

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

**PROPOSED ACQUISITION OF 75% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF
CHINA RFID LIMITED ("CRL") BY ARMARDA HOLDINGS LIMITED**

1. INTRODUCTION

The Board of Directors (the "**Directors**") of Armarda Group Limited (the "**Company**", and together with its subsidiaries, the "**Group**") is pleased to announce that Armarda Holdings Limited, being a 100% owned subsidiary company of Armarda Group Limited (the "**Purchaser**" or "**Armarda**"), has on 22 December 2009 (the "**Signing Date**"), entered into a sale and purchase agreement (the "**Agreement**") with Mr. John Wang, Mdm. Wu Tsai Yun and Mr. Li Gan (collectively known as the "**Vendors**"), pursuant to which the Purchaser will acquire from the Vendors, 750 shares in the capital of CRL ("**Sale Shares**"), representing 75% of the issued share capital of CRL (the "**Proposed Acquisition**").

2. INFORMATION ABOUT THE PROPOSED ACQUISITION

2.1 Information about CRL

CRL is a BVI company incorporated in May 2008, which will have exclusive rights to procure and sell radio frequency identification ("**RFID**") chip modules. The Vendors owned 75% of the issued share capital of CRL and the remaining interest of 25% is owned by Mr. You Shui Dong.

Pursuant to an exclusive procurement contract, which CRL has signed with Smart Asia Technologies Limited ("**Smart Asia**") for three (3) years, CRL will be the sole distributor of RFID chip modules ("**NXP RFID Chips**") from NXP Semiconductors Hong Kong Limited ("**NXP**") for a period of three (3) years effective from 8 September 2009. In addition, Smart Asia has an exclusive distributorship agreement with NXP for the sales of NXP's RFID Chips in the People's Republic of China (the "PRC") for the electronic passport project for three (3) years effective from 8 September, 2009.

On the other hand, CRL had entered into an exclusive supplier's agreement with China Vision Intelligent Card Reader Co., Limited. ("**China Vision**"), to supply NXP RFID Chips for both the electronic passport and other electronic travel documents projects for a period of three (3) years effective from 8 September 2009. China Vision had similarly entered into an agreement with Public Security Bureau of PRC to re-sell NXP RFID Chips for a period of two (2) years subject to further renewal.

The Proposed Acquisition will allow Armarda to acquire an initial 75% majority controlled shareholding of CRL for a consideration of HK\$75 million.

2.2 Information about China Vision

China Vision is a sino-foreign joint venture company incorporated in February 2002 in Shenzhen, PRC. Currently, Zhuhai Chang Sheng (珠海长盛), a company incorporated in the PRC and Univision Intelligent Surveillance Limited (联视智能), a company incorporated in the Hong Kong Special Administrative Region ("**HKSAR**") owns 52% and 48% equity interest of China Vision respectively. The major shareholder of China Vision is Mr. You Shui Biao, brother of Mr. You Shui Dong who currently owns the 25% equity interest of CRL. The paid-up capital of China Vision is RMB37 million, which has been fully paid up by the existing shareholders in proportion to their respective shareholdings.

China Vision is engaged in the development and distribution of smart identification ("**ID**") card reader and other related products for the 2nd generation smart ID card project in the PRC. China

Vision is one of the leading Chinese developers and manufacturers of RED reading and writing devices by way of being an original equipment manufacturer ("**OEM**") and original designer manufacturer ("**ODM**") providing complete RFID solutions for the PRC and the world market. The smart ID card is a specific application of the RFID technology using a decryption chip provided by the Public Security Bureau in the PRC.

2.3 Information about NXP

NXP is a wholly-owned subsidiary of NXP Group. NXP Group is a leading semiconductor company founded by Philips more than 50 years ago. Headquartered in Europe, the company has about 33,500 employees working in more than 20 countries and posted sales of USD 6.3 billion (including the Mobile and Personal business) in 2007. NXP creates semiconductors, system solutions and software that deliver better sensory experiences in televisions, set-top boxes, identification applications, mobile phones, cars and a wide range of other electronic devices.

