

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

PROPOSED ACQUISITION OF UP TO 90.0% OF THE EQUITY INTEREST IN SINOCLOUD 01 LIMITED (THE "TARGET") BY ARMARDA HOLDINGS LIMITED

1. INTRODUCTION

Further to the announcement dated 15 October 2014 in relation to the Letter of Intent for the proposed acquisition of Guiyang Zhongdian Gaoxin Digital Technologies Limited ("**Guiyang Zhongdian**"), and the announcement dated 23 January 2015 in relation to the update on the aforesaid proposed acquisition, the board of directors ("**Board**" or "**Directors**") of Armarda Group Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to inform its shareholders ("**Shareholders**") that on 13 March 2015, the Company, through its wholly owned subsidiary, Armarda Holdings Limited (the "**Purchaser**"), had entered into a sale and purchase agreement (the "**Agreement**") with Zhang Dai, Xu Yong, Bi Wei Na, and Xu Yu Chi (each a "**Vendor**" and collectively, the "**Vendors**") to acquire 90.0% of each of the Vendor's respective interests in the Target (the "**Sale Shares**"), being 90,000 ordinary shares in the capital of the Target, for an aggregate consideration of HK\$137,941,000 (the "**Proposed Acquisition**"). The aggregate purchase consideration for the Proposed Acquisition will be partially satisfied in cash or assignment of receivables and partially through the issuance of new ordinary shares in the issued and paid-up capital of the Company. Following completion of the Proposed Acquisition, each of the Vendors will continue to hold 10.0% of each of their existing interests in the Target.

2. INFORMATION ON THE TARGET

2.1 Target and Target Companies

The Target is a company incorporated in the British Virgin Islands on 2 December 2014 and has an issued and paid-up share capital of US\$100,000, comprising 100,000 ordinary shares. It owns the entire issued and paid-up capital of SinoCloud 01 (HK) Limited ("**SinoCloud HK**"), a company incorporated in Hong Kong on 5 March 2015, as at the date of this announcement ("**Announcement**"). SinoCloud HK will become the owner of 100% of the equity interest in a wholly foreign owned enterprise (the "**WFOE**") to be incorporated in the People's Republic of China ("**PRC**") prior to the completion of the Proposed Acquisition ("**Completion**").

Shenzhen Zhongdian Lechu Investment Management Partnership ("**Shenzhen Lechu**") is a limited partnership incorporated in the PRC and wholly owned by the Vendors. Shenzhen Lechu owns 70% equity interest in Guiyang Zhongdian. The remaining 30% of the interest in Guiyang Zhongdian is held by Shanghai Ronghuan Industrial Co. Ltd. ("**Shanghai Ronghuan**"), a company incorporated in the PRC. Other than holding the 70% equity interest in Guiyang Zhongdian, Shenzhen Lechu has no other businesses or assets. Shanghai Ronghuan is not related to any of the Vendors, the Directors or substantial Shareholders of the Company. Shenzhen Lechu will be converted into a limited liability company prior to Completion. Pursuant to a series of contractual arrangements to be entered into by the WFOE, Shenzhen Lechu and Guiyang Zhongdian (the "**VIE Arrangement**"), all of the operating and economic rights, interests, benefits, risks and liabilities and the effective control and management over Shenzhen Lechu, and hence Shenzhen Lechu's rights, interests and control in Guiyang Zhongdian, will be transferred to, or owned or managed or controlled by, or ceded to or vested in, the WFOE, on a sole and exclusive basis, to the maximum extent legally permissible.

2.2 Business of Guiyang Zhongdian

Guiyang Zhongdian is in the business of operating internet data center services and businesses in the PRC (the "**Business**"). It is principally engaged in provision of a high performance internet data centre ("**IDC**"), cloud computing and big data services with a first-of-its-kind, robust tier four standard⁽¹⁾ data storage facility in the Guiyang region, Guizhou province, the PRC, which commenced full operation in October 2014, comprising 660 cabinets and hosting up to approximately 6,600 data servers. Having signed a strategic cooperation framework agreement with China Telecom Company Limited, Guiyang Branch, Guiyang Zhongdian's target client list includes one of the largest food manufacturers and retailers in China, as well as Guiyang-based enterprises and various Guiyang municipal government bodies.

In addition to the aforesaid cooperation agreement with China Telecom, Guiyang Zhongdian has also entered into a rental agreement dated 9 May 2014 with Guiyang Wangda Property Limited and a finance lease agreement dated 10 June 2014 with Shanghai Tairun Finance Lease Limited (collectively, the "**Business Agreements**"). In addition, Guiyang Zhongdian has obtained a value-added services licence dated 18 December 2014 which allows it to operate the Business, the aforementioned licence is effective until 18 December 2019.

