

ARMARDA GROUP LIMITED

(Incorporated in Bermuda on 13 August 2003)

(Company Registration No: 34050)

PROPOSED ISSUANCE OF 12.0% UNSECURED CONVERTIBLE BONDS DUE 2017 OF AN AGGREGATE PRINCIPAL AMOUNT OF S\$2,256,000 (THE "PROPOSED ISSUANCE")

A. INTRODUCTION

The Board of directors (the "**Board**" or "**Directors**") of Armarda Group Limited (the "**Company**") wishes to announce that the Company has entered into convertible bond agreements dated 30 April 2015 (the "**Agreements**") with each of the following investors (the "**Investors**") whereby the Investors have agreed to subscribe for an aggregate of S\$2,256,000 of convertible bonds ("**Bonds**") as follows:

Name of Investor	Principal Amount of the Bonds to be Subscribed	Details on how the Investor was identified	Background and rationale for the Investor's subscription of the Bonds
Mr. Lam Cho Ying Terence Joe (HKID E916383(6))	S\$1,728,000	Mr. Lam Cho Ying Terence Joe is currently a shareholder of the Company although his current shareholding is less than 5%. Mr Lam was approached by the Company to subscribe for the Bonds.	Mr. Lam Cho Ying Terence Joe, has over 30 years of experience in the finance industry. He started his career in the banking division of Chase Manhattan Bank, and later ventured into investment banking with other institutions. He has held numerous chief executive roles in Socgen-Crosby Securities (HK) Limited, Yuanta Securities (Hong Kong) Company Limited, and Value Convergence Holdings Limited. He is now working for his own investment company. Mr. Lam has invested in the Bonds for private investment purposes.
Mr. Soo Kok Beng Peter (HKID K657444(0))	S\$528,000	Mr. Soo Kok Beng Peter is currently a shareholder of the Company although his current shareholding is less than 5%. Mr Soo, a business partner of Andrew Chan, a director of the Company, was approached by the Company to subscribe for the Bonds.	Mr. Soo had a very successful career with AIG Global Investment (Asia) for over 30 years. Until his departure, he was the Head of Asia portfolio management of the company. He is now working for his own investment company. Mr. Soo has invested in the Bonds for private investment purposes.

No placement agent was appointed in connection with the Proposed Issuance, and no commission will be paid to any party in connection with the Proposed Issuance.

Save as set out above, each of the Investors have no connection with each other or with the Company, its Directors and substantial shareholders. Under the terms of the Agreements, each of the Investors have represented, warranted and undertaken to and for the benefit of the Company, *inter alia*, that it is not acting in concert with any other investor or shareholder of the Company in relation to the Bonds and/or the ordinary shares in the capital of the Company ("**Shares**") to be issued thereunder. The Investors will not be holding the Bonds in trust as a nominee for any entity or person.

There are no share borrowing arrangements to facilitate the Proposed Issuance.

B. PRINCIPAL TERMS

The principal terms and conditions of the Bonds are summarised below.

- Issue Size : S\$2,256,000 in aggregate principal amount of Bonds.
- Issue Price : 100% of the principal amount of the Bonds.
- Interest : The Bonds will bear interest at the rate of 12.0% per annum, payable quarterly in arrears.
- Interest Deferral : The Company may at its sole option elect to defer the payment of interest due on any interest due date by giving notice of such election to the Bondholders, provided that the Company shall satisfy all arrears of interest by the Redemption Date (in whole but not in part) or the Maturity Date (as the case may be) (as defined below).
- Maturity Date : The date that is two (2) years from the date of the issue of the Bonds (the "**Maturity Date**").
- Early Redemption at the Option of the Company : The Company may, at any time within the period commencing the thirteenth (13th) month from the issue date up until the Maturity Date, (i) having served at least fifteen (15) days' prior written notice ("**Redemption Notice**") of the intended date of redemption ("**Redemption Date**") to the holders of the Bonds ("**Bondholders**") and (ii) having not received any conversion notice from the bondholder(s) within fourteen (14) days after the date of receipt of the Company's Redemption Notice ("**Redemption Conversion Period**"), redeem all (and not some only) of the Bonds then outstanding at 100% of the principal amount, together with all accrued and unpaid interest that was scheduled to be paid to (but excluding) the Redemption Date.
- Purchase : The Company and/or any of its related corporations may at any time purchase Bonds from the Bondholders at any price. All Bonds

purchased by or on behalf of the Company or any of its related corporations may be surrendered for cancellation by and, if so surrendered, shall together with all Bonds redeemed by the Company, be cancelled forthwith.

