NRIC/Passport No. : ______________________________

Signature : ______________________________

Date : ______________________________

* Delete as appropriate

Notes:

1. An Option may be exercised in whole or in part provided that an Option may be exercised in part only in respect of 1,000 Shares or any multiple thereof.
2. The form entitled "Exercise Notice" must be forwarded to the above address in an envelope marked "Private and Confidential".

APPENDIX H – LIST OF VENDORS

No	Name	Address Line 1	Address Line 2	Address Line 3	Address Line 4	Shareholding in GIHL at Last Practicable Date	No. of Consideration Shares to be allotted
1.	Allen, Lee	1 Warwick Close	Raunds	Northamptonshire	NN9 6JH	691	256,585
2.	Anthony, Sherry	4 Buckeridge Way	Bradwell on Sea	Southminster, Essex	CM0 7QQ	500	185,662
3.	Aston, Kenneth	10 Browning Close	Colchester	Essex	CO3 4JJ	1,307	485,320
4.	Atkin, Harvey	41 Constantine Road	Colchester	Essex	CO3 3DX	4,461	1,656,473
5.	Bevan, Stephen	14 The Stiles	Heybridge Basin	Maldon, Essex	CM9 4SF	3,892	1,445,190
6.	Bolt, Andrew	21 Sherborne Way	Croxley Green	Hertfordshire	WD3 3PE	1,957	726,680
7.	Bonner, Stephen	65 Main Road	Hockley	Essex	SS5 4RG	1,157	429,622
8.	Bransgrove, Samantha	3 Wiscombe Hill	Shelsley Park	Langdon Hills, Essex	SS16 6LU	1,312	487,177
9.	Brixton, Adrian	43 Broomfield Road	Welwyn	Hertfordshire	AL6 9DL	2,833	1,051,959
10.	Brooke, Richard	61 North Street	Southminster	Essex	CM0 7DG	263	97,659
11.	Burrell, Malcolm	2 Chichester Drive	Chelmsford	Essex	CM1 7RY	30,000	11,139,702
12.	Bush, Andrew	15 Staplers Walk	Great Totham	Maldon, Essex	CM9 8RU	3,657	1,357,929
13.	Canham, Pauline	58 The Chase	Boreham	Chelmsford, Essex	CM3 3DE	4,950	1,838,050
14.	Cannon, Stephen	1 Cheney Way	Chesterton	Cambridge	CB4 1UE	1,980	735,220
15.	Churchill, Neil	2 Beauchamps Close	Springfield	Chelmsford, Essex	CM1 6ZP	4,874	1,809,830
16.	Clark, Joe	102 Station Road	Burnham on Crouch	Essex	CM0 8HR	474	176,008
17.	Collar, Andrew	14 The Nobles	Bishops Stortford	Hertfordshire	CM23 4HG	685	254,357
18.	Fearnley, Andrea	25 Gainsborough Crescent	Chelmsford	Essex	CM2 6DJ	300	111,398
19.	Fugeman, David	50 Church Lane	Bocking	Braintree, Essex	CM7 5SD	30,000	11,139,702