3. INFORMATION ON THE VENDORS

3.1 The Vendors are PRC nationals. The Vendors hold, in aggregate, 100% equity interest in the Target, comprising 100,000 ordinary shares of par value US\$1.00 each. Each Vendor holds the number of shares in the Target as set out against his respective name in the second column of the table below. Pursuant to the Agreement, each of the Vendors will be selling the number of Sale Shares set against his respective name in the rightmost column of the table below:-

Name of Vendor	Number of shares held in the Target	Number of Sale Shares held
Zhang Dai	32,500	29,250
Xu Yong	32,500	29,250
Bi Wei Na	17,500	15,750
Xu Yu Chi	17,500	15,750

Following the completion of the Proposed Acquisition, each of the Vendors will continue to hold, in aggregate, 10.0% of the equity interest of the Target.

3.2 Two of the Vendors, namely Zhang Dai and Xu Yong (the "**Operating Vendors**"), have been involved in the operation of the Business and will continue to be involved in the operation of the Business subsequent to the signing of the Agreement and post-completion of the Proposed Acquisition. The other two Vendors, namely Bi Wei Na and Xu Yu Chi (the "**Financial Vendors**"), are passive investors of the Business who did not contribute to the operation of the Business, and will not be involved in the operation of the Business subsequent to the signing of the Agreement and post-completion of the Proposed Acquisition.

Note: (1) Tier 1 to 4 data center is a standardized methodology used to define uptime of data center. This is useful for measuring data centre performance, investment and return on investment. Tier 4 data center considered as most robust and less prone to failures. Tier 4 is designed to host mission critical servers and computer systems, with fully redundant subsystems (cooling, power, network links, storage etc) and compartmentalized security zones controlled by biometric access controls methods. Naturally, the simplest is a Tier 1 data center used by small business or shops. Specification of the different tiers:

- Tier 1 = Non-redundant capacity components (single uplink and servers).
- Tier 2 = Tier 1 + Redundant capacity components.
- Tier 3 = Tier 1 + Tier 2 + Dual-powered equipment and multiple uplinks.
- Tier 4 = Tier 1 + Tier 2 + Tier 3 + all components are fully fault-tolerant including uplinks, storage, chillers, HVAC systems, servers etc. Everything is dual-powered.

3.3 Pursuant to the Agreement, the Vendors have warranted that they are not:-

- (a) acting in concert with each other, the Purchaser or the Company;
- (b) influenced or acting in accordance with or accustomed to act in accordance with the directions or instructions from any director (including an alternate director), the chief executive officer or any controlling shareholder (as defined in the SGX-ST Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") or substantial shareholder (as defined in the Companies Act (Cap. 50)) of the Purchaser or the Company;
- (c) an associate (as defined under the Catalist Rules) of, or otherwise related to any director (including an alternate director), the chief executive officer or any controlling shareholder or (as defined in the Catalist Rules) or substantial shareholder (as defined in the Companies Act (Cap. 50)) of the Purchaser or the Company;
- (d) connected (including business relationship) with the Purchaser or the Company, any director (including an alternate director), the chief executive officer or any controlling shareholder or (as defined in the Catalist Rules) or substantial shareholder (as defined in the Companies Act (Cap. 50)) of the Purchaser or the Company;
- (e) any of the persons set out in Rule 812(1) of the Catalist Rules;
- (f) involved and will not involve or participate or influence or procure any director to act in accordance to their instructions with respect to management or such other matters of the Purchaser or the Company; or
- (g) seeking representation on the board of directors of the Purchaser, the Company or any of its subsidiaries, whether directly or indirectly.

In addition, the Vendors have warranted that no director or alternate director or substantial shareholder of the Company is /are influenced or is/are obliged or accustomed to act in accordance with the instructions or directions of any of the Vendors.

4. SALIENT TERMS OF THE PROPOSED ACQUISITION

4.1 Sale Shares

Subject to the terms and conditions of the Agreement, the Vendors shall, as legal and beneficial owners of the Sale Shares and relying on the representations, warranties and undertakings of the Purchaser contained in the Agreement, sell, transfer and assign and the Purchaser shall, relying on the representations, warranties and undertakings of the Vendors contained in the Agreement, purchase the Sale Shares free from all encumbrances and together with all rights, benefits and advantages attaching thereto including dividends and distributions as of and including the date of Completion (the "**Completion Date**") and thereafter.

