

**ARMARDA GROUP LIMITED**  
(Incorporated in Bermuda on 13 August 2003)  
(Registration No. 34050)

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## **ASSIGNMENT OF RECEIVABLES**

*Unless otherwise specified herein or where the context otherwise requires, capitalised terms used in this announcement shall have the same meaning as used in the announcement dated 15 March 2015 (“**Acquisition Announcement**”) in relation to the proposed acquisition of 90.0% of equity interest in Sino Cloud 01 Limited (“**Proposed Acquisition**”).*

### **1. INTRODUCTION**

The board of directors (“**Board**” or “**Directors**”) of Armarda Group Limited (“**Armarda**” or the “**Company**”) refers to the Acquisition Announcement. As stated in the Acquisition Announcement, the Original Purchase Consideration shall be paid by, *inter alia*, a deposit of HK\$82.0 million (the “**Deposit**”) to the Vendors, of which HK\$45.0 million shall be satisfied by cash and the remaining HK\$37.0 million by assignment of receivables in favour of the Vendors, as the Vendors have entered into a Deposit Arrangement Agreement with the Company on 13 March 2015 (“**Deposit Arrangement Agreement**”).

In connection with the Deposit and the Agreement, the Board wishes to announce that:

#### Assignment of Receivable Agreement A

- (i) The Company, Armarda Holdings Limited (“**AHL**”), Mr Zhang Dai (who is the duly authorized representative of the Vendors), and Mr Lu Zhendong (“**Mr Lu**”) have on 13 March 2015 entered into an agreement for assigning part of the total amount due from Mr Lu to the Company (“**Assignment of Receivable Agreement A**”) of HK\$12.0 million.
- (ii) Pursuant to the Assignment of Receivables Agreement A, the parties agree that the receivable amount due from Mr Lu of approximately HK\$12.0 million to the Company shall be assigned to Mr Zhang Dai. The amount of HK\$12.0 million will be applied to partially satisfy the Non-share Consideration for the Proposed Acquisition.

#### Assignment of Receivable Agreement B

- (i) AHL, Armarda Technology (Zhuhai) Limited (“**Armarda Zhuhai**”, a 100% subsidiary of the Company), Mr Zhang Dai (who is the duly authorized representative of the other three Vendors), and 深圳市中朋辉技术发展有限公司 (“**Shenzhen Penghui**”) have entered into an agreement for assigning part of the total amount due from Shenzhen Penghui to Armarda Zhuhai (“**Assignment of Receivable Agreement B**”) of RMB20.0 million.
- (ii) Pursuant to the Assignment of Receivable Agreement B, parties agree that the receivables amount due from Shenzhen Penghui of RMB20.0 million (or approximately HK\$25.0 million based on mutually pre-determined RMB:HK\$ exchange rate of approximately 1.25) shall be assigned to Mr Zhang Dai. The amount of RMB20.0 million will be applied to partially satisfy the Non-share Consideration for the Proposed Acquisition.

(collectively, the assignment of receivables due from Mr Lu and Shenzhen Penghui are referred as the “**Assignment of Receivables**”).

Details of the Agreement and the Proposed Acquisition can be found in the announcement dated 15 March 2015.

## **2. INFORMATION ON RECEIVABLES**

### **Receivable from Mr Lu**

As announced by the Company via the SGX-Net on 29 May 2014, 19 June 2014, and 14 August 2014 and disclosed in the Company's annual report for the financial year ended 31 March 2014, the Company had entered into the convertible loan agreement ("Convertible Loan Agreement") and the convertible loan agreement supplemental 1 ("Convertible Loan Agreement Supplemental 1") with Mr Lu (collectively, the Convertible Loan Agreement and the Convertible Loan Agreement Supplemental 1 are referred as the "Convertible Loan Agreements"). Pursuant to these agreements, the Company had extended to Mr Lu convertible loans of approximately HK\$84.0 million in aggregate (the "Convertible Loan") for the purpose of injection of capital into a PRC Project Company. The PRC Project Company is principally engaged in carrying on telecommunication business under restricted operating license in China which is highly complementary to the current Mobile Satellite services operated by the Company's associate China Mobile Satellite Communication Group Limited ("CMSCG") in China.