2.4 Information about Smart Asia

Smart Asia, a company incorporated in HKSAR, is the exclusive party for procurement of the required RFID chip modules from NXP. In addition, Smart Asia will be granted an exclusive distributorship by NXP for the distribution of the NXP RFID Chips for use in the electronic passport and other electronic local travel documents project in the PRC.

2.5 Background information about the Vendors

Mr. Li Gan

Mr. Li Gan is one of the founders and promoters of CRL and the PRC electronic passport project together with Mr. You Shui Dong ("**Mr. You**"). Prior to founding CRL, Mr. Li has been actively involved in the public security and RFID related businesses in the PRC for more than 15 years and has taken up directorships and senior management positions in a number of renowned information technology ("IT") and public security companies in the PRC. He has also been a very close long-term business partner of Mr. You, the co-founder of the PRC electronic passport project, and has previously collaborated with Mr. You in the successful bidding of several public security related projects in the PRC.

Mr John Wang

Mr. John Wang is a private investor from Hong Kong and has more than 10 years of global experiences in the investment banking field.

Mdm Wu Tsai Yun

Mdm. Wu Tsai Yun is an active private investor from Taiwan and has made very successful private equity investment in a number of enterprises at their initial establishment stage in the PRC, notably in the IT and technology-based related businesses.

3. PRINCIPAL TERMS AND SALIENT FEATURES OF THE PROPOSED ACQUISITION

3.1 Purchase Consideration

The purchase consideration payable by the Purchaser to the Vendors for the purchase of the Sale Shares shall be HK\$75 million (the "**Purchase Consideration**").

The Purchase Consideration shall be paid to the Vendors in the following manner:

- HK\$59 million in cash ("**Cash Consideration**"); and
- HK\$16 million fully paid-up ordinary shares in the capital of the Company ("**Shares**") at HK\$0.30 per Share (or approximately S\$0.054 per Share) ("**Share Consideration**") representing 53,333,334 Shares ("**Consideration Shares**").

The issue price for each Consideration Share at HK\$0.30 (equivalent to approximately S\$0.054 at the 22 December 2009 exchange rate of S\$1 = HK\$5.55) represents a premium of approximately 12.5% to the average closing price of the Shares of approximately S\$0.048 as transacted for the five days prior to and including 22 December 2009.

The details of the Purchase Consideration, payable to each individual vendor are as shown in the table below:

Vendors	Cash Consideration (HK\$)	Share Consideration (HK\$) ⁽¹⁾	No. of Consideration Shares	% of existing issued Share capital ⁽²⁾	% of the enlarged Share capital ⁽³⁾
Li Gan	59,000,000	3,000,000	10,000,000	2.0%	1.7%
John Wang	-	6,500,000	21,666,667	4.2%	3.8%
Wu Tsai Yun	-	6,500,000	21,666,667	4.2%	3.8%
Total	59,000,000	16,000,000	53,333,334	10.4%	9.4%

Notes:

- (1) The Share Consideration is computed using the following formula: Number of Consideration Shares to be issued x HKD0.30 per Share
- (2) Based on existing issue share capital of 511,307,140 Shares
- (3) Based on enlarged issue share capital of 564,640,474 Shares following the issuance of the Consideration Shares

The following table shows the Purchase Consideration that each Vendor will receive with regard to their respective shareholding in CRL:

Vendors	Purchase Consideration (Cash and Share Consideration) (HK\$)	% of Purchase Consideration	% of Vendor's shareholding in CRL
Li Gan	62,000,000	82.66%	62.00%
John Wang	6,500,000	8.67%	6.50%
Wu Tsai Yun	6,500,000	8.67%	6.50%
Total	75,000,000	100.00%	75.00%

The Purchase Consideration was agreed upon following arms' length negotiations between the Purchaser and the Vendors and on a willing-buyer and willing-seller basis.