APPENDIX H – LIST OF VENDORS

No	Name	Address Line 1	Address Line 2	Address Line 3	Address Line 4	Shareholding in GIHL at Last Practicable Date	No. of Consideration Shares to be allotted
20.	Gilbert, Anthony	6 Westell Close	Baldock	Hertfordshire	SG7 6RY	575	213,511
21.	Gray, Jenifer	116a Norsey View Drive	Billericay	Essex	CM12 0QU	2,100	779,779
22.	Green, Gill	3 Mayflower Drive	Maldon	Essex	CM9 6XX	735	272,923
23.	Harber, Bryan	45 Brandles Road	Letchworth Garden City	Hertfordshire	SG6 2JA	100	37,133
24.	Harris, Norman	1 Melbourne Close	St Albans	Hertfordshire	AL3 6LY	905	336,048
25.	Harris, Peter	11 Peterhouse Drive	Newmarket	Suffolk	CB8 8AT	1,157	429,622
26.	Hibbard, Christine	23 Beauchamps	Southminster Road	Burnham On Crouch, Essex	CM0 8PR	2,000	742,646
27.	Honour, Stewart	1 Gallows Hill	Kings Langley	Hertfordshire	WD4 8PL	3,524	1,308,543
28.	Horrocks, Ivan	3 Willow Close	Chertsey	Surrey	KT16 9QQ	900	334,192
29.	Huang, Tao	3 Pershore Close	Locksheath	Southampton	SO31 6UF	125	46,416
30.	Jones, Michael	53 Old Park Avenue	Enfield	Middlesex	EN2 6PJ	732	271,809
31.	Matthews, Jonathan	13 Marsh Road	Burnham on Crouch	Essex	CM0 8LZ	3,057	1,135,135
32.	McNeill, Michael	The Croft	6 Hollesley Road	Alderton, Suffolk	IP12 3BX	3,286	1,220,168
33.	Mead, Geoffrey	80 Tollgate Road	Colney Health	Hertfordshire	AL4 0PY	3,224	1,197,146
34.	Pannell, Helen	Elwell House	West Buckland	Barnstaple, Devon	EX32 0SW	30,000	11,139,702
35.	Pannell, Roger	Elwell House	West Buckland	Barnstaple, Devon	EX32 0SW	30,000	11,139,702
36.	Parfitt, John	38 Kelmscott Crescent	Watford	Hertfordshire	WD18 0NG	30,000	11,139,702
37.	Sayer, Neil	183 Kimberley Road	South Benfleet	Essex	SS7 1DS	30	11,140

APPENDIX H – LIST OF VENDORS

No	Name	Address Line 1	Address Line 2	Address Line 3	Address Line 4	Shareholding in GIHL at Last Practicable Date	No. of Consideration Shares to be allotted
38.	Shestak, Grigoriy	477 Meadgate Avenue	Great Baddow	Chelmsford, Essex	CM2 7NW	1,815	673,952
39.	Smith, Dave	18 Oakfields Avenue	Knebworth	Hertfordshire	SG3 6NP	30,000	11,139,702
40.	Stafford, Gary	35 White Horse Lane	London Colney	St Albans, Hertfordshire	AL2 1JP	30,000	11,139,702
41.	Stillie, Andrew	17 Brookside Close	Colchester	Essex	CO2 7LZ	1,317	489,033
42.	Stokes, Geoffrey	5 Lime Tree Drive	Dunton	Biggleswade, Bedfordshire	SG18 8UP	2,280	846,617
43.	Stokes, Jamie	29 Main Road	Broomfield	Chelmsford, Essex	CM1 7BU	657	243,960
44.	Taylor, Tony	42 Station Road	Herne Bay	Kent	CT6 5QH	30,000	11,139,702
45.	Twomey, Susanna	69 Gordian Way	Stevenage	Hertfordshire	SG2 7QH	405	150,386
46.	Wainwright, Jacqui	31 New Road	Tiptree	Colchester, Essex	CO5 0HN	900	334,192
47.	Vistra Corporate Services	PO Box 148, 3rd Floor	38 Esplanade	St Helier, Jersey	JE4 8QL	24,825	9,218,103
	Total shares in issue					**329,942**	**122,515,189**

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RADIANCE GROUP LIMITED

(Company Registration No.: 200202428H)
(Incorporated in the Republic of Singapore)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Radiance Group Limited (the "**Company**") will be held at 3 Temasek Boulevard #02-161, Suntec City Mall (e-Life@Suntec), Singapore 038983 on 15 June 2012 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions with or without any modification:

All capitalised terms in this Notice which are not defined herein shall have the same meaning ascribed to them in the Circular to Shareholders dated 16 May 2012.

