

## ARMARDA GROUP LIMITED

(Incorporated in Bermuda on 13 August 2003)

(Company Registration No: 34050)

### PROPOSED PLACEMENT OF 114,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF ARMARDA GROUP LIMITED (THE "COMPANY"), AT AN ISSUE PRICE OF S\$0.036 FOR EACH NEW ORDINARY SHARE OF HK\$0.05 EACH IN THE CAPITAL OF THE COMPANY

#### 1. INTRODUCTION

The Board of Directors (the "Directors") of the Company wishes to announce the proposed placement (the "Proposed Placement") of 114,000,000 new ordinary shares of HK\$0.05 each in the capital of the Company (the "Placement Shares"), at an issue price of S\$0.036 (the "Issue Price") (or equivalent to approximately HK\$0.216 based on an exchange rate of HK6.00/S\$ as at 30 December 2010) for each Placement Share.

Details on the Proposed Placement are provided herein.

#### 2. PROPOSED PLACEMENT

The Directors wish to announce that the Company has on 30 December 2010 entered into a placement agreement (the "Placement Agreement") with the placees listed in the table below (collectively, the "Placees"), pursuant to which the Placees have agreed to subscribe for a total of 114,000,000 Placement Shares at S\$0.036 (or equivalent to approximately HK\$0.216) for each Placement Share, in the proportion as set out against their perspective names below.

Placees	Number of Placement Shares	Number of Placement Shares as a percentage of existing issued share capital <sup>(1) (3)</sup>	Number of Placement Shares as a percentage of enlarged issued share capital <sup>(2) (3)</sup>
Zheng Hong Wei	23,750,000	2.46%	2.20%
Xi Yu Ping	30,250,000	3.14%	2.80%
Lim Bok Hoo	10,000,000	1.04%	0.93%
Low Chin Kwee	10,000,000	1.04%	0.93%
Chan Kim Hoo	10,000,000	1.04%	0.93%

Khoo Chee Been	10,000,000	1.04%	0.93%
Li Hung	8,000,000	0.83%	0.74%
Francis Lee Fook Wah	10,000,000	1.04%	0.93%
Patrick Sng	2,000,000	0.21%	0.19%
<b>TOTAL</b>	<b>114,000,000</b>	<b>11.82%</b>	<b>10.57%</b>

*Notes:*

(1) Based on the Company's existing issued share capital of 964,640,474 shares.

(2) Based on the Company's enlarged issued share capital of 1,078,640,474 shares.

(3) 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.

The Placement Shares, when issued and fully paid, will rank *pari passu* in all respects with the existing issued ordinary shares ("**Shares**") in the capital of the Company, except for any dividends, distributions or entitlements the record date of which falls before the date of issue of the Placement Shares.

None of the other Placees has participated in any previous share placement exercise by the Company.

Pursuant to the Proposed Placement, the number of Shares held by the shareholders of the Company ("**Shareholders**"), comprising the substantial Shareholders, the Placees and other Shareholders as well as their percentage of shareholdings, are as follows:

<b>Substantial Shareholder &amp; Other Shareholders</b>	<b>Number of Shares Held Before Proposed Placement</b>	<b>% of existing issued share capital<sup>(1) (3)</sup></b>	<b>Number of Shares Held After Proposed Placement</b>	<b>% of enlarged issued share capital<sup>(2) (3)</sup></b>
Mr. Luk Chung Po <sup>(4)</sup>	53,257,532	5.52%	53,257,532	4.94%
Mr. Xu Jian	50,000,000	5.18%	50,000,000	4.64%
Mr. Yao Fei	50,000,000	5.18%	50,000,000	4.64%
Mr. Cao Xiang Hui	50,000,000	5.18%	50,000,000	4.64%
Mr. Miao Yong Xiang	50,000,000	5.18%	50,000,000	4.64%

Verilink Group Limited	50,000,000	5.18%	50,000,000	4.64%
Placees	-	-	114,000,000	10.57%
Other Shareholders	661,382,942	68.56%	661,382,942	61.32%
Total	964,640,474	100.00%	1,078,640,474	100.00%

*Notes:*

(1) Based on the Company's existing issued share capital of 964,640,474 Shares.

(2) Based on the Company's enlarged issued share capital of 1,078,640,474 Shares.

(3) 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.

(4) Mr. Luk Chung Po holds 8,876,255 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.

The Placement Shares, which will be priced at S\$0.036 (or equivalent to approximately HK\$0.216) each, represents a discount of approximately 10% to the weighted average price of approximately S\$0.04 for trades done on the Catalist for the full market day on 30 December 2010, being the full market day on which the Placement Agreement was entered into.