In relation to the values of the assets to be acquired, the book value of approximately 75% of the net asset value ("**NAV**") and net tangible asset value ("**NTA**") of CRL are approximately US\$750 and US\$750 respectively, as reflected in the latest management accounts as at 30 September 2009 ("**FY2009**").

3.2 Conditions of the Proposed Acquisition

The Proposed Acquisition is subject to, *inter alia*, the following:

- (a) the completion of a legal, financial and commercial due diligence conducted by the Purchaser and/or the Purchaser's representatives on CRL and the results of the due diligence exercise being satisfactory to the Purchaser in its sole and absolute discretion;
- (b) the Purchaser obtaining, inter-alia, the consents and approvals from the board of directors of the Purchaser as may be required for the sale of Sale Shares and to give effect to the transaction contemplated hereunder;
- (c) all other consents and approvals required under any and all applicable laws for the sale of the Sale Shares and to give effect to the transactions as contemplated in the agreement hereunder (including without limitation, such waivers as may be necessary of

terms which would otherwise constitute a default under any instrument, contract, document or agreement to which the Vendors or CRL is a party or by which the Vendors or CRL or its or their respective assets are bound) being obtained and where any consent or approval is subject to conditions, such conditions being satisfactory to the Purchaser in its sole and absolute discretion;

- (d) each of the Vendors warranties contained in the Agreement remaining true and not misleading in any respect at Completion, as if repeated at the completion of sale and purchase of the Sale Shares ("**Completion**") and at all times between the date of the Agreement and Completion as set out in the agreement;
- (e) each of the Vendors having performed all of the covenants and agreements required to be performed or caused to be performed by the Vendors under the Agreement on or before the date of Completion;
- (f) all necessary or desirable actions, notifications, filings and registrations, approvals, permits and consents having been taken, given to, made with and obtained from the relevant governmental, regulatory and administrative departments, authorities and bodies in Singapore or elsewhere in respect of the sale and purchase of the Sale Shares, the allotment and issue of the Consideration Shares contemplated herein and the compliance in full to the satisfaction of the relevant governmental, regulatory and administrative departments, authorities and bodies in Singapore or the British Virgin Islands or elsewhere of all conditions (if any) attaching or in relation thereto, where such conditions are required to be complied with by the date of Completion;
- (g) no new laws, regulations or rules having been promulgated, published or issued and/or having taken effect on or prior to the date of Completion, nor any of the parties, the Vendors or Purchaser having received on or prior to the date of Completion notice of any directive, injunction or other order, which restrains or prohibits the consummation of the transactions contemplated by this Agreement or there being no action on or prior to the Completion Date 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;
- (h) no event or circumstance amounting to a material adverse change as set out in the Agreement having occurred or being likely to occur since the date of signing of the Agreement;
- (i) neither the Purchaser nor the Vendors having received notice of any injunction or other order, directive or notice restraining or prohibiting the consummation of the transactions contemplated by the Agreement and there being no action seeking to restrain or prohibit the consummation thereof, or seeking damages in connection therewith, which is pending or threatened; and
- (j) each of the Vendors having confirmed to the Company's sponsor, Asian Corporate Advisors Pte. Ltd. ("**Sponsor**") and such confirmation being satisfactory to the Sponsor in its sole and absolute discretion, that each of the Vendors are not:
 - (i) acting in concert with the other Vendors;
 - (ii) acting in accordance to or taking instruction(s) from the other Vendors or from a director, chief executive officer or controlling shareholder (as defined in the Chapter 9 of the Singapore Exchange Listing Manual: Section B Rules of Catalist (the "**Catalist Rules**")) of the Company; and
 - (iii) an associate of the director, chief executive officer or controlling shareholder (as defined in the Catalist Rules) of the Company.