AS ORDINARY RESOLUTIONS

ORDINARY RESOLUTION 1: ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF GIHL

THAT, subject to and contingent upon the passing of Ordinary Resolution 3:

(a) approval be and is hereby given for the proposed acquisition by the Company of the entire issued and paid-up share capital of GIHL from the Vendors on the terms and subject to the conditions set out in the Sale and Purchase Agreement (as amended, modified or supplemented from time to time) (the "**Acquisition**"), being a reverse takeover transaction for the purposes of Chapter 10 of the Listing Manual and an interested person transaction for the purposes of Chapter 9 of the Listing Manual;

(b) authority be and is hereby given to the Directors to carry out and implement the Acquisition in accordance with the Sale and Purchase Agreement (as amended, modified or supplemented from time to time); and

(c) the Non-Executive Directors be and are hereby authorised to complete and do all acts and things (including executing such documents as may be required) as they may consider necessary, desirable or expedient for the purpose of or in connection with the Acquisition and the Sale and Purchase Agreement (as amended, modified or supplemented from time to time) to give effect to this resolution as they think fit and in the interests of the Company.

ORDINARY RESOLUTION 2: SHARE CONSOLIDATION

THAT, subject to and contingent upon the passing of Ordinary Resolutions 1 and 3:

(a) the consolidation of every four (4) existing Shares into one (1) Consolidated Share at the Books Closure Date to be determined by the Directors be and is hereby approved;

(b) any fraction of a Consolidated Share which may arise from the consolidation pursuant to paragraph (a) above shall be disregarded, and dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interest of the Company; and

(c) the Directors be and are hereby authorised to complete and do all acts and things (including executing such documents as may be required) as they may consider necessary, desirable or expedient for the purposes of or to give effect to this resolution as they think fit and in the interests of the Company.

ORDINARY RESOLUTION 3: ALLOTMENT AND ISSUE OF CONSIDERATION SHARES TO THE VENDORS

THAT, subject to and contingent upon the passing of Ordinary Resolution 1, authority be and is hereby given to the Directors:

(a) to allot and issue to the Vendors (or their respective nominees) an aggregate of 122,515,189 Consideration Shares, credited as fully paid-up, at an issue price of S$0.3087 each on the terms and subject to the conditions set out in the Sale and Purchase Agreement (as amended, modified or supplemented from time to time); and

(b) to complete and do all acts and things (including executing such documents as may be required) as they may consider necessary, desirable or expedient for the purposes of or to give effect to this resolution as they think fit and in the interests of the Company.

ORDINARY RESOLUTION 4: COMPLIANCE PLACEMENT

THAT, subject to and contingent upon the passing of Ordinary Resolutions 1 and 3 and pursuant to Section 161 of the Companies Act (Chapter 50) of Singapore:

(a) authority be and is hereby given to the Directors, in connection with the Compliance Placement, to allot and issue up to 41,539,000 Placement Shares at an issue price to be determined at the absolute discretion of the Directors and on such terms and conditions as the Directors may decide in their absolute discretion; and

(b) the Directors and each of them be authorised and empowered to do all such acts and things (including executing such documents as may be required) as they/he may consider necessary, desirable or expedient to effect and implement the foregoing.

ORDINARY RESOLUTION 5: NEW GENERAL SHARE ISSUE MANDATE

THAT, subject to and contingent upon the passing of Ordinary Resolutions 1 and 3 and pursuant to Section 161 of the Companies Act (Chapter 50) of Singapore and the listing rules of the Listing Manual, the resolution passed by Shareholders as Ordinary Resolution 6 at the Annual General Meeting of the Company held on 25 April 2012 be and is hereby revoked AND THAT the Directors be and are hereby authorised to:

(a) allot and issue Shares whether by way of rights, bonus or otherwise; and/or

(b) make or grant offers, agreements or options (collectively "**Instruments**") that might or would require Shares to be issued during the continuance of such authority or thereafter, including but not limited to the creation and issue of (as well as adjustments to, provided that the adjustment(s) does not give the holder a benefit that a Shareholder does not receive) 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 may, in their absolute discretion, deem fit; and

(c) issue Shares in pursuance of any Instruments made or granted by the Board while such authority was in force, notwithstanding that such issue of Shares pursuant to such Instruments may occur after the expiration of such authority.