The Placees were referred to the Company by Aries Consulting Limited ("**Aries**") and a finder's fee of HK\$1 million would be payable.

Aries is an investor relation specialist firm which has extensive contacts of strategic investors, corporate finance houses and investment banker.

Other than the finder's fee mentioned no placement commission will be payable for the Proposed Placement.

Pursuant to the Placement Agreement, each of the Placees has represented that he/it is not any of the persons set out in Rule 812(1) of Section B: Rules of Catalist of the SGX-ST Listing Manual ("**Catalist Rules**"). In addition, each of the Placees has represented in the Placement Agreement that he/it is not related to any of the Directors or the substantial Shareholders.

In addition, pursuant to the Placement Agreement, each of the Placees has represented, warranted and undertaken to and for the benefit of the Company, *inter alia*, that:-

- (a) (only in the case of a Placee who is a natural person) he is not related to any of the Directors or substantial Shareholders;
- (b) (only in the case of a Placee which is a corporation) its directors and shareholders are not related to any of the Directors or substantial Shareholders;
- (c) he/it is not any of the persons set out in Rule 812(1) of the Catalist Rules;
- (d) he/it is not acting in concert with any other Placee(s), Director(s) and/or substantial Shareholder(s); and

- (e) he/it is not acting in accordance with the instructions of any other Placee(s), Director(s) and/or substantial Shareholder(s).

Each of the Placees have represented to the Company that they are subscribing for the Placement Shares purely for the purposes of investment.

### **Background of the Placees**

The Placees were referred to the Company by Aries. The Placees are individual investors and/or entrepreneurs. The Placees are also not known to the Directors.

Based on the information available, the Directors understand that the Placees do not have any business relationship with the Group and save as disclosed above, none of the Directors or substantial Shareholders has any interest, direct or indirect, in Aries.

### **Financial Effects of the Proposed Placement**

As at the date of this announcement, the issued and paid-up ordinary capital of the Company is approximately HK\$48,232,024 comprising 964,640,474 Shares. When completed and assuming that all the 114,000,000 Placement Shares are issued, the Proposed Placement will increase the existing issued and paid-up ordinary capital of the Company by approximately 11.82% to approximately HK\$53,932,024 comprising 1,078,640,474 Shares.

Based on the unaudited consolidated balance sheet of the Company and its subsidiaries (the “**Group**”) as at 30 September 2010, the issue of the Placement Shares will increase the number of Shares of the Company from 964,640,474 Shares to 1,078,640,474 Shares and increase the consolidated net tangible asset (“**NTA**”) per Share attributable to equity Shareholders of the Company by 0.71 HK cents or from 12.93 HK cents to 13.64 HK cents (after adjusting for the issue of 114,000,000 Placement Shares and assuming the Proposed Placement had been completed at the end of 30 September 2010).

As at the date of this announcement, the Directors are of the opinion that the Proposed Placement will not have a material effect on the earnings per Share of the Company. As and when the net proceeds from the Proposed Placement are deployed, the effect on the earnings per Share of the Company will depend on the then prevailing earnings per Share of the Company and the returns or earnings generated from such deployment.

The Directors are of the opinion after taking into consideration the cash and cash equivalents, internal resources and available banking facilities of the Group and barring unforeseen circumstances, that the working capital available to the Group is sufficient to meet its present requirements at the date of this announcement. In addition, the Directors are of the opinion that, barring unforeseen circumstances and after taking into account the estimated net proceeds from the Proposed Placement (the “**Net Proceeds**”), the cash and cash equivalents, internal resources and available banking facilities, the working capital available to the Group are sufficient to meet its present requirements.

### **Use of Proceeds**

The Net Proceeds from the Proposed Placement, after deducting estimated expenses, will amount to approximately S\$3.7 million (equivalent to approximately HK\$22.4 million).

The Company intends to utilise:

- a. up to approximately S\$3.7 million (equivalent to approximately HK\$22.4 million) of the Net Proceeds to finance the Group’s investment opportunities or acquisitions of other businesses or companies synergistic to the Group’s operations in the areas

of information technology and communications as well as other potential opportunities as and when these arise. The Company is exploring various opportunities for investments which include the announcement made on 29 December 2010 and such other previous announcements as may be applicable. Save as disclosed, the Company has not, as at the date of this announcement, committed to any particular investment or acquisition as the case may be; and

- b. the balance of the Net Proceeds for the Group's general corporate and working capital purposes and to further supplement the working capital available to the Group and in view of the Group's financial performance as well as for working capital requirements (if any) for the investments made or to be made or announced in due course (as may be applicable).