3.3 Shareholdings of the Vendors and Substantial Shareholders

The table below shows the shareholdings of the Substantial Shareholders and the Vendors before and after the Proposed Acquisitions:

Name	Before Proposed Acquisition				After Proposed Acquisition			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽²⁾
Compelling Vision Technology Limited	44,381,277	8.7%	-	-	44,381,277	7.9%	0	0.0%
Luk Chung Po	8,876,255	1.7%	44,381,277 ⁽³⁾	8.7%	8,876,255	1.6%	44,381,277 ⁽³⁾	7.9%
Firich Enterprises Co., Ltd.	43,750,000 ⁽⁴⁾	8.6%	-	-	43,750,000 ⁽⁴⁾	7.7%	0	0.0%
Other Shareholders	414,299,608	81.0%	-	-	414,299,608	73.4%	0	0.0%
Vendors								
Li Gan	-	-	-	-	10,000,000	1.8%	-	-
John Wang	-	-	-	-	21,666,667	3.8%	-	-
Wu Tsai Yun	-	-	-	-	21,666,667	3.8%	-	-

Notes:

- (1) Based on existing issue share capital of 511,307,140 Shares
- (2) Based on enlarged issue share capital of 564,640,474 Shares
- (3) Based on Luk Chung Po's deemed interest in the shares held by Compelling Vision Technology Limited by virtue of Luk Chung Po's 100% shareholdings in Compelling Vision Technology Limited.
- (4) Firich Enterprises Co., Ltd. holds 43,750,000 shares through nominee companies.

Other Shareholders should note that following the issuance of the Consideration Shares, their aggregate interest in the Company will decrease from approximately 81.0% to approximately 73.4%. Likewise the issuance of the Consideration Shares will not result in any of the Vendors becoming a Substantial shareholder of the Company.

3.4 General

Upon the completion of the Proposed Acquisition, Armarda will have control of the board with a majority of the board seats and shareholdings in CRL. In addition, Armarda will oversee the whole accounting and financial control aspects of CRL after the Proposed Acquisition is completed.

4. RISK FACTORS

The risks described below with regards to the Proposed Acquisition are not intended to be exhaustive. In addition to the risks described below, the Group could be affected by risks relating to the industry and countries in which the Group operates as well as economic, business, market and political risks. Furthermore, there may be additional risks not presently known to the Group, or that the Group currently deems immaterial, but which could affect its operations. If any of the following considerations and uncertainties develops into actual events or if the orders for NXP RFID chipsets does not materialise in the manner as envisaged or expected by CRL or the Company, the business, results of operations, financial condition and prospects of the Group or CRL could be materially and adversely affected and the Group's return on investments or capital invested may be affected.

4.1 Mis-match of contractual duration and contractual volumes

The Proposed Acquisition will have contractual duration mis-match between the contracts for procurement by CRL and the sale of the NXP RFID Chips by China Vision. The duration of the procurement contract for NXP RFID Chips from Smart Asia is three (3) years whereas the contract for the sale of NXP RFID chips by China Vision to Public Security Bureau of the PRC is for duration of two (2) years.

In the event that China Vision is not able to renew its contract with the Public Security Bureau of the PRC or if China Vision is unable to fulfil its obligations to the Public Security Bureau on the electronic passport project or for matter any of its dealings with the bureau, China Vision may not purchase from CRL the NXP RFID Chips, although CRL will still be able to resell the NXP RFID Chips to another party which may have replaced China Vision. In addition, there is no assurance that the PRC's transition to electronic passports and the general need for electronic passports will result in immediate orders for the NXP RFID Chips or that the requirement for such chips will result in immediate orders for CRL or returns to the Group, inter-alia its investment in CRL.

Notwithstanding this, and barring unforeseen circumstances, the Directors are of the view that based on the requirements for change to electronic passports, the current 5-year validity period for PRC passports, the estimated selling prices and cost of purchases and the potential number of electronic passports needed as well as the possibilities of further business opportunities and distribution of the NXP RFID Chips for use in other applications, the Proposed Acquisition will present the Group with an opportunity to leverage on the exclusive distribution of NXP RFID Chips for use in other applications.