4.2 Consideration

The aggregate consideration payable for the Sale Shares ("**Original Purchase Consideration**") shall be approximately HK\$137,941,000, which was arrived at on a willing buyer and willing seller basis and taking into account, *inter alia*, the potential of the Business, in the form of:

- (a) the payment of an aggregate of HK\$82,000,000 or the equivalent US Dollars (the "**Non-share Consideration**") to be satisfied by way of cash or assignment of receivables in favour of the Vendors as follows:-

Vendors	Amount of Non-share Consideration to be paid (HK\$'000)
Zhang Dai	26,650
Xu Yong	26,650
Bi Wei Na	14,350
Xu Yu Chi	14,350
TOTAL	82,000

- (b) the issue and allotment by the Company of 2,000,000,000 ordinary shares in the capital of the Company ("**Consideration Shares**") at the issue price of S\$0.005 per Consideration Share ("**Issue Price**"), credited as fully paid, with a net value of HK\$55,941,000, to the Vendors as follows:-

Vendors	Number of Consideration Shares to be issued and allotted
Zhang Dai	650,000,000
Xu Yong	650,000,000
Bi Wei Na	350,000,000
Xu Yu Chi	350,000,000
TOTAL	2,000,000,000

The Issue Price for each Consideration Share represents a premium of approximately 10.1% to the weighted average price of the Shares of approximately S\$0.004543 as transacted on 12 March 2015, being the last market day preceding the date of the Agreement.

The Consideration Shares shall be issued free and clear of encumbrances and will rank *pari passu* with all existing Shares of the Company.

The Company will be making an application to the SGX-ST for the dealing in, listing of and quotation for the Consideration Shares to be allotted and issued as part of the Consideration on the Catalist and will inform Shareholders of the outcome of the application in due course.

The Original Purchase Consideration shall be paid as follows:

- (a) the Purchaser shall pay a deposit of the entire Non-share Consideration of HK\$82,000,000 (the "**Deposit**") to the Vendors, of which HK\$45,000,000 of the Deposit shall be satisfied by cash and the remaining HK\$37,000,000 of the Deposit by assignment of receivables in favour of the Vendors, provided that the Vendors have entered into a deposit arrangement agreement pursuant to the Agreement. Payment of the Deposit shall be made on or before the date falling one (1) month after the signing of the Agreement; and
- (b) Subject to the satisfaction or waiver of all of the conditions precedents stated in paragraph 4.4 of this Announcement, the Purchaser shall upon Completion procure the Company to issue the Consideration Shares to the Vendors.

Adjustment to the Original Purchase Consideration

The Company shall engage an independent valuer (the "**Valuer**") and obtain the Valuer's evaluation of the value of the Business (the "**Value**") as soon as reasonably practicable after the date of the Agreement but in any event not later than the issue of the circular in connection with the Proposed Acquisition.

The Original Purchase Consideration shall be adjusted with reference to the Value (the "**Adjusted Purchase Consideration**") as follows:

$$\text{Adjusted Purchase Consideration} = \text{Original Purchase Consideration} \times \frac{\text{The Value}}{\text{Original Purchase Consideration} / 63\%}$$

In the event that the Adjusted Purchase Consideration is less than the Original Purchase Consideration, the payment obligation of the Purchaser shall be reduced by the shortfall up to a maximum of 20% of the Original Purchase Consideration. The Purchaser shall have the absolute discretion as to which portion of the Original Purchase Consideration shall such reduction, if any, apply. For the avoidance of doubt, no adjustment to the Original Purchase Consideration shall be made if the Adjusted Purchase Consideration is higher than the Original Purchase Consideration.

4.3 Deposit Arrangement Agreement

In relation to the Deposit, the Purchaser and the Vendors have entered into a deposit arrangement agreement on 13 March 2015 (the "**Deposit Arrangement Agreement**"). Pursuant to the Deposit Arrangement Agreement, the Vendors shall grant to the Purchaser a right (the "**Right**") to purchase 55% of the Vendors' entire interest in Shenzhen Lechu ("**Interest**"), subject to the occurrence of any of the events specified in the Deposit Arrangement Agreement and as set out below. If so exercised by the Purchaser, the Right shall oblige the Vendors to transfer all their Interest in Shenzhen Lechu to the Purchaser and/or one or more nominees of the Purchaser in accordance with the applicable laws and regulations in the PRC.

If Shenzhen Lechu is converted into a limited liability company, the Vendors shall within 3 Business Days of such conversion enter into another deposit arrangement agreement in form and substance satisfactory to the Purchaser in respect of 55% of the Vendors' equity interest in Shenzhen Lechu with terms and conditions similar to the Deposit Arrangement Agreement.

If the equity interest in Guiyang Zhongdian held by Shenzhen Lechu is transferred to another company held by the Vendors, the Vendors shall within 3 Business Days of such transfer enter into another deposit arrangement agreement with the Purchaser in form and substance satisfactory to the Purchaser in respect of 55% of the Vendors' equity interest in such company with terms and conditions similar to the Deposit Arrangement Agreement.

