



RADIANCE GROUP LIMITED
(Incorporated in Singapore)
(Company Registration Number : 200202428H)

INTERESTED PERSON TRANSACTIONS – PROVISION OF ELECTRONICS MANUFACTURING SERVICES TO GLOBAL INVACOM LIMITED

1. INTRODUCTION

- 1.1 On 1 August 2010, Global Invacom Limited (“**GIL**”) acquired 138,235,390 ordinary shares (“**Shares**”) in the capital of Radiance Group Limited (“**Company**”), representing approximately 52.41 per cent. of the issued share capital of the Company (“**Acquisition**”), following which PricewaterhouseCoopers Corporate Finance Pte Ltd on behalf of GIL made a mandatory unconditional cash offer for all the shares of the Company, other than those already owned, controlled or agreed to be acquired by GIL or any party acting in concert with it (“**Offer**”). 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 the Company. Accordingly, for the purposes of the listing manual issued by the Singapore Exchange Securities Trading Limited (“**Listing Manual**”), GIL became a controlling shareholder of the Company.
- 1.2 Following the close of the Offer, GIL transferred all the Shares held by it to Vistra Corporate Services Limited, the trustee of The Pacific Trust (“**The Pacific Trust**”) and consequently, GIL ceased to be a shareholder. As at the date of this announcement, The Pacific Trust is a controlling shareholder for the purposes of Chapter 9 of the Listing Manual (“**Chapter 9**”).
- 1.3 Following discussions with the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), the SGX-ST has deemed that GIL and The Pacific Trust are not wholly-independent of each other and accordingly, GIL is deemed to be an “associate” of a controlling shareholder under Chapter 9 and is also treated as an interested person for the purpose of Chapter 9.
- 1.4 Pursuant to Chapter 9, transactions between a controlling shareholder (and its associates) and a listed issuer are interested party transactions (“**IPT**”). Accordingly, under the requirements of Chapter 9, the Company is required to make an immediate announcement of any IPT of a value equal to or exceeding 3% of the Company’s and its subsidiaries’ (“**Group**”) latest audited net tangible asset value (“**NTA**”) and to seek shareholders’ approval for all IPTs of a value equal to or exceeding 5% of the Group’s latest audited NTA.
- 1.5 The Group, through its subsidiary, Radiance Electronics (Shanghai) Co., Ltd (“**Radiance Shanghai**”) has been providing electronics manufacturing services on a recurring basis to GIL since 1999 which arrangement was further documented in a manufacturing agreement (“**Manufacturing Agreement**”) dated 1 April 2008. GIL is the main customer of the Group in respect of the Group’s provision of electronics manufacturing services of components for satellite communications products, and the Group is the main appointed vendor of the satellite communications products to GIL. Generally, orders from GIL are sent to Radiance Shanghai by way of purchase orders.
- 1.6 Between 1 August 2010 to 11 November 2010, Radiance Shanghai received 10 purchase orders each exceeded S\$100,000 in value from GIL, which, when aggregated during the same financial year, exceeded 5% of the Group’s latest audited NTA, details of which are set out in paragraph 3 below (“**Confirmed Orders**”). In addition, further purchase orders (each exceeding S\$100,000 in value) are expected to be received before the IPT Mandate (as defined below) can be sought (“**Future Orders**”). (The Confirmed Orders and Future Orders are collectively referred to as the “**Pre-Mandate Transactions**”). The Confirmed Orders were received in the ordinary course of business of the Group.

- 1.7 As required by Rule 906 of the Listing Manual, shareholders' approval must be obtained for any IPT of a value which is equal to or greater than 5% of the Group's latest audited NTA or when aggregated with other IPTs during the same financial period, the value is equal or more than 5% of the Group's latest audited NTA. Given that the Pre-Mandate Transactions, when aggregated, exceeds 5% of the Group's latest audited NTA, the Company intends to seek shareholders' approval to ratify the Pre-Mandate Transactions.
- 1.8 As transactions between GIL and the Group occur on a recurrent basis and such transactions are entered into in the ordinary course of business and are necessary for the day-to-day operations of the Group, the Company also intends to seek a general mandate of the transactions between GIL and the Group ("**IPT Mandate**"). The rationale for seeking an IPT Mandate is set out in paragraph 4 below.

2. INFORMATION ON GIL AND THE PACIFIC TRUST

- 2.1 GIL was incorporated in England and Wales as a private limited company on 18 November 1988. GIL is principally involved in the manufacturing of satellite and cable peripherals. GIL's ultimate holding company is Global Invacom Holdings Limited, whose principal activities are in investment holding and whose principal place of business is in England and Wales. GIL and its subsidiaries ("**GIL Group**") is one of the largest manufacturers of satellite and cable peripherals in the world.
- 2.2 GIL and the Group have an existing business relationship and GIL currently is, and has been for the last 10 years, a trading partner of the Group.
- 2.3 The Pacific Trust was constituted on 15 July 2010 by way of a trust deed which circumscribes, amongst others, The Pacific Trust's 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 and which is wholly-independent from the GIL Group. The Pacific Trust is constituted as a discretionary trust for the benefit of, *inter alia*, all bona fide employees of the GIL Group (which currently includes directors and shareholders of GIL), and officers and former employees and former officers from time to time of any member of the GIL Group and the spouses, civil partners, surviving spouses, surviving civil partners and dependent children and step-children under the age of eighteen and other descendants of such employees.
- 2.4 As at the date of this announcement, The Pacific Trust holds 148,527,093 Shares, representing approximately 56.31% of the issued share capital of the Company. GIL does not hold any Shares.