4.2 Risk of revolution of technology

The electronic passport is a national project which has been endorsed by the Chinese Congress, and the Public Security Bureau of PRC has, for this project chosen NXP RFID Chips technology. In the event that both the Chinese Congress and the Public Security Bureau of the PRC overrule their respective original technology selection decisions (which the Group management considers such possibility as remote) and replace that with another chip modules technology so far unknown in this market for the electronic passport project, the business, results of operations, financial condition and prospects of the Group may be materially and adversely affected.

Notwithstanding, there is no assurance that risks of obsolescence or performance of the chips, and new technology improvements may not affect the Group's investment in CRL adversely or use of the NXP RFID Chips for the electronic passport project. Likewise there is no assurance that the Company's intention for use of the chipsets for other applications can be fulfilled as they are subject to state of the technology then prevailing and competing applications if any.

However, as at the date of this announcement ("**Announcement**"), the Directors are of the view that based on information available to them and the award of the bid to China Vision for use of the NXP RFID Chips in the electronic passport project, there is no reason for them to assume that NXP RFID Chips will not be used in the immediate future.

5. RATIONALE FOR THE PROPOSED ACQUISITION

The Proposed Acquisition will provide the Company, with an exclusive right to distribute RFID chips and opportunities to enter into RFID market and focus on the sale of NXP RFID Chips in the PRC. Barring unforeseen circumstances, the Directors believe that the Proposed Acquisition and the sale of the RFID chips, may provide opportunities which on fulfilment will accrue to the Group operational and financial benefits in the long run and will allow the Group to position and benefit from the growth in the RFID market, wherein the Group has an exclusive distributorship and supply agreements with a recognised proprietary technology provider and an entity

"licensed" by the Public Security Bureau for use of the chips in the electronic passport applications.

6. FUNDING FOR THE PROPOSED ACQUISITION

The Cash Consideration of approximately HK\$59 million will be satisfied by the Group's internal resources.

7. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

For illustrative purposes only, the following is an analysis and illustration of the financial effects of the Proposed Acquisition on the Net Tangible Assets ("**NTA**") per share of the Group, based on the Group's audited consolidated balance sheet as at FY2008, and the assumptions as summarized herein and in the accompanying notes.

Net Tangible Assets	Before the Proposed Acquisition	After the Proposed Acquisition⁽¹⁾
Consolidated NTA attributable to shareholders of the Company (" Shareholders ") as at FY2008 (HK\$' million)	183.99	125.0
Number of shares in the capital of the Company (the " Shares ") as at FY2008 ⁽²⁾	388,182,140	441,515,474
Consolidated NTA per Share ⁽³⁾ (HK\$)	0.47	0.28

Notes:

- (1) Assuming that the Proposed Acquisition was completed as at the end of FY2008
- (2) Assuming none of the share options issued and outstanding in the Company was exercised.
- (3) Consolidated NTA per Share is based on the NTA attributable to Shareholders and the number of Shares issued as described above.
- (4) The NTA of CRL is US\$1,000, the exchange rate for the conversion is: USD/HKD = 7.75 as at 22 Dec 2009

For illustrative purposes only, the following is an analysis and illustration of the financial effects of the Proposed Acquisition on the loss per Share ("**LPS**"), based on the Group's audited consolidated profit after income tax for FY2008 and the assumptions as summarized herein and in the accompanying notes.

Loss per Share	Before the Proposed Acquisition	After the Proposed Acquisition⁽¹⁾
(Loss) attributable to Shareholders in FY2008 (HK\$' million)	(5.89)	(5.89)
Number of shares as at FY2008 ⁽²⁾	388,182,140	441,515,474
Consolidated LPS ⁽³⁾ (HK Cents)	(1.52)	(1.33)

Notes:

- (1) Assuming that the Proposed Acquisition was completed as at the beginning of FY2008 and that there are no returns or earnings or loss attributable from the Group's investment in CRL on the basis that the e-passport project was only awarded in late 2009, and that the orders if any for the NXP RFID Chips will likely only commence in 2010.
- (2) Assuming none of the share options issued and outstanding in the Company was exercised.
- (3) Consolidated LPS is based on the loss after taxation and minority interests attributable to Shareholders and the number of Shares issued as described above.