Having considered the commercial risks of the arrangements in relation to the Deposit including, *inter alia*, the Right, as set out above, the Board is of the view that the arrangements are satisfactory and in the best interests of the Company.

Salient Exercise Conditions

The exercise of the Right is conditional upon the occurrence of any one or more of the events set out below:

- (a) the Vendors fail to perform their obligations under the Deposit arrangement in the Agreement, in particular fail to refund the Deposit within 3 business days after termination of the Agreement in accordance with the terms of the Agreement;
- (b) Any representation or warranty made by the Vendors in the Deposit Arrangement Agreement contains untrue, inaccurate, incorrect and/or misleading statements or errors and/or the Vendors breach any warranty in the Deposit Arrangement Agreement;
- (c) the Vendors breach any of the covenants in the Deposit Arrangement Agreement;
- (d) the Vendors breach any other material provision of the Deposit Arrangement Agreement;

- (e) the Vendors waive the 55% interest which they legally hold in Shenzhen Lechu or any part thereof, or transfers or assigns such interest or any part thereof without prior written consent from the Purchaser; or
- (f) the Vendors are not capable of continuing to perform the obligations under the Deposit Arrangement Agreement due to any reason.

4.4 Conditions Precedent

The Proposed Acquisition is conditional upon the fulfillment or waiver (as the case may be) of, *inter alia*, the following conditions ("**Conditions Precedent**"):

- (a) the Company having obtained the approval of its Shareholders in respect of, *inter alia*, (i) the Proposed Acquisition; (ii) the VIE Arrangement and (iii) the issue of the Consideration Shares to the Vendors pursuant to the terms of the Agreement, in the manner required by the Catalyst Rules;
- (b) the Purchaser having obtained approval of its board of directors in relation to the transactions contemplated in the Agreement;
- (c) the Company having obtained approval of its board of directors in relation to the issue and allotment of the Consideration Shares;
- (d) the Purchaser having obtained, in form and substance satisfactory to the Purchaser:-
 - (i) from its PRC legal adviser, a legal opinion in relation to, *inter alia*, the legality, validity and enforceability of (i) the VIE Arrangement, (ii) Business Agreements, (iii) the Deposit Arrangement Agreements and (iv) the licenses and permits of Guiyang Zhongdian; and
 - (ii) from its Singapore legal adviser, a legal opinion in relation to, *inter alia*, the legality, validity and enforceability of (i) the Agreement and (ii) the shareholders' agreement to be entered into between the Purchaser, the Vendors and the Target in relation to the management and affairs of the Target, which shall become effective upon Completion (the "**Shareholders' Agreement**");
- (e) the allotment and issuance of the Consideration Shares not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Agreement by any legislative, executive or regulatory body or authority of Bermuda or Singapore;
- (f) the Company having obtained the relevant confirmations/approvals from its sponsor, Asian Corporate Advisors Pte. Ltd. (the "**Sponsor**") for all matters arising from or relating to the Proposed Acquisition (including but not limited to valuation and/or legal opinions raised or furnished as may be required) and other transactions contemplated in the Agreement and the listing and quotation notice for the Consideration Shares from the Sponsor and the SGX-ST, and the same not having been withdrawn or revoked and if such consents or approvals are obtained subject to any conditions which are required to be fulfilled on or before the Completion Date, such conditions are so fulfilled;
- (g) SinoCloud HK having established the WFOE, Shenzhen Lechu having converted into a limited liability company and the VIE Arrangement having been established, in such form and substance satisfactory to the Purchaser and its PRC legal counsel;
- (h) the Vendors having procured (i) the appointment of the Purchaser's nominee(s) as directors and where applicable company secretary, legal representative and

supervisor of each of the Target, SinoCloud HK, WFOE, Shenzhen Lechu and Guiyang Zhongdian (the "**Target Companies**" and each a "**Target Company**") and (ii) the resignation or removal of all the existing directors (other than the Operating Vendors and in the case of Guiyang Zhongdian, other than the directors nominated by Shanghai Ronghuan) and where applicable company secretary, legal representative and supervisor of each of the Target Companies who are not representatives of the Purchaser, all to take effect on the Completion Date, with each outgoing director, company secretary, legal representative and supervisor (as the case may be) acknowledging that: (i) he has no claim for fees, entitlements, emoluments, remunerations, salary or compensation for loss of office or otherwise against any Target Company and (ii) there is no agreement, arrangement or understanding under which any Target Company has, or could have, any obligation to them;

