

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

USE OF PROCEEDS AND POTENTIAL ACQUISITION

The Board of Directors (the “**Board**”) of Armarda Group Limited (the “**Company**”) wishes to inform that Company is contemplating a potential acquisition (“**Potential Acquisition**”) of a PRC project. The Potential Acquisition is synergistic to and will consolidate the Company and its subsidiaries (“**Group**”) existing operations, leveraging on its existing competence and capabilities of the Group and the nature of the business is not new to the Group. As a demonstration of goodwill and intention and as part of the requirements for all potential acquirers, the Company is required to provide a HK\$12.5 million refundable acquisition deposit (“**Deposit**”) for the Potential Acquisition. The Deposit will be kept in a designated account which cannot be utilised or drawn for other purposes, prior to commencement of preliminary discussions. There is no binding agreement between the parties and the deposits will be refunded to the Company in the event that the Potential Acquisition does not materialise for whatever reasons.

Barring unforeseen circumstances, the Company expects to conclude preliminary discussions and negotiate on the terms and conditions for the Potential Acquisition, and complete the negotiations and discussions on terms and conditions around mid of December this year. Subject to the terms and conditions, and depending on the amount of the consideration and percentage of interest in the project, the Potential Acquisition may be subject to shareholders or regulatory approvals or consents. A separate announcement will be made (where applicable) at the appropriate time for the disclosure of the acquisition or on the execution of the relevant agreements. As there is no certainty that the discussions will result in a binding agreement or that the Potential Acquisition will proceed, shareholders should note that the Potential Acquisition as mentioned above, are not definitive and may be subject, *inter-alia*, to negotiations, deliberations, due diligence and approvals from shareholders and the regulators (where applicable) and there is no assurance that the discussions will result in a binding agreement or that the Potential Acquisition will proceed or be completed. Accordingly, shareholders are advised to refrain from taking any action which may be prejudicial to their interests before seeking advice from their stockbrokers, bank managers, solicitors, accountants or other professional advisers (as appropriate).

Use of Proceeds

In addition the Directors refer to the issue of 400,000,000 ordinary shares of HK\$0.10 each (“**New Shares**”) in the capital of the Company pursuant to the placement exercise on 22 September 2010.

The Directors wish to inform that approximately HK\$20 million, representing approximately 51% of the net proceeds (“**Net Proceeds**”) of HK\$39 million received from the placement of New Shares, has been used by the Company for the following purposes:

- (i) HK\$12.5 million as a refundable acquisition deposit for the Potential Acquisition.
- (ii) HK\$7.5 million for working capital purpose.

Further details on the use of the Net Proceeds and the potential acquisition will be announced as and when necessary.

By order of the Board
4 November 2010

Luk Chung Po, Terence
Executive Director

*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 SGX-ST. 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 SGX-ST and the SGX-ST 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.

*The contact person for the Sponsor is Mr. Liao H. K.
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