The financial effects presented above are not intended to, and do not, reflect a projection of 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.

8. RELATIVE FIGURES IN CHAPTER 10 RULE 1006 OF THE SINGAPORE EXCHANGE LISTING MANUAL SECTION B: RULES OF CATALIST (THE "CATALIST RULES")

Under Chapter 10 of the Catalist Rules, if an acquisition of assets is one where the relative figures computed on the bases set out in Part IV Rule 1006 of the Catalist Rules exceeds 5.0%, the transaction is a discloseable transaction and a listed company must, after the terms of the acquisition have been agreed, immediately make an announcement in accordance with Rule 1010 of the Catalist Rules.

The relative figures computed based on the Group's latest announced consolidated financial results for 9 months ended ("9M2009") 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⁾	N.A.
(b)	The net profits attributable to the assets acquired, compared with the group's net profit ⁽²⁾⁽³⁾	N.M.
(c)	Aggregate value of the consideration given, compared with the issuer's market capitalization ⁽⁴⁾	59.9%
(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	10.4%

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 Armarda made a net loss of approximately HK\$44.5 million in the first 9 months of FY2009, furthermore, profit before tax of CRL relative to the Group will not be meaningful as it is was only incorporated in May 2008 and formed for the sole purpose of the e-passport project and to undertake the procurement and supply of RFID chips.
- (4) Market capitalization is determined by multiplying the number of Shares in issue by the weighted average price of such Shares transacted on the market day preceding the Signing Date and at an exchange rate of S\$1 = HK\$5.55 as at 22 December 2009.

Based on the relative figures computed pursuant to Part IV Rule 1006(c) and Rule 1006(d) of the Catalist Rules, the Proposed Acquisition is a discloseable transaction and subject to disclosure requirements under Part VI Rule 1010 of the Catalist Rules. The Proposed Acquisition will not be subject to the approvals of the Shareholders of the Company in general meeting.

9. FUTURE CORPORATE DEVELOPMENTS

Through CRL, the Group may develop additional RFID application in the area of medical cards, banking IT applications etc. with China Vision. Such development, if any, will be led by the Group to leverage on the Group's technology expertise.

10. INTEREST OF THE DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors of the Company have any interest, direct or indirect, in the Proposed Acquisition. None of the controlling shareholders of the Company (as far as the Directors are aware of) have any interest, direct or indirect, in the Proposed Acquisition.

11. SERVICE CONTRACTS OF DIRECTORS

There are no directors who are proposed to be appointed to the Company in connection with the Proposed Acquisition.

12. DOCUMENTS FOR INSPECTION

The Agreement is available for inspection during normal business hours from 9.00 a.m. to 5.00 p.m. at the registered office of the Company at Canon's Court 22 Victoria Street Hamilton HM 12 Bermuda and at the office of the Company's sponsor, Asian Corporate Advisors Pte. Ltd., at 105 Cecil Street, The Octagon #11-02, Singapore 069534 for a period of three (3) months from the date of this announcement

13. RESPONSIBILITY STATEMENT

The Directors of the Company (including those who have been delegated supervision of this Announcement) have collectively and individually accepted full responsibility for the accuracy of the information given in this Announcement and confirm that, after making all reasonable enquiries that to the best of their knowledge and belief, the facts stated and opinions expressed in this Announcement are accurate and fair in all material aspects as at the date hereof, and that there are no material facts the omission of which would make this Announcement misleading.

BY ORDER OF THE BOARD

Luk Chung Po, Terence
Executive Director
24 December 2009

*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.

*The contact person for the Sponsor is Ms Foo Quee Yin
Telephone number: 6221 0271*