- (i) the Purchaser and the Vendors having complied with the terms and conditions of the Agreement and there having been no breach of the Agreement by any party;
- (j) none of the Company, the Purchaser, the Vendors and the Target Companies having received, on or prior to the Completion, notice of any directive, injunction or other order, which restrains or prohibits the consummation of the Proposed Acquisition and there being no action, on or prior to the Completion, seeking to restrain or prohibit the consummation thereof, or seeking damages in connection therewith, which is pending or any such directive, injunction or other order or action which is threatened;
- (k) each of the Vendors having executed an undertaking in such form and substance satisfactory to the Company and the Sponsor, confirming or undertaking (as the case may be) that (i) each of them is independent of, and not otherwise related to any of the others and each of them is acting on its own accord and not acting jointly with any other persons; (ii) none of them holds any Shares (including but not limited to the Consideration Shares issued or to be issued under the Agreement) (or any interest therein) as nominee or in trust for or otherwise on behalf of any of the others; (iii) none of them are influenced or obliged or accustomed to act in accordance with the instructions or directions of any other persons or Vendors, or the directors or substantial shareholder of the Company in relation to the management or control of the Company or the voting of any Shares (including but not limited to the Consideration Shares issued or to be issued under this Agreement); (iv) none of them is or will be represented on the board of directors of the Company whether directly or indirectly; (v) no director or alternate director or substantial shareholder of the Company is/are influenced or is/are obliged or accustomed to act in accordance with their instructions or directions; (vi) there are no arrangements, agreements or understanding, whether formal or informal, between the Vendors, and/or any other persons to cooperate and to acquire or consolidate effective control in the Company through the Proposed Acquisition; (vii) none of them shall, whether singly or jointly, exercise any voting rights held in respect of the Consideration Shares for the purpose of appointing any person or persons as a director or alternate director of the Company, whether by way of proposing or seconding or passing any Shareholders' resolutions and/or requisitioning for any Shareholders' meeting to be held for such purpose or otherwise; (viii) the Vendors have no intention to seek control of or take-over Armarda; (ix) the Proposed Acquisition will not result in and is not contemplated to transfer controlling interest; (x) the Proposed Acquisition is not intended to be a very substantial acquisition or reverse takeover as defined by the Catalist Rules; and (xi) to comply with the Catalist Rules;
- (l) all of the warranties and representations contained in the Agreement being true, correct, complete, accurate and not misleading in all respects at Completion, as if repeated at Completion, and all undertakings contained in the Agreement, to the extent being capable of being fulfilled prior to Completion, having been fulfilled in all respects;

- (m) no material adverse change having occurred in relation to the Target Companies between the date of the Agreement and Completion;
- (n) the transactions contemplated in the Agreement (in whole or in part) not having constituted a very substantial acquisition and/or a reverse takeover under the Catalist Rules;
- (o) if applicable, in the event the aggregate shareholding interests of the Vendors pursuant to the issuance of the Consideration Shares is equal to or exceeds 30% of the total issued and paid-up share capital of the Company immediately after such issuances of Shares, the Vendors and their concert parties (if applicable) having obtained the necessary confirmation or whitewash waiver from the Securities Industry Council and (in the case of the latter) the whitewash resolutions from independent Shareholders in relation to the issue and allotment of the Consideration Shares;
- (p) the Purchaser, or the Company and the Vendors having complied with the Catalist Rules in all respects in connection with the Proposed Acquisition;
- (q) each of the Operating Vendors having become a director of each of the Target Companies and having executed an undertaking in such form and substance satisfactory to the Purchaser undertaking that he will continue to serve as a director of each of the Target Companies for a period of 2 years after Completion;
- (r) the Purchaser, the Company, the Vendors and the Target having entered into the Shareholders' Agreement, in form and substance satisfactory to the Purchaser; and
- (s) the Purchaser having satisfied that each of the Target Companies is duly incorporated, validly existing, of good standing and has due capacity and authority to enter into each of the transaction documents to which it is a party, and that the shareholding structure of each of the Target Companies as described in the recitals of the Agreement and paragraph 1 of schedule 2 of the Agreement is true, correct, accurate, complete, legal and valid.

The long stop date for the satisfaction or waiver of the Conditions Precedent shall be the date falling six (6) months from the date of the Agreement (or such later date as the parties may agree).

4.5 Other undertakings

(a) Moratorium

Pursuant to the Agreement, the Vendors have undertaken that they will not sell, transfer or otherwise dispose of or mortgage, pledge, charge or otherwise create any lien, security interest or any other encumbrance on (i) any of the Consideration Shares (or any interest therein) issued and allotted to them for a period of six (6) months from the date of listing and quotation of the Consideration Shares (the "**First Six Month Period**") and (ii) 50% of the Consideration Shares (or any interest therein) issued and allotted to them for a period of six (6) months commencing from the date on which the First Six Month Period expires.