Please refer to the respective announcements for more details of the Convertible Loan.

### **Receivable from Shenzhen Penghui**

The receivables due from Shenzhen Penghui relates to short term advances provided by Armarda Zhuhai for Shenzhen Penghui for development of telecommunication system and business development in connection with the mobile satellite telecommunication services by CSMCG. The short term advances are interest free and repayable on demand.

## **3. RATIONALE FOR THE ASSIGNMENT OF RECEIVABLES AND USE OF PROCEEDS**

The Assignment of Receivables and the consideration for the assignment (the "Assignment Consideration") were negotiated on arms-length basis and partially represents the amounts owed by Mr Lu and Shenzhen Penghui as recorded in the financial statements of the Company of HK\$84.0 million and RMB25.02 million respectively as at the date of this announcement.

The amount to be assigned from the owing of Mr Lu and Shenzhen Penghui represent approximately 14.3% and 79.9% respectively of the total amounts owed by Mr Lu and Shenzhen Penghui respectively.

As at the date of this announcement, the outstanding balance of the Convertible Loan due from Mr Lu is HK\$84.0 million. Pursuant to the Convertible Loan Agreements, the Convertible Loan will mature on 25 March 2015, which can be extended for a period of 12 months upon written agreements by both parties.

As disclosed in the Group's unaudited financial statements for 9 months period ended 31 December 2014 ("9M2015"), which was announced on 13 February 2015, the balance of short term advances was approximately HK\$15.7 million as at the 31 December 2014, of which approximately HK\$12.7 million was due from Shenzhen Penghui. As at the date of this announcement, the amount due from Shenzhen Penghui is approximately RMB25.02 million (or approximately HK\$31.5 million based on RMB:HK\$ exchange rate of approximately 1.2597 on 12 March 2015). The increase was mainly due to the short term cash need for starting up and establishing numerous channels and cooperative ventures for the sales and promotion of the Company's business partners' business and mobile satellite products and services.

As the assigned receivables were executed without impairment to the amount due from Mr Lu and Shenzhen Penghui, other than effects of exchange rate as required by accounting policies, the Company does not expect the assignments to result in any loss or gain. There would be no surplus or deficit from the transaction. Accordingly, the assignments are not

expected to have any material financial effects for the Company for the financial year ended 31 March 2015 ("FY2015").

The purpose of the Assignment of Receivables is to satisfy the requirement of the Agreement, namely partial satisfaction of the Non-share Consideration. Pursuant to the Agreement for the Proposed Acquisition and the Deposit Arrangement Agreement, part of the Convertible Loan due from Mr Lu and amounts due from Shenzhen Penghui of HK\$12.0 million and RMB20.0 million respectively will be assigned to Mr Zhang Dai, being the duly authorised representative of the Vendors, to partially satisfy the Non-share Consideration for the Proposed Acquisition.

The Directors of the Company are of the view that the Assignment of Receivables to pay for the Proposed Acquisition and the Deposit required under the Agreement to partially fulfill the Non-share Consideration will help the Group to conserve the cash and cash equivalent. At the same time, the Assignment of Receivables will partially reduce the Company's exposure to counterparties in relation to the Convertible Loan to Mr Lu and amount due from Shenzhen Penghui with no loss from the transaction.

Furthermore, pursuant to the Agreement for the Proposed Acquisition and the Deposit Arrangement Agreement, in the event that the Agreement terminates automatically or is terminated for whatever reason, any and all of the Deposit, including but not limited to the receivables assigned to Mr Zhang Dai being the authorised representative of the Vendors pursuant to the Assignment of Receivable Agreement A and Assignment of Receivable Agreement B (collectively, the "**Assignment Agreements**"), paid to the Vendors shall be returned to the Purchaser by way of cash in full without deduction or set off within 3 Business Days following such termination.

In addition, the Directors are of the view that, *inter alia*, the Deposit Arrangement Agreement adequately secures and protects the interest of the Company with regard to the Assignment of Receivables.