Conversion Price : S\$0.006 for each ordinary share (the “**Conversion Price**”)

Adjustments to the Conversion Price : No adjustments to the Conversion Price shall be made in respect of any issue of shares and/or convertible securities and/or warrants by the Company, and/or in the event of any rights, bonus or other capitalisation issues by the Company, save as follows:

- (a) In the event that a the event that a consolidation or subdivision of Shares (“**Adjustment Event**”) occurs, the Conversion Price shall be adjusted in the following manner:-

$$\begin{array}{l} \text{New Conversion Price} \\ \text{= immediately before such Adjustment Event} \end{array} \times \frac{\begin{array}{l} \text{Aggregate number of issued and paid-up Shares immediately after such Adjustment Event} \end{array}}{\begin{array}{l} \text{Aggregate number of issued and fully paid-up Shares immediately after such Adjustment Event} \end{array}} = X$$

X = existing Conversion Price

Such adjustments will be effective from the close of the day (other than a Saturday or Sunday) on which SGX-ST is open for securities trading, immediately preceding the date on which the Adjustment Event becomes effective.

- (b) The Company may also, in consultation with the Bondholders, effect such other adjustments to the Conversion Price as may be required to comply with mandatory provisions of Singapore law and/or the requirements of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

The Company will update its Shareholders and release the necessary announcements as required under Section B: Rules of Catalist of the listing manual of the SGX-ST (“**Catalist Rules**”) for any adjustments pursuant to an Adjustment Event.

Voluntary Conversion : The Bondholders may convert all or part of the principal amount of the outstanding Bonds (excluding any accrued and unpaid interest) in respect of each Bond into new ordinary shares in the capital of the Company (“**Conversion Shares**”) at the Conversion Price at any time within the period commencing seven (7) months from the issue date up until the Maturity Date, Provided Always that (i) the Bondholders shall not have a conversion right in the event that the

Company serves a Redemption Notice and the Redemption Conversion Period has expired; and (ii) the minimum aggregate principal amount of Bonds to be converted in any single conversion of Bonds shall be S\$120,000.

Mandatory Conversion : None

Status of the Bonds : The Bonds constitute unsecured, direct, subordinated and unconditional obligations of the Company which shall at all times rank *pari passu* and without any preference or priority among themselves.

Status of the Conversion Shares : The Bonds will be converted into ordinary shares in the capital of the Company, which have the rights set out in the Bye-laws. The new ordinary shares shall rank *pari passu* with ordinary shares in issue on the conversion date and shall carry the right to receive all dividends and other distributions declared after the conversion date.

Governing Law : Singapore law.

No application has been or is intended to be made to any listing authority, stock exchange or other market for the Bonds to be listed or otherwise traded. Listing will be sought for the underlying shares arising from the conversion of the Bonds on the SGX-ST, and the Company will make the necessary announcements under the Catalist Rules when it has obtained the the listing and quotation notice (the “**LQN**”) from the SGX-ST.

Notice of the expiry of the Bonds will be sent at least one (1) month before the expiration date to the Investors.

Any material alteration to the terms of Bonds after issue to the advantage of the holders of such Bonds will need to be approved by shareholders of the Company, except where the alterations are made pursuant to the terms of the issue. There shall not be any extension of the exercise period or replacement of the Bonds and/or changing of the Conversion Price and/or ratio of the Bonds other than in compliance with the Catalist Rules.

The conversion price of S\$0.006 for each Conversion Share represents a premium of approximately 50% to the volume weighted average price of S\$0.004 for trades done on the Shares of the Company on the SGX-ST for the full market day on 30th April 2015 (being the market day on which the Agreements were signed).