(b) Directorship

Pursuant to the Agreement, the Vendors have agreed and undertaken to take all such actions and sign all such documents as the Purchaser may reasonably require on or before Completion to ensure that the Purchaser shall have the power to, directly or indirectly and to the extent permissible under applicable laws, appoint or remove such number of directors in the board of directors of the Target Companies at the following minimum proportion:

Target Company	Proportion of directors
Target	100%
SinoCloud HK	100%
WFOE	100%
Shenzhen Lechu	100%
Guiyang Zhongdian	70%

5 RATIONALE FOR THE PROPOSED ACQUISITION

The Board is of the view that the Proposed Acquisition is in the best interest of the Group as it will enable the Group to extract synergies from Guiyang Zhongdian to integrate and enhance its own platforms of enterprise cloud solutions, mobile satellite communications cloud applications as a solution for the mobile virtual network operator (MVNO) business, IDC and its MSS customers. In addition, the Group will be able to leverage on Guiyang Zhongdian's high performance data centre and growing customer base in both government departments and private entities to strengthen its reach in the China market.

As such, the Proposed Acquisition will allow the Group to expand its business in the PRC and further develop its existing operations in the areas of information technology and communications through leveraging on Guiyang Zhongdian's data centre business and its local network.

6 FUNDING

Barring unforeseen circumstances and after taking into account existing financial resources, and the Group's operating cash flows, the Non-share Consideration of HK\$82.0 million will be or is expected to be satisfied by:

- (a) Approximately HK\$45 million from the net proceeds from the placement of 2,121,290,000 new Shares as announced by the Company on 27 January 2015; and
- (b) Approximately HK\$37 million from assignment of receivables in favour of the Vendors.

A separate announcement in connection with the assignment of receivables is released by the Company today.

7 FINANCIAL INFORMATION OF THE TARGET

The Target and SinoCloud HK were only incorporated recently on 2 December 2014 and 5 March 2015 respectively and were incorporated solely for the purpose of the Proposed Acquisition. Hence, the financial statements for both the Target and SinoCloud HK are not available as at the date of this Announcement.

The net asset value and net tangible asset value of Guiyang Zhongdian are approximately RMB14.4 million, as reflected in the unaudited financial statements of Guiyang Zhongdian as at 31 December 2014.

Based on the unaudited financial statements of Guiyang Zhongdian for the financial period commencing from 28 April 2014 to 31 December 2014, the net loss after income tax is approximately RMB 6.6 million.

As mentioned in the earlier section, for the purposes of the Proposed Acquisition, the Company will commission the Valuer to conduct a business valuation on the Target Companies and the Business ("**Business Valuation**") and the results of the Business Valuation will be made available in the Circular (as defined herein) to Shareholders in connection with the Proposed Acquisition.

8 RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES

The relative figures of the Proposed Acquisition computed based on the Group's latest announced unaudited consolidated financial results for the 9 months ended 31 December 2014 ("**9M2015**"), in accordance with Part IV Rule 1006 of the Catalist Rules are as follows:-

Rule 1006

(a)	The net asset value of the assets to be disposed of, compared with the group's net asset value ⁽¹⁾	Not Applicable
(b)	The net profits attributable to the assets acquired, compared with the group's net profit ⁽²⁾⁽³⁾	Not meaningful
(c)	Aggregate value of the consideration given, compared with the issuer's market capitalization ⁽⁴⁾⁽⁵⁾	94.4%
(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 ⁽⁶⁾	26.5%

Notes:

- (1) Not applicable as there is no disposal of assets
- (2) Net profits defined to be profit or loss before income tax, minority interests and extraordinary items.
- (3) Not meaningful as the Group made a loss before income tax, minority interests and extraordinary items of approximately HK\$36.1 million for 9M2015. Furthermore, the profit before tax of the Target relative to the Group will not be meaningful as it was only incorporated on 2 December 2014 and the Target has no active operations during the period from the date of incorporation to the date of this Announcement. For illustrative purpose only, Guiyang Zhongdian incurred a loss before income tax, minority interests and extraordinary items of approximately RMB6.6 million (or approximately HK\$8.3 million based on the exchange rate of HK\$1.2597: RMB1 as at 12 March 2015) for the financial period commencing from 28 April 2014 to 31 December 2014. Hence, the relative figure under Rule 1006(b) is 14.6% (after taking into account the effective interest of 63% in Guiyang Zhongdian). The loss of the Company was for a 9 months financial period, whereas the loss of Guiyang Zhongdian was for a financial period of approximately 8 months.
- (4) Total consideration for the Proposed Acquisition consists of 2,000,000,000 Consideration Shares and the Non-share Consideration of HK\$82.0 million. Pursuant to Rule 1003(3) of the Catalist Rules, the value of the Consideration Shares for purposes of computing the relative figures under Rule 1006 of the Catalist Rules is computed based on 2,000,000,000 new Shares and the higher of Share price of HK\$0.0254 per Share (or approximately S\$0.004543 per Share, being the weighted average price and at an exchange rate of HK\$5.5941: S\$1.00 on 12 March 2015) or NAV per Share of HK\$0.0494 based on unaudited figures for 9M2015 adjusted with the net proceeds from the placement completed on 17 February 2015.
- (5) The Company's market capitalisation 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 Agreement.
- (6) Subject to there being no adjustment to the Original Purchase Consideration, in terms of the amount or the type of purchase consideration to be paid.