#### **4. SALIENT TERMS OF THE ASSIGNMENT OF RECEIVABLES**

##### **Considerations**

The considerations for the Assignment of Receivables of HK\$12.0 million and RMB20.0 million due from Mr Lu and Shenzhen Penghui respectively are equal to their respective net book value. Their respective net book values at 100%, represents approximately 14.3% and 79.9% of the total amount of receivables owed by Mr Lu and Shenzhen Penghui of HK\$84.0 million and RMB25.02 million respectively. The considerations for the Assignment of Receivables are arrived at after arm's length negotiation, on a willing-buyer and willing-seller basis and without impairment.

The remaining balance of the unassigned amounts due from Mr Lu and Shenzhen Penghui of HK\$72.0 million and RMB5.02 million respectively will continue to represent owing due to the Company.

None of the receivables assigned were previously impaired.

##### **Assignments being Unconditional**

Pursuant to the Assignment of Receivables, the Company and/or AHL and/or Armarda Zhuhai will unconditionally assign and transfer all benefits, legal and/or economic, associated with the HK\$12.0 million due from Mr Lu and the RMB20.0 million due from Shenzhen Penghui to Mr Zhang Dai, who is the authorised representative of the Vendors.

In addition, Mr Lu and Shenzhen Penghui agree unconditionally to transfer partially the amount owe to the Company of HK\$12.0 million and RMB20.0 million respectively. After the assignments, Mr Lu and Shenzhen Penghui owing of HK\$72.0 million and RMB5.02 continue to be outstanding and due to the Company.

## 5. RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES

The relative figures of the Assignment of Receivables computed based on the Group's latest announced unaudited consolidated financial results for 9M2015, in accordance with Part IV Rule 1006 of the Catalist Rules are as follows:-

### Rule 1006

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(a)	The net asset value of the assets to be disposed of, compared with the group's net asset value <sup>(1)(2)</sup>	10.0%
(b)	The net profits attributable to the assets acquired, compared with the group's net profit <sup>(3)(4)</sup>	Not applicable
(c)	Aggregate value of the consideration given, compared with the issuer's market capitalization <sup>(5)(6)</sup>	19.4%
(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue <sup>(6)</sup>	Not applicable

#### Notes:

- (1) Aggregate net book value of the receivables being disposed as at the date of the Assignment Agreements is approximately HK\$37.2 million, consists of HK\$12.0 million and RMB20.0 million (or approximately HK\$25.2 million based on RMB:HK\$ exchange rate of approximately 1.2597 on 12 March 2015).
- (2) Net asset value of the Group was calculated based on the unaudited net asset value of approximately HK\$312.1 million as at 31 December 2014 with adjustment to include the net proceeds from the placement of approximately HK\$60.7 million completed on 17 February 2015.
- (3) The Group incurred a loss before tax of approximately HK\$36.1 million for 9M2015.
- (4) Assuming that (1) the interest payable (4.2% per annum) on the HK\$12.0 million being assigned pursuant to the Assignment of Receivable Agreement A (which represents part of the total Convertible Loan of HK\$84.0 million) started to accrue on 25 March 2014 (being the date Convertible Loan Agreement; (2) the HK\$12.0 million had been outstanding from 25 March 2014 to 31 December 2014; and (3) Directors' confirmation that there is no interest attributable to the Agreement and the Assignment of Receivable Agreement A, the profit attributable to the HK\$12.0 million assigned is approximately HK\$388 thousand. The RMB20.0 million due from Shenzhen Penghui is interest-free.
- (5) The aggregate consideration for the Assignment of Receivables is equal to aggregate net book value of the receivables being disposed.
- (6) The Company's market capitalization of approximately HK\$191.7 million is based on its total number of issued Shares of 7,540,813,474 Shares and the weighted average price of approximately S\$0.004543 per Share and at an exchange rate of HK\$5.5941: S\$1.00 on 12 March 2015, being the market day prior to the signing of the Assignment Agreements.
- (7) No Shares will be issued or cancelled arising from the Assignment of Receivables

As the relative figures set out in Rule 1006(a) and (c) above exceed 5% but are less than 50%, the Assignment of Receivables constitute discloseable transactions under Chapter 10 of the Catalist Rules.