The Bonds will be issued pursuant to the general mandate (the “**General Mandate**”) obtained at the annual general meeting of the Company held on 29 July 2014 (“**2014 AGM**”). The General Mandate authorises the Directors to allot and issue Shares not exceeding 100% of the total number of issued Shares (excluding treasury shares), whether on a pro-rata or non pro-rata basis, as at the date of the 2014 AGM.

The share capital base of the Company for the computation of the number of Shares which may be issued pursuant to the General Mandate is 5,419,523,474 Shares (excluding treasury shares),

based on the issued 5,269,523,474 Shares as at the date of the 2014 AGM and adjusted for the 150,000,000 Shares reserved for issuance under the Company's performance share plan. Based on the General Mandate, the maximum number of Shares that can be issued to the Investors (after such adjustments as permitted under Rule 806(3) of the Catalist Rules) is 3,298,233,474 Shares (after taking into account the Shares issued under the General Mandate pursuant to the earlier placement exercise(s) carried out by the Company).

When completed, the Proposed Issuance (assuming the full conversion of the Bonds into Conversion Shares) will increase the issued and paid up share capital of the Company to 7,916,813,474 Shares. After the completion of the Proposed Issuance, 2,922,233,474 Shares (where members of the Company with registered addresses in Singapore are given an opportunity to participate in an issue of shares and convertible securities on a pro rata basis) or 2,922,233,474 Shares (where members of the Company with registered addresses in Singapore are not given an opportunity to participate in an issue of shares and convertible securities on a pro rata basis) may be further issued by the Company under respective limits permitted under the General Mandate.

The Conversion Shares will represent (i) approximately 4.99% of the existing issued and paid-up share capital of the Company as at the date of this announcement; and (ii) approximately 4.75% of the enlarged issued and paid-up share capital of the Company after the issue of the Conversion Shares. The Conversion Shares when issued and fully paid will rank *pari passu* in all respects with the existing Shares of the Company.

The full conversion of the Bonds into Conversion Shares will not result in a transfer of controlling interest.

The Proposed Issuance is being made in reliance on the exemption provided under Section 272B of the Securities and Futures Act (Chapter 289) (the "**SFA**") based on, *inter alia*, certain representations and warranties from the Investors. As such, no prospectus or offer information statement will be issued by the Company in connection therewith.

The terms of the Proposed Issuance does not contravene any laws and regulations governing the Company and the Bye-Laws of the Company.

An application for the listing of and quotation for the Conversion Shares will be made to the SGX-ST through the Company's sponsor ("**Sponsor**"), Asian Corporate Advisors Pte. Ltd. The Company will make the necessary announcements as required under the Catalist Rules upon receipt of the listing and quotation notice from the SGX-ST for the listing of and quotation for the Conversion Shares on the Catalist board of the SGX-ST.

C. CONDITIONS PRECEDENT

The Proposed Issuance is conditional upon, *inter alia*, the satisfaction of each of the following conditions precedent:

- (a) the approval of the Sponsor and/or SGX-ST (if necessary) being obtained in respect of the transactions contemplated by the Agreements, including but not limited to the LQN having been obtained from the SGX-ST and not having been revoked or amended and, where such LQN is subject to conditions, to the extent that any conditions for the listing and quotation of

the Conversion Shares on the Catalist are required to be fulfilled on or before the relevant completion date, they are so fulfilled;

- (b) each of the representations and warranties of the Investors set out in Clause 5 of the Agreements shall be true in on and as of the date of the completion of the Proposed Issuance (the “**Completion Date**”);
- (c) each of the covenants required to be performed or complied with by the Investors on or prior to the Completion Date has been performed and complied with;
- (d) the approval of the Board and shareholders of the Company (where necessary) being obtained in respect of the transactions contemplated by the Agreements including but not limited to the issue and allotment of the ordinary shares in connection with the Bonds, and the same not having been withdrawn or revoked and if such consents or approvals are obtained subject to any conditions, such conditions being acceptable to the parties hereto; and
- (e) there not having been any event or discovery of any fact or circumstance which would affect, render untrue, incorrect or inaccurate or give rise to a material breach in any respect of any of the representations, warranties, agreements or undertakings on the part of the Investors contained or referred to in the Agreements deemed to be repeated on each day hereafter, down to the date of completion of the Proposed Issuance in all respects with reference to the facts and circumstances existing on each such day.