3. DETAILS OF THE CONFIRMED ORDERS

- 3.1 The Confirmed Orders were received by Radiance Shanghai from GIL for the manufacturing of satellite communication products. The dates on which the Confirmed Orders were received, as well as their individual value, are as follows:

Date Received	Amount (US\$)	Amount (S\$)¹
19 August 2010	253,214.50	342,599.22
20 August 2010	109,257.12	147,824.88
25 August 2010	156,795.50	212,144.31
28 September 2010	75,065.20	101,488.15
28 September 2010	948,982.16	1,283,023.88
28 September 2010	682,698.24	923,008.02
12 October 2010	93,700.00	123,215.50
25 October 2010	105,216.00	138,359.04
28 October 2010	1,457,359.20	1,916,427.35
10 November 2010	341,349.12	440,681.71
Total	4,223,637.04	5,628,772.06

Note:

(1) Based on exchange rates of: August 2010 - US\$1 : S\$1.353
September 2010 - US\$1 : S\$1.352
October 2010 - US\$1 : S\$1.315
November 2010 - US\$1 : S\$1.291

- 3.2 The Confirmed Orders are governed by the general terms and conditions contained in the Manufacturing Agreement, which was entered into between Radiance Shanghai and GIL on 1 April 2008 and is valid until 30 March 2011. The terms of the Manufacturing Agreement were negotiated on an arms length basis.

4. RATIONALE FOR THE INTERESTED PERSON TRANSACTIONS, RATIFICATION OF THE PRE-MANDATE TRANSACTIONS AND THE GENERAL MANDATE

- 4.1 **Rationale.** Sales to the GIL Group represent a significant source of revenue for the Group. Pursuant to the Manufacturing Agreement, orders from GIL are sent to Radiance Shanghai by way of purchase orders. Such purchase orders occur frequently and the value of the purchase orders constitute a core component of the Group's business. For the financial year ended 31 December 2009 ("FY2009"), the GIL Group contracted Radiance Shanghai to provide electronics manufacturing services for the value of approximately S\$66.63 million, representing 59.40% of the Group's revenue in FY2009. Radiance Shanghai is the main provider of electronics manufacturing services to the GIL Group. From 1 August 2010 to the date of this announcement, the value of all IPTs between the Group and GIL amounted to US\$4.22 million, or approximately S\$5.63 million. There are no other IPTs except for those entered into with GIL.

- 4.2 **Pre-Mandate IPT.** Pending clarification from the SGX-ST, the Company continued to receive purchase orders from GIL. The orders received from GIL are received in the ordinary course of business and these orders comprise a significant portion of the Group's business. Furthermore, revenue from GIL constitutes a major component of the revenue of the Group. It is thus impractical for the Group to cease taking any purchase orders from GIL pending the IPT Mandate and the Company is of the view that this would be highly prejudicial to the interests of the Company and to its shareholders. The Company proposes to seek a ratification of all such Pre-Mandate Transactions and has with immediate effect ensured that proper procedures and methods are in place to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the minority shareholders. Details of such procedures will be set out in the circular to be sent to shareholders in connection with the ratification of the Pre-Mandate Transactions.

- 4.3 **IPT Mandate.** As the transactions between Radiance Shanghai and GIL are of a recurring nature and represent a significant revenue contribution for the Group, it is not practical to seek specific shareholder approval for the IPTs. Accordingly, as such transactions are (i) recurring (ii) of a revenue nature to the Group and (iii) constitutes a major component of the Group's revenue source, the Company is of the view that it is necessary for the Group's operations to seek shareholders' approval for a general mandate for the IPTs. Obtaining the IPT Mandate pursuant to Chapter 9 of the Listing Manual will enable:

- (i) the Company; and
- (ii) subsidiaries of the Company (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 similar categories of transactions with GIL, provided such IPTs are carried out on an arm's length basis and made on normal commercial terms.

5. AUDIT COMMITTEE

- 5.1 In respect of the Confirmed Orders, the Audit Committee has reviewed the terms and is of the view that the terms of the Confirmed Orders are similar to the terms of the previous purchase orders entered into between Radiance Shanghai and GIL.

5.2 The Audit Committee will continue to review the terms of any Future Orders received from GIL until the approval of the IPT Mandate to ensure that all such Future Orders are (i) entered on an arms length basis, (ii) in accordance with the commercial terms historically granted to GIL by the Group prior to GIL becoming an interested party, and (iii) are not prejudicial to the interests of minority shareholders.

6. INDEPENDENT FINANCIAL ADVISER

6.1 The Audit Committee of the Company has appointed Provenance Capital Pte. Ltd. as the independent financial adviser ("**IFA**") to advise the Board of Directors on whether the terms of the Pre-Mandate Transactions and the IPT Mandate are on normal commercial terms and whether they are prejudicial to the interests of the Company and its minority shareholders.

7. SHAREHOLDERS' APPROVAL

7.1 The Company therefore intends to convene an extraordinary general meeting ("**EGM**") for the following purposes:

- (i) obtaining shareholders' ratification, confirmation and approval of the Pre-Mandate Transactions; and
- (ii) seeking shareholders' approval for the IPT Mandate.

8. CIRCULAR

8.1 The Company will, in due course, dispatch to shareholders, a circular containing *inter alia* further details of the various IPTs, the opinion of the IFA, and enclosing a notice of EGM in connection therewith.

IN THE MEANTIME, SHAREHOLDERS ARE ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE SHARES OF THE COMPANY.

BY ORDER OF THE BOARD

Anthony Brian Taylor
Executive Chairman

Date : 12 November 2010