As the relative figures set out in Rule 1006(c) above exceeds 75% but is less than 100%, the Proposed Acquisition constitutes a major transaction under Chapter 10 of the Catalist Rules.

Accordingly, the Company will be seeking shareholders' approval for the Proposed Acquisition at a special general meeting to be convened.

9 FINANCIAL EFFECTS

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

subject to there being no adjustment to the Original Purchase Consideration, in terms of the amount or the type of purchase consideration to be paid.

For illustrative purposes only, the following is an illustration of the proforma financial effects of the Proposed Acquisition 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 decrease from approximately HK\$0.0375 to HK\$0.0355 after the Proposed Acquisition.

Net Tangible Assets	Before the Proposed Acquisition	After the Proposed Acquisition⁽¹⁾
Consolidated NTA attributable to shareholders of the Company (" Shareholders ") (HK\$' 000)	282,414	338,355 ⁽²⁾
Number of Shares	7,540,813,474 ⁽³⁾	9,540,813,474 ⁽⁴⁾
Consolidated NTA per Share (HK\$)	0.0375	0.0355

Note:

- (1) Assuming that the Proposed Acquisition was completed as at the end of FY2014.
- (2) Assuming that the fair value of Guiyang Zhongdian is equal to the Original Purchase Consideration of approximately HK\$137.9 million.
- (3) Number of issued Share capital as at the date of this Announcement.
- (4) Subject to there being no adjustment to the Original Purchase Consideration, in terms of the amount or the type of purchase consideration to be paid.

Shareholders should note that the actual consolidated NTA after the Proposed Acquisition is subject to review by the auditors of the Company after completion of the Proposed Acquisition, *inter alia*, to assess the fair value of, and whether there is any applicable goodwill or provision for impairment required to be made in connection with the Proposed Acquisition. In making such assessment, the auditors may take into account, *inter alia*, the results of the Business Valuation of the Target Companies which will be commissioned by the Company as further referred to in paragraph 7 of this Announcement.

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 decrease from approximately HK\$0.0126 to HK\$0.0107 after the Proposed Acquisition.

Loss per Share	Before the Proposed Acquisition	After the Proposed Acquisition⁽¹⁾
(Loss) attributable to Shareholders (HK\$'000)	(88,225)	(96,572) ⁽²⁾
Number of shares	7,002,137,000 ⁽³⁾	9,002,137,000 ⁽⁴⁾
Consolidated LPS (HK\$)	(0.0126)	(0.0107)

Notes:

- (1) Assuming that the Proposed Acquisition was completed as at the beginning of FY2014.
- (2) After taking into account the net loss after income tax attributable for the Target Group of approximately HK\$8.3 million for the financial period commencing on 28 April 2014 and ending on 31 December 2014.
- (3) Weighted average number of Shares as disclosed in the Company's annual report 2014, adjusted for 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 announced on 27 January 2015, and 150,000,000 new Shares issued pursuant to the Armarda Group Limited Performance Share Plan (assuming all the aforementioned new Shares were issued at the beginning of FY2014).

- (4) Subject to there being no adjustment to the Original Purchase Consideration, in terms of the amount or the type of purchase consideration to be paid.

The decrease in the consolidated LPS is as a result of issuance of Consideration Shares. The actual loss attributable to Shareholders after the Proposed Acquisition is subject to review by the auditors of the Company after completion of the Proposed Acquisition, *inter alia*, to assess the fair value of, and whether there is any applicable goodwill or provision for impairment required to be made in connection with the Proposed Acquisition. In making such assessment, the auditors may take into account, *inter alia*, the results of the Business Valuation of the Target Companies which will be commissioned by the Company as further referred to in paragraph 7 of this Announcement. The financial effects shown above assume, *inter alia*, that no provision for impairment is required.

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 Proposed Acquisition and are computed based on the assumptions as summarized above.

Upon completion of the Proposed Acquisition, the Target will become a subsidiary of the Company subject to review by the auditors of the Company.