The Company may, and upon such terms it thinks fit, waive compliance with any and/or all of the above conditions and any such condition which is so waived, subject to any further conditions that may be imposed by the Company, shall be deemed to have been satisfied, provided always that any such waiver as aforesaid shall be without prejudice to its right to elect to treat any further or other breach, failure or event as releasing and discharging it from its obligations under the Agreements.

Each Investor shall use its best endeavours to fulfil the conditions precedent set out above as soon as reasonably practicable and shall immediately notify the Company in writing and provide evidence of the fulfilment of such condition as the Company may reasonably require.

If any of the conditions set forth above is not satisfied on or before the 31st day of July 2015 (or such other later date as the parties may agree), the Agreement shall *ipso facto* cease and determine thereafter, without prejudice to any rights which the Company may have against each Investor with respect to his/its failure to fulfil any of the terms of the Agreement prior to termination.

D. PROCEEDS FROM PROPOSED ISSUANCE

The estimated net proceeds from the Proposed Issuance, after deducting estimated expenses pertaining to the Proposed Issuance of approximately S\$56,000, will be S\$2,200,000 (“**Net Proceeds**”). The net proceeds will be fully used for working capital purpose.

Pending the deployment of the Net Proceeds for the purposes mentioned above, the Net Proceeds may be placed as deposits with financial institutions or invested in short-term money markets or debt instruments or for any other purposes on a short-term basis as the Directors may deem fit in the interest of the Company.

The Company will make periodic announcements on the utilisation of the net proceeds from the Proposed Issuance as and when the funds from the Proposed Issuance are materially disbursed and where proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of proceeds for working capital in the Company's announcements on use of proceeds in the Company's annual report. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation.

E. RATIONALE FOR THE PROPOSED ISSUANCE

As mentioned in Section D above, the Proposed Issuance is intended to raise funds for the Group's general corporate and working capital purposes. While the Company will incur interest cost and may have the obligation to repay the principal amount of the Bonds on the Maturity Date in the event that they are not converted into Shares by then, the Company has agreed to issue Bonds rather than Shares under the Proposed Issuance after taking into account, *inter alia*, the Investors' investment requirements and the Company's ability to elect to defer the payment of Interest accrued on the Bonds, as provided for under the terms of the Bonds. Accordingly, the Directors are of the reasonable opinion that the Proposed Issuance is in the best interests of the Company.

Having regard to the Net Proceeds, the cash resources available to the Group, cash used in operating activities for the Group and barring unforeseen circumstances, the Directors are of the opinion that the Company has the ability to repay both the principal amount and interest of the Bonds for the term of the Bonds, regardless of whether the Investors exercise their rights of conversion.

F. FINANCIAL EFFECTS OF THE PROPOSED ISSUANCE

For illustration purposes only, the table below sets out the financial effects of the Proposed Issuance based on the following bases and assumptions:-

- (a) The audited consolidated financial statements of the Company for the financial year ended 31 March 2014; and
- (b) The financial impact on the consolidated net tangible assets ("NTA") per Share of the Company is computed based on the assumption that the Proposed Issuance was completed on 31 March 2014 and in relation to the Company's consolidated loss per Share ("LPS"), computed based on the assumption that the Proposed Issuance was completed on 1 April 2013.

	Before the Proposed Issuance of the CB	After the Proposed Issuance of the CB	After the issue and conversion of the Bonds
Share capital			

- Issued and paid up share capital (HK\$)	191,476,000 ⁽³⁾	191,476,000 ⁽³⁾	7,916,813.47 ⁽⁴⁾
- Number of Shares	3,829,523,474	3,829,523,474	7,916,813,474
NTA (HK\$'000) ⁽²⁾	282,414	282,414	295,332
NTA per Share (HK\$ cents)	7.37	7.37	3.73
LPS (HK\$ cents) ⁽¹⁾	(2.28)	(2.28)	(1.10)
Loss attributable to equity holders of the Company (HK\$'000)	(87,362)	(87,362)	(87,362)
Weighted average number of shares used to calculate diluted earnings	3,829,523,474	3,829,523,474	7,916,813,474

Note:

