

## **ARMARDA GROUP LIMITED**

### **PROPOSED PLACEMENT OF 57,200,000 NEW ORDINARY SHARES OF HK\$0.20 EACH IN THE CAPITAL OF ARMARDA GROUP LIMITED (THE "NEW SHARES")**

The Board of Directors of Armarda Group Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company has entered into a Placement Agreement with Chong Choi Fu, Jin Da Gang, Cou Tzi Meng and Lu Zhen Dong (the "**Placees**") on 29 March 2006 (the "**Placement Agreement**"). Pursuant to the Placement Agreement, the Company has agreed to issue an aggregate of 57,200,000 New Shares by way of a proposed private placement to the Placees at an issue price of S\$0.05 (the "**Issue Price**") for each Placement Share (the "**Placement**"). Subject to and upon the terms and conditions of the Placement Agreement, each of the Placees has agreed to subscribe and pay for 14,300,000 new ordinary shares of HK\$0.20 each in the capital of the Company, representing approximately 4.97% of the existing issued share capital of the Company and approximately 4.15% of the issued share capital of the Company after the Placement. The consideration for the New Shares is payable in full on allotment and issue of the New Shares.

#### **Shareholders' Mandate**

The New Shares will be allotted and issued pursuant to the general mandate to allot and issue shares and convertible securities and any shares pursuant to convertible securities granted by the shareholders of the Company by way of an ordinary resolution passed at the Annual General Meeting of the Company on 30 April 2005.

The New Shares represent approximately 19.91% of the existing issued share capital of the Company and approximately 16.61% of the issued share capital of the Company after the Placement. No other shares have been issued for cash since the date of the Company's last annual general meeting held on 30 April 2005. The New Shares, when issued and fully paid, will rank *pari passu* in all respects with the existing ordinary shares of HK\$0.20 each (the "**Shares**") in the issued share capital of the Company except that they will not rank for any dividend, advantage, allotment or other distribution, the record date for which falls before the date of completion of the Placement Agreement.

#### **Conditions Precedent**

The Placement is subject to certain conditions precedent more particularly set out in the Placement Agreement, including in-principle approval from the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the listing and quotation of the New Shares on the Official List of the SGX-SESDAQ being obtained and such approval not having been revoked or amended prior to completion of the Placement.

The Company will be making an application to the SGX-ST for the New Shares to be admitted to the Official List of the SGX-SESDAQ and the listing and quotation of the New Shares on the SGX-SESDAQ.

#### **Information on the Placees**

- (a) Mr. Chong Choi Fu is a retired private investor residing in Canada. Prior to retirement, Mr. Chong was engaged in global shipping and logistics business for more than 40 years and has served as general manager and senior consultant for multinational logistics companies such as P&O Nedlloyd.
- (b) Mr. Jin Da Gang is the director of a group of companies which is principally engaged in the distribution and provision of technical support services of Cisco products and the provision of software development services to the banking and financial sectors in the People's Republic of China (the "**PRC**"). Mr. Jin has over 30 years of sales and marketing and corporate management experience in the PRC.

- (c) Mr. Cou Tzi Meng is the general manager of a PRC-based company principally engaged in IT system integration and outsourcing business. Mr. Cou has over 30 years of technical and management experience in the IT industry in the PRC, Hong Kong, Taiwan and Macau and has held senior management positions in multinational IT companies such as Unisys and Oracle.
- (d) Mr. Lu Zhen Dong is the director of a PRC-based group of companies principally engaged in providing IT system integration and value-added services to major telecommunication companies in the eastern PRC region. Mr. Lu has over 15 years of sales and management experience.

### **Use of Proceeds**

The estimated net proceeds raised from the Placement will amount to approximately S\$2.7 million after deducting estimated expenses incurred in relation to the Placement and will be used to finance strategic partnerships or alliances, acquisitions or joint ventures for expanding the range of services offered by the Group as well as the intellectual property rights of the Group.

The net proceeds of approximately S\$13.3 million raised from the initial public offering of the Company in May 2004 have been substantially disbursed for the intended purposes stated in the prospectus of the Company dated 11 May 2004, save for the balance of approximately S\$1.0 million which is to be used to expand the range of services the Company provides and its intellectual property rights through strategic partnerships or alliances, acquisitions or joint ventures and for working capital.

Pending the deployment of net proceeds from the allotment and issue of the New Shares as aforementioned, the proceeds from the Placement will be placed in short-term deposits with banks and financial institutions or used for working capital requirements as the directors of the Company deem fit in their absolute discretion.

### **Financial Impact**

The New Shares when issued and fully paid will rank *pari passu* in all respects with the existing Shares as at the date of issue of the New Shares except for any dividends, distributions or entitlements the record date of which falls on or before such date of issue.

The Issue Price is equivalent to the volume weighted average price of S\$0.05 for trades done for the Shares on the SGX-SESDAQ from 9.00 a.m. to 5.00 p.m. on 28 March 2006. No trades were done for the Shares on the SGX-SESDAQ on 29 March 2006 (being the date on which the Placement Agreement was signed). The Issue Price represents a premium of approximately 11.1% to the volume weighted average price of S\$0.045 for all trades done for the Shares on the SGX-SESDAQ from 9.00 a.m. to 5.00 p.m in the five trading days from 23 March 2006 to 29 March 2006, both dates inclusive.

The New Shares will increase the existing issued share capital of the Company from HK\$57,446,428 comprising 287,232,140 Shares to HK\$68,886,428 comprising 344,432,140 Shares. The issue of the New Shares will also decrease the net tangible asset per Share of the Company as at 31 December 2005 from HK\$0.3646 to HK\$0.3416 and decrease the net tangible asset per Share of the Group from HK\$0.5094 to HK\$0.4623.

**Interests of Directors and Substantial Shareholders**

Mr. Cou Tzi Meng is an existing shareholder of the Company who holds 901,004 Shares representing approximately 0.31% of the existing issued share capital of the Company. He will hold 15,201,004 Shares representing approximately 4.41% of the issued share capital of the Company after the Placement.

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

**BY ORDER OF THE BOARD**

Submitted by Mak Tin Sang, Company Secretary on 29 March 2006 to the SGX.