10 SHAREHOLDING EFFECT

It is envisaged that upon Completion, the shareholding of the Company will be as follows:

	Before the Proposed Acquisition		After the Proposed Acquisition	
	Number of Shares	% of shareholding ⁽¹⁾	Number of Shares	% of shareholding ⁽²⁾
Existing Shareholders				
<u>Directors</u>				
Chan Andrew Wai Men	414,895,000	5.50%	414,895,000	4.35%
Luk Chung Po, Terence ⁽³⁾	129,257,532	1.71%	129,257,532	1.35%
Mak Tin Sang	24,039,502	0.32%	24,039,502	0.25%
Lee Joo Hai	6,000,000	0.08%	6,000,000	0.06%
Phuah Lian Heng	5,000,000	0.07%	5,000,000	0.05%
Alexander Shlaen	-0	0.00%	-0	0.00%
<u>Substantial Shareholder(s)</u>				
Yuan Limin ⁽⁴⁾	584,800,000	7.76%	584,800,000	6.13%
Hongfan Wei ⁽⁵⁾	900,000,000	11.94%	900,000,000	9.43%
Other Public Shareholders (excluding Vendors)	5,476,821,440	72.63%	5,476,821,440	57.40%
Sub-Total of the existing Shareholders	7,540,813,474	100.00%	7,540,813,474	79.04%
<u>Vendors</u>				
Zhang Dai	-	0.00%	650,000,000	6.81%
Xu Yong	-	0.00%	650,000,000	6.81%
Bi Wei Na	-	0.00%	350,000,000	3.67%
Xu Yu Chi	-	0.00%	350,000,000	3.67%
Sub-Total of the Vendors	-	0.00%	2,000,000,000	20.96%
TOTAL	7,540,813,474	100.00%	9,540,813,474	100.00%

Notes:

- (1) Based on the Company's existing issued Share capital of 7,540,813,474 Shares
- (2) Based on the Company's enlarged issued Share capital of 9,540,813,474 Shares after taking into account the Company's existing issued Share capital of 7,540,813,474 Shares and the 2,000,000,000 Consideration Shares, subject to there being no adjustment to the Original Purchase Consideration, in terms of the amount or the type of purchase consideration to be paid.
- (3) Mr. Luk Chung Po holds 44,381,277 Shares through nominee company(ies). Mr. Luk Chung Po is deemed interested in the Shares held by Compelling Vision Technology Limited by virtue of Mr. Luk Chung Po's 100% shareholding in Compelling Vision Technology Limited.
- (4) Mr. Yuan Limin is deemed to be interested in 584,800,000 Shares through his interest in Yong Tai Investment Ltd, by virtue of Section 7 of the Companies Act.
- (5) Mr. Hongfan Wei is deemed to be interested in 900,000,000 Shares through his interest in HK INHONTECH Holdings Company Limited, by virtue of Section 7 of the Companies Act.
- (6) All discrepancies in the figures included herein between the listed and total amounts thereof are due to rounding. Accordingly, figures shown as totals in this announcement may not be an arithmetic aggregation of the figures that precede them.

Pursuant to the Agreement, the Vendors have represented that none of them (i) holds any Shares (or any interest therein) for his/her own account, or as nominee or in trust for or otherwise on behalf of any of the others, or (ii) has the intention to be represented on the board of directors of the Company or any of its subsidiaries whether directly or indirectly, or to otherwise obtain control or take over the board of directors of the Company or any of its subsidiaries. In addition, pursuant to the Agreement, the Vendors have agreed and acknowledged that the Company will not offer any directorship in its board of directors to any of the Vendors. The Vendors have further irrevocably and unconditionally undertaken not to request the Company or its subsidiaries to appoint any of the Vendors to their respective board of directors.

Upon allotment and issuance of the Consideration Shares, none of the Vendors will hold more than 15% of the Company's enlarged issued Share capital. The two Operating Vendors will hold in aggregate approximately 13.62%.

11 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 Proposed Acquisition.

12 SERVICE CONTRACTS OF DIRECTORS

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

Pursuant to the Agreement, the Vendors agreed and acknowledged that the Group will not offer any directorship in its board of directors to any of the Vendors. The Vendors further irrevocably and unconditionally undertake not to request the Group or its subsidiaries to appoint any of the Vendors to their respective board of directors.

13 SPECIAL GENERAL MEETING

The Company intends to seek Shareholders' approval for, *inter alia*, the Proposed Acquisition and such other matters in relation thereto, and a circular to Shareholders (the "**Circular**") setting out further information on, *inter alia*, the Proposed Acquisition and such other matters

in relation thereto, together with a notice of the special general meeting to be convened, will be despatched to Shareholders in due course.

14 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 Agreement 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.

15 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 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.

This announcement has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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