## 6. FINANCIAL EFFECTS

The financial effects of the Assignment of Receivables as set out below are purely for illustration purposes only and are not indicative of the actual financial effects of the Assignment of Receivables on the net tangible assets ("NTA") per share or loss per share ("LPS") of the Company.

For illustrative purposes only, the following is an illustration of the proforma financial effects of the Assignment of Receivables on the NTA per share of the Group based on the Group's audited consolidated balance sheet as at financial year ended 31 March 2014 ("FY2014"), and the assumptions as summarized herein and in the accompanying notes. As shown below, the

NTA per Share of the Group will remain at approximately HK\$0.03745 after the Proposed Acquisition.

<b>Net Tangible Assets</b>	<b>Before the Proposed Acquisition</b>	<b>After the Proposed Acquisition<sup>(1)(2)</sup></b>
Consolidated NTA attributable to shareholders of the Company ("Shareholders") (HK\$' 000)	282,414	282,414
Number of Shares	7,540,813,474	7,540,813,474
Consolidated NTA per Share (HK\$)	0.03745	0.03745

**Note:**

(1) Assuming that the Assignment of Receivables was completed as at the end of FY2014.

(2) Assuming that the Proposed Acquisition terminates, and the Vendors return the Deposit in Cash.

For illustrative purposes only, the following is an illustration of the pro forma financial effects of the Proposed Acquisition on the loss per Share ("LPS"), based on the Group's audited consolidated loss after income tax for FY2014 and the assumptions as summarized herein and in the accompanying notes. As shown below, the LPS of the Group will remain at approximately HK\$0.01260 after the Assignment of Receivables.

<b>Loss per Share</b>	<b>Before the Proposed Acquisition</b>	<b>After the Proposed Acquisition</b>
(Loss) attributable to Shareholders (HK\$'000)	(88,225)	(88,225)
Number of shares	7,002,137,000	7,002,137,000
Consolidated LPS (HK\$)	(0.01260)	(0.01260)

**Notes:**

(1) Assuming that the Assignment of Receivables was completed as at the beginning of FY2014.

(2) Weighted average number of ordinary Shares for FY2014, as disclosed in the AR2014, adjusted with the 1,440,000.000 new Shares issued pursuant to the placement announced on 19 June 2014, 2,121,290,000 new Shares issued pursuant to the placement announcement on 27 January 2015, and 150,000,000 new Shares issued pursuant to the Performance Share Plan (on the assumption that the aforementioned new Shares have been issued at the beginning of FY2014).

The financial effects presented above are not intended to, and do not, reflect projections of the future financial performance or the actual future financial performance or position of the Group after completion of the Assignment of Receivables and are computed based on the assumptions as summarized above.

## 7. INTERESTS OF THE DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors has, and to the best of the Directors' knowledge, there are no controlling Shareholders of the Company, who have, any interest, direct or indirect, in the Assignment of Receivables.

## **8. SERVICE CONTRACTS OF DIRECTORS**

No person is proposed to be appointed as a director of the Company in connection with the Assignment of Receivables. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

## **9. DOCUMENTS AVAILABLE FOR INSPECTION**

Whilst the registered office of the Company is in Bermuda, the principal office of the Company is in Hong Kong. Taking into account that Hong Kong is a more accessible location than Bermuda, a copy of the Assignment Agreements will be made available for inspection during normal business hours at the principal office of the Company at Room 3501, 35/F, West Tower, Shun Tak Centre, 168-200 Connaught Road, Central, Hong Kong for a period of three (3) months from the date of this announcement.

## **10. RESPONSIBILITY STATEMENT**

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

## **BY ORDER OF THE BOARD**

Luk Chung Po, Terence  
Executive Director  
15 March 2015

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Asian Corporate Advisors Pte. Ltd. (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "Exchange"). The Sponsor has not independently verified the contents of this announcement including the correctness of any of the figures used, statements or opinions made.*

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