Provided That:

(d) the aggregate number of Shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the issued share capital (excluding treasury shares) of the Company (as calculated in accordance with sub-paragraph (e) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to Shareholders (including Shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 20% of the issued share capital (excluding treasury shares) of the Company (as calculated in accordance with sub-paragraph (e) below);

(e) (subject to such manner of calculation as may be prescribed by the SGX-ST), the percentage of the issued Shares shall be based on the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time this resolution is passed, after adjusting for:

  (i) the Consideration Shares to be issued pursuant to the passing of Ordinary Resolution 2 above;

  (ii) the Placement Shares to be issued pursuant to the passing of Ordinary Resolution 3 above;

  (iii) new Shares arising from the conversion or exercise of any convertible securities or share options which are outstanding or subsisting at the time this resolution is passed; and

  (iv) any subsequent bonus issue, consolidation or subdivision of the Shares;

(f) in exercising the authority conferred by this resolution, the Company shall comply with the rules, guidelines and measures issued by the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(g) unless revoked or varied by the Company in general meeting, the authority so conferred 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 the earlier.

ORDINARY RESOLUTION 6: TERMINATION OF THE RADIANCE ELECTRONICS SHARE OPTION SCHEME 2003

THAT, subject to and contingent upon the passing of Ordinary Resolutions 1 and 3:

(a) the termination of the Existing ESOS be and is hereby approved; and

(b) the Directors be and are hereby authorised to do any act or thing (including executing such documents as may be required) or take such steps as may be necessary to facilitate or as may be incidental to or in connection with the termination of the Existing ESOS.

ORDINARY RESOLUTION 7: ADOPTION OF THE GLOBAL INVACOM GROUP EMPLOYEE SHARE OPTION SCHEME

THAT, subject to and contingent upon the passing of Ordinary Resolutions 1 and 3:

(a) the New ESOS be and is hereby adopted;

(b) the Board of Directors of the Company be and is hereby authorised:

(i) to establish and administer the New ESOS;

(ii) to modify and/or amend the New ESOS from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the New ESOS and to do all such acts and to enter into such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the New ESOS;

(iii) to offer and grant Options in accordance with the provisions of the New ESOS and pursuant to Section 161 of the Companies Act (Chapter 50) of Singapore, to allot and issue from time to time such number of Shares as may be required to be issued pursuant to the exercise of the Options under the New ESOS, provided always that the total number of new Shares issued and issuable pursuant to the New ESOS shall not exceed 15% of the total number of issued Shares of the Company from time to time;

(iv) subject to the same being allowed by law, to apply any Shares purchased under any share purchase mandate toward the satisfaction of Shares to be granted upon the exercise of the Options; and

(v) to complete and do all acts and things (including executing such documents as may be required) as they may consider necessary, desirable or expedient for the purposes of or to give effect to this resolution as they think fit and in the interests of the Company.

AS SPECIAL RESOLUTION

SPECIAL RESOLUTION: CHANGE IN NAME OF THE COMPANY

THAT, subject to and contingent upon the passing of Ordinary Resolutions 1 and 3 and the Acquisition being completed, the name of the Company be changed from “Radiance Group Limited” to “Global Invacom Group Limited” and that the name “Radiance Group Limited” be replaced by “Global Invacom Group Limited” wherever the earlier name appears in the Memorandum and Articles of Association of the Company and that the Directors be and are hereby authorised to complete and do all such acts and things as they may consider necessary, desirable or expedient to give effect to this resolution.

Shareholders should note that:

(a) Ordinary Resolutions 1 and 3 are inter-conditional upon each other; and

(b) Ordinary Resolutions 2, 4, 5, 6 and 7 and the Special Resolution are conditional upon the passing of Ordinary Resolutions 1 and 3.

This means that:

(i) if Ordinary Resolution 3 is not passed, Ordinary Resolution 1 would not be passed;

(ii) if Ordinary Resolution 1 is not passed, Ordinary Resolution 3 would not be passed; and

(iii) if any of Ordinary Resolutions 1 and 3 are not passed, Ordinary Resolutions 2, 4, 5, 6 and 7 and the Special Resolution would not be passed.

BY ORDER OF THE BOARD

Yvonne Choo, FCIS
Lim Keng San Shirley, FCIS
Company Secretaries

Singapore
16 May 2012

Notes:

(1) A Shareholder of the Company entitled to attend and vote at the EGM is entitled to appoint a proxy or proxies (not more than two) to attend and vote on his stead. A Shareholder of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy need not be a Shareholder of the Company.

