



NEWS RELEASE

ARMARDA LAUNCHES IPO AT S\$0.27 PER SHARE

Singapore, May 11, 2004 – Armarda Group Limited (“Armarda” or “the Group”), a service provider to the PRC banking and financial industry, today announced that it has registered its prospectus and will launch its initial public offering (“IPO”) of 60 million shares at S\$0.27 per share on May 12, 2004. The Group intends to list on the SGX-ST Dealing and Automated Quotation System (“SGX-Sesdaq”).

Commenting on the IPO, Mr Graham Valentine, Chief Executive Officer of Armarda said, “Our IPO is a significant milestone for us as it raises our profile and strengthens our position in the industry to enable us to meet the IT needs of banks in China as the financial industry gears up for further liberalization.”

The Offer

The Invitation comprises 60 million New Shares representing approximately 20.9% of Armarda’s enlarged share capital of 287,232,140 shares.

The Invitation is structured as follows:

- 3 million Offer Shares by way of public offer; and
- 57 million Placement Shares by way of placement, comprising:
 - 53.5 million Placement Shares; and
 - 3.5 million Internet Placement Shares reserved for applications through the IPO Website www.ePublicOffer.com

payable in full on application.

SBI E2-Capital Pte Ltd is the Manager for Armarda’s IPO, while SBI E2-Capital Securities Pte Ltd is the Underwriter and Placement Agent for the Offer.

Use of Proceeds

Armarda plans to use the estimated net proceeds of S\$13.5 million raised from its IPO as follows:

- approximately S\$2.0 million for the expansion of the Group’s geographical presence in the PRC through the establishment of new offices;
- approximately S\$4.0 million for the expansion of the Group’s business through hiring suitably skilled consultants and developing new business methodologies and training programs;
- approximately S\$5.4 million to expand the range of services the Group provides and intellectual property rights through strategic partnerships or alliances, acquisitions or joint ventures; and
- the balance for working capital purposes.

Growth Prospects

The PRC’s accession as a member of WTO in December 2001 was a catalyst for the opening up of the domestic banking and financial services sector to foreign participation. With the subsequent liberalisation of the PRC banking and finance industry, local PRC banks and financial institutions must review their existing operations in order to compete effectively with the foreign players, therefore creating opportunities for Armarda.

“We believe that we are well-placed to offer our integrated suite of IT Consulting, IT Support and Business Transformation services to meet the anticipated needs of the PRC banking sector,” said Mr Valentine.

The Group also expects the demand for maintenance and servicing of ATMs, self-service terminals and point-of-sale kiosks to be driven by the modernization of PRC banking sector. These, coupled with the increasing trend by the financial industry to outsource non-core functions such as the maintenance of ATM networks and IT infrastructure management, will present further business opportunities for Armarda.

Future Plans

Armarda intends to increase its penetration into the PRC banking and financial services industry by providing differentiated offerings incorporating its strengths in IT Consulting, IT Support and Business Transformation services.

“With our wealth of knowledge in the PRC market, we are in a good position to extend our services to both local banks and foreign banks who may need to outsource their IT networks and infrastructures,” said Mr Valentine.

Armarda intends to expand its integrated suite of services, by entering into strategic alliances with leading IT product vendors and service partners to provide a wider range of customized solutions. The Group also plans to expand its technical capabilities, offer a broader range of business transformation services and develop new business methodologies for its customers.

In addition, the Group plans to expand the provision of its business transformation services throughout the Asia-Pacific region, and to expand its intellectual property assets to create differentiated solutions.

It will also explore strategic investments, joint ventures and acquisitions to expand its range of services, technological capabilities and geographical reach.

Financial Highlights

For the financial year ended 31 December 2003 ("FY2003"), which effectively is its first year of operation in its current business, Armarda registered operating revenue of HK\$33.7 million and a net profit of HK\$16.6 million.

As at 17 March 2004, Armarda had an order book of approximately HK\$27.8 million. This includes revenue recognized from 1 January to 17 March 2004 and is approximately 82% of its operating revenue in FY2003.

For FY2003, the Group's IT Consulting, IT Support and Business Transformation services accounted for 57.8%, 37.8% and 4.4% of revenue respectively. The IT Consulting, IT Support and Business Transformation services registered profit before tax margins of 55.2%, 43.4% and 20.2% respectively for FY2003.

About Armarda Group Limited

Armarda provides an integrated suite of IT Consulting, IT Support and Business Transformation services for the banking and financial services industry in the PRC.

Under the Group's IT Consulting Services business, Armarda provides IT strategy review and formulation, IT infrastructure architecture and technology integration to banks and financial institutions.

Armarda also provides IT Support Services to financial institutions by providing installation, technical and maintenance support to over 3,800 ATMs used in business operations. The Group also provides management services to its customers seeking to outsource certain aspects of ATM network management.

In addition, Armarda has developed a range of Business Transformation Services to provide its clients with a fast, reliable and efficient way of transforming their businesses and organisations. This includes the formulation and implementation of its customers' business strategies to provide a strong foundation for optimizing their business operations.

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