



## RADIANCE GROUP LIMITED

(Incorporated in Singapore)  
(Co. Reg. No.: 200202428H)

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### Media Clarification – Business Times Commentary on the Proposed Acquisition of Global Invacom Holdings Limited (“GIHL”)

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*Unless otherwise defined, the capitalised terms herein have the same meanings ascribed to them in the Company’s announcement dated 30 June 2011.*

The Board of Directors (the “**Board**”) of Radiance Group Limited (the “**Company**” or “**Radiance**”) refers to The Business Times commentary dated 18 July 2011 headlined “Raw deal for Radiance minority shareholders” (the “**BT Article**”).

The Board wishes to highlight and clarify the following points that may be important in assessing the merits of the Proposed Acquisition:-

- 1) The writer used a 12-month period ended 30 June 2008 financial figure of S\$79.2 million and a 6-month period ended 31 December 2008 financial figure of S\$1.6 million for the revenue and net earnings respectively in her analysis. In fact Radiance’s revenue and net earnings for the 12-month period ended 31 December 2008 were approximately S\$119.5 million and S\$432,000, respectively. Therefore, Radiance’s revenue has been decreasing over the past three financial years.
- 2) The comparison of the FY2010 performances of both companies in itself is not an accurate benchmark for assessing the relative investment merits of the Proposed Acquisition given the fluctuations of earnings in recent years. It may be more useful to compare their average net earnings over the last three financial years. Specifically, Radiance has average net earnings of S\$2.4 million between FY2008 and FY2010 compared to the average of approximately S\$5.0 million recorded by GIHL over the same period (excluding a one-time non-recurring charge of S\$11.7 million incurred by GIHL in FY2010 in connection with the transfer of shares from its subsidiary, Global Invacom Limited to The Pacific Trust).
- 3) The net earnings recorded by Radiance should be considered in perspective. Radiance’s earnings are largely attributable to business from GIHL Group, its major customer over the years. GIHL Group has accounted for an average of more than 50% of Radiance’s revenues over the past three years.
- 4) The BT Article also highlights the financial impact of the Proposed Acquisition on the net tangible asset per share of the Company. It is important to note that Radiance is primarily a sub-contracted manufacturer of satellite communications and computer peripherals, while GIHL is primarily a R&D and design company which assets comprise mainly intangibles such as intellectual properties and technical capabilities. Hence, the impact of the acquisition on the net tangible asset of the Company should not be accorded undue weight.
- 5) A valuation report (the “**Valuation Report**”) dated 24 June 2011, commissioned by the directors of Radiance, valued GIHL at US\$56.1 million. The basis of the valuation involves the use of a discounted cash flow (DCF) methodology and uses comparables analysis as a cross-check. The Consideration for the purchase of GIHL is US\$49 million, representing a discount of approximately 12.7% from the value stated in the Valuation Report.

- 6) As stated in our announcement of 30 June 2011, the equivalent of S\$22.8 million cash to be paid to GIHL shareholders will be disbursed over three years and not on an immediate basis. During this period, the GIHL Group could potentially contribute to the enlarged group's cash reserves. Hence, the statement in the article that "...(Radiance's) S\$29 million cash at the end of last year would be all but depleted after the cash payment of US\$18.5 million or S\$22.5 million to GIHL shareholders" is misleading.

As at the date of this announcement, the Board has yet to make any recommendation on the Proposed Acquisition. A circular containing the advice of the independent financial adviser ("IFA") to the directors of the Company who are considered independent for the purpose of the Proposed Acquisition will be sent to shareholders of the Company in due course. Shareholders are advised to consider the transaction after the IFA has completed their review and provided their advice on the transaction.

The Company will continue to make announcements on the Proposed Acquisition at appropriate times in accordance with the SGX-ST Listing Rules. In the meantime, shareholders of the Company are advised to exercise caution when dealing in the Company's shares.

**BY ORDER OF THE BOARD**

22 July 2011