(2) The Proxy Form must be deposited 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 holding the EGM in order to be entitled to attend and to vote at the EGM.

(3) A Depositor's name must appear on the Depository Register maintained by CDP as at 48 hours before the time fixed for holding the EGM in order to be entitled to attend and vote at the EGM.

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RADIANCE GROUP LIMITED

(Company Registration No.: 200202428H)
(Incorporated in the Republic of Singapore)

IMPORTANT:

1. For investors who have used their CPF monies to buy Radiance Group Limited's shares, this Circular 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.

PROXY FORM FOR EXTRAORDINARY GENERAL MEETING

*I/We, ______________________________

of ______________________________

being a *member/members of Radiance Group Limited (the "**Company**") hereby appoint:

Name	Address	NRIC/ Passport No.	Proportion of Shareholding	
			No. of Shares	%

and/or*

or failing *him/them, the Chairman of the Meeting, as *my/our *proxy/proxies to attend and vote on *my/our behalf and, if necessary, to demand a poll, at the Extraordinary General Meeting ("**EGM**") of the Company to be held at 3 Temasek Boulevard #02-161, Suntec City Mall (e-Life@Suntec), Singapore 038983 on 15 June 2012 at 10.00 a.m. and at any adjournment thereof.

(Please indicate with an "X" in the space provided whether you wish the vote(s) to be cast for or against the Resolutions as set out in the Notice of EGM. In the absence of specific direction, the *proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the EGM.)

Capitalised terms used in this Proxy Form shall bear the meanings ascribed to them in the Circular to Shareholders dated 16 May 2012 unless otherwise defined herein or where the context otherwise requires. Please refer to the Notice of EGM for a detailed description of the Resolutions.

Ordinary Resolutions	For	Against
Resolution 1 To approve the acquisition of the entire issued and paid-up share capital of GIHL as a reverse takeover transaction and an interested person transaction		
Resolution 2 To approve the Share Consolidation		
Resolution 3 To approve the allotment and issue of Consideration Shares to the Vendors		
Resolution 4 To approve the Compliance Placement		
Resolution 5 To approve the New General Share Issue Mandate		
Resolution 6 To approve the termination of the Radiance Electronics Share Option Scheme 2003		
Resolution 7 To approve the adoption of the Global Invacom Group Employee Share Option Scheme		
Special Resolution		
To approve the change in name of the Company		

Dated this __________day of ____________2012

Total Number of Shares Held

____

Signature(s) of Member(s)/and,
Common Seal of Corporate Shareholder

* **delete accordingly**

IMPORTANT

PLEASE READ THE NOTES BELOW:

1. A member of the Company entitled to attend and vote at the above meeting is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
2. The instrument appointing a proxy (or representative) must be lodged at the Company's registered office at 8 Temasek Boulevard, #20-03 Suntec Tower Three, Singapore 038988 not less than 48 hours before the time fixed for holding the EGM.
3. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. If no such proportion or number is specified, the first named proxy may be treated as representing 100% of the shareholding and any second named proxy is an alternate to the first named.
4. The instrument appointing a proxy or proxies must be under the hand of the appointer or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its duly authorised officer or attorney.
5. Where an instrument appointing a proxy is signed on behalf of the appointer by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
6. A corporation which is a member of the Company may authorise, by resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the above meeting, in accordance with Section 179 of the Companies Act (Chapter 50) of Singapore.
7. The Company shall be entitled to reject the instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified on the instrument of proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointer, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time fixed for holding the above meeting, as certified by the Central Depository (Pte) Limited to the Company.
8. Please insert the total number of Shares held by you. If you have Shares entered against your name on 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 of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and registered in your name in the register of members of the Company, you should insert the aggregate number of Shares. If no number is inserted, this form of proxy will be deemed to relate to all the Shares held by you.

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 appointer are not ascertainable from the instructions of the appointer 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 appointer, is not shown to have Shares entered against his name on the Depository Register as at 48 hours before the time fixed for holding the EGM, as certified by the CDP to the Company.

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