

RADIANCE ELECTRONICS LIMITED
(Company Registration Number: 200202428H)
(Incorporated in the Republic of Singapore)

2 November 2005

Singapore Exchange Securities Trading Limited
2 Shenton Way #19-00
SGX Centre 1
Singapore 068804

Attention: Ms Lorraine Chay/Ms Jill Hong

Dear Sirs,

**RE: RADIANCE ELECTRONICS LIMITED (the “Company”)
ANNOUNCEMENT ON THE ACQUISITION OF XIPTech HOLDINGS –
REPLY TO SGX QUERIES (“THE ANNOUNCEMENT”)**

We refer to the above captioned matter and to the queries raised in your letter dated 2 November 2005, Ref: RMR/IR/JH, in relation to the above.

Our responses to your queries are set out below.

(a) We note from the Company’s announcement dated 25 October that FY2004 NPAT of Xiptech Holdings was S\$0.29m. However, the NPAT for the ending 31 December 2005 is “projected to be at least 30% next year”.

Pursuant to Rule 1012, please provide the details of the principal assumptions relating to:-

(i) Growth of NPAT from S\$0.29m to S\$1.087m for the year ending 31 December 2005;

NPAT for the 12 month from July 2004 to June 2005 was S\$0.29m. NPAT for the 12 month from January 2005 to December 2005 was projected to be at least S\$1.087m. Based on the due diligence report, Xiptech has already achieved NPAT of S\$0.585m for the six months from January 2005 to June 2005. The principal assumptions are as follow:-

- Sales were projected to increase approximately 30% from the existing customers.

- There is no significant changes on Xiptech's gross profit margin as compared to previous year
- NPAT of Xiptech is projected to maintain consistently at approximately 4% of sales.

(ii) Growth of NPAT by at least 30% for the next year.

As mentioned above, sales were projected to increase approximately 30%, NPAT was projected to grow as well.

- (b) We note from the announcement dated 31 October 2005 that "an independent certified public accounting firm has been appointed to conduct financial due diligence and has confirmed that the forecast has been stated by the directors after due and careful enquiry."**

In respect of the above, please provide the details on the independent certified public accounting firm, including but not limited to, the name of firm, the partner assigned to the due diligence, the date of the due diligence report, and the basis for the confirmation that the profit forecast of S\$1.087m was stated after due and careful consideration.

In accordance with Rule 1012(3), please attach a report from the independent financial adviser, confirming that it is satisfied that the forecast has been stated by the directors after due and careful enquiry.

The independent certified public accounting firm that has been appointed to conduct financial due diligence is S C Teo & Co and the partner is Mr. Teo Seng Chee. The date of the due diligence report is 14 October 2005. S C Teo & Co has confirmed that they have examined the forecast profit and loss account of Xiptech in accordance with Singapore Standards of Assurance Engagements and that the forecast has been stated by the directors after due and careful enquiry.

The Company attach herewith a copy of confirmation letter from S C Teo & Co.

BY ORDER OF THE BOARD

Submitted by Chong Ching Lai 2 November 2005 to the SGX.