As and when any material amount of the Net Proceeds is disbursed or deployed, the Company will make the necessary announcements on the SGXNET corporate announcement system (the "SGXNET") and subsequently provide a status report on the use of such Net Proceeds in its annual report. Pending the deployment of the Net Proceeds for the uses identified above, the Net Proceeds may be placed as deposits with the financial institutions or invested in short-term money market or debt instruments for any other purposes on a short-term basis as the Directors may deem fit.

The Company refers to the placement of 400,000,000 Shares of HK\$0.10 each pursuant to the placement exercise announced on 22 September 2010. Subsequent to the announcement made on 4 November 2010 where the Company announced the use of net proceed of approximately HK\$20 million out of the HK\$39 million net proceeds received from the placement, the Company has used an additional of approximately HK\$9 million, representing approximately 23.1% of the net proceeds of HK\$39 million for working capital purpose including expenses for its operation.

### **Conditions Precedent**

The Proposed Placement is subject to certain conditions precedent more particularly set out in the Placement Agreement, including the confirmation in-principle of the continuing sponsor of the Company, the submission of the confirmation for an additional listing to the SGX-ST in connection with the listing and quotation of the Placement Shares on the Catalist and the listing and quotation notice for the Placement Shares being obtained from the SGX-ST.

An application for the listing of and quotation for the Placement Shares will be made to the SGX-ST.

The approval of the Shareholders of the Company for the issue of Shares not exceeding 100% of the total number of issued Shares (excluding treasury shares) in the capital of the Company, whether on a pro-rata or non pro-rata basis (the "**Share Issue Mandate**"), was obtained at the Annual General Meeting of the Company held on 24 April 2010 (the "**2010 AGM**").

On 9 December 2010, the SGX-ST releases a press release in relation to the temporary measures on fund raising initiated in January and February 2009. Measures such as a higher threshold for renounceable pro-rata share issuances and larger discount limits for placement exercises will cease after 31 December 2010. In view of the press release, the Directors were then authorized, *inter-alia*, under the Share Issue Mandate to issue Shares other than on a pro rata basis to Shareholders, at a discount not more than 10% to the weighted average price of the Shares for trades done on SGX-ST for the full market day on which the placement or subscription agreement in relation to such Shares is executed (or if not available, the weighted average price based on the trades done on the preceding market day up to the time the placement of subscription agreement is signed) ("**Discount Mandate**").

provided *inter-alia* that in exercising the authority conferred, the Company shall comply with the requirements imposed by the SGX-ST from time to time.

The aggregate number of Placement Shares represents approximately 11.82% of the aggregate number of issued Shares. The proposed issue and allotment of the Placement Shares to the Placees at the Issue Price are within the limits of the Share Issue Mandate and the Discount Mandate obtained at the 2010 AGM.

### **No Prospectus or Offer Information Statement to be Issued**

The Proposed Placement will be undertaken by way of private placement in accordance with Section 272B of the Securities and Futures Act, Chapter 289 of Singapore. As such, no prospectus or offer information statement will be issued by the Company in connection with the Proposed Placement.

### **3. INTEREST OF THE DIRECTORS, CONTROLLING SHAREHOLDERS AND/OR SUBSTANTIAL SHAREHOLDERS**

None of the Placement Shares will be placed by the Company to any person who is a Director or a substantial Shareholder, or any other person falling within the categories set out in Rule 812(1) of Section B: Rules of Catalist of the SGX-ST Listing Manual.

Save as disclosed above, none of the Directors or substantial Shareholders has any interest, direct or indirect, in the Proposed Placement (other than through their shareholdings in the Company).

### **4. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors (including any Director who may have been delegated detailed supervision of the preparation of this announcement and/or the Proposed Placement) have individually and collectively reviewed and approved the issue of this announcement, and have taken all reasonable care to ensure that the facts stated and all opinions expressed in this announcement are fair and accurate in all material aspects and that no material facts have been omitted from this announcement which would make any statement in this announcement misleading, and they jointly and severally accept responsibility accordingly.

Where any information contained in this announcement has been extracted from published or otherwise publicly available sources, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from these sources.

By Order of the Board of Armarda Group Limited

**Luk Chung Po, Terence**

Executive Director

30 December 2010

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("Sponsor"), Asian Corporate Advisors Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("Exchange"). The Company's 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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