- (1) LPS is calculated by dividing the Company's consolidated net loss attributable to equity holders of the Company by the weighted average number of ordinary shares.
- (2) Figure derived from the Group NTA of approximately HK\$282,414,000 as at 31 March 2014, after addition of estimated Net Proceed of approximately HK\$12,877,260 (pursuant to an exchange rate SGD to HKD on 30 April 2015 at 5.8716).
- (3) Based on the issued and paid up share capital with the then prevailing par value at HK\$0.05 in audited financial statements for the financial year ended 31 March 2014, before and after the Proposed Issuance.
- (4) Based on the issued and paid up share capital as at today of 7,540,813,474, with par value at HK\$0.001 which has been made effective on 10 November 2014 with announcement dated 7 November 2014, after the issue and conversion of the bonds.

The financial effects of the Proposed Issuance on the Company and its subsidiaries (the "Group") are for illustrative purposes only and are, therefore, not indicative of the actual financial performance or position of the Company and the Group after the completion of the Proposed Issuance.

In particular, the aforesaid financial effects does not take into account the terms and the conditions of the Bonds in respect of, *inter alia*, the Company's obligations to pay the accrued interest and/or principal amount of the Bonds. Interest accrued on the Bonds is payable quarterly in arrears from the Issue Date up to and including the date of redemption of the Bonds, however the Company has the sole discretion to elect to defer the payment of interest which may otherwise be due and payable. As for the principal amount of the Bonds, this is due to be repaid, together with all accrued

and unpaid interest thereon, on the Maturity Date by way of redemption on the Maturity Date, assuming the Bonds have not been previously converted (at the discretion of the Bondholders), redeemed or cancelled by the Company. Such obligations will have corresponding effects on the Company's net tangible asset value per Share and earnings per Share during the tenure of the Bonds, which may or may not be material depending on, *inter alia*, the Company's financial position and results of performance at the relevant time. Barring unforeseen circumstances, the Proposed Issuance should not result in any material impact on the earnings per share and NTA of the Company for its current financial year.

G. RULE 812 AND INTERESTED PERSONS

None of the Investors falls within the persons or groups of persons disallowed by the SGX-ST as set out under Rule 812 of the Catalist Rules or is an interested person under Chapter 9 of the Catalist Rules.

H. CHANGES IN SHAREHOLDING STRUCTURE

Based on the issued share capital of the Company as at the date hereof, the following table sets out the impact on the percentage shareholding of existing shareholders following completion of the Proposed Issuance:

	As at the date hereof						Assuming the Bonds are fully converted into Shares at the initial Conversion Price					
	Direct Interest		Deemed Interest		Total Interest		Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽²⁾	Number of Shares	% ⁽²⁾	Number of Shares	% ⁽²⁾
Directors												
Mak Tin Sang	24,039,502	0.31	Nil	Nil	24,039,502	0.31	24,039,502	0.30	Nil	Nil	24,039,502	0.30
Luk Chung Po	84,876,255	1.12	Nil	Nil	84,876,255	1.12	84,876,255	1.07	Nil	Nil	84,876,255	1.07
Chan Andrew Wai Men	414,895,000	5.50	Nil	Nil	414,895,000	5.50	414,895,000	5.24	Nil	Nil	414,895,000	5.24
Lee joo Hai	6,000,000	0.08	Nil	Nil	6,000,000	0.08	6,000,000	0.08	Nil	Nil	6,000,000	0.08
Phuah Lian Heng	5,000,000	0.06	Nil	Nil	5,000,000	0.06	5,000,000	0.06	Nil	Nil	5,000,000	0.06
Alexander Shlaen	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Substantial Shareholders			Nil	Nil					Nil	Nil		
HK INHONTECH Holdings Company Limited	900,000,000	11.93	Nil	Nil	900,000,000	11.93	900,000,000	11.36	Nil	Nil	900,000,000	11.36
Yong Tai Investment Ltd	584,800,000	7.75	Nil	Nil	584,800,000	7.75	584,800,000	7.738	Nil	Nil	584,800,000	7.738
Convertible bonds holders			Nil	Nil					Nil	Nil		
Lam Cho Ying Terence Joe	309,447,700	4.10	Nil	Nil	309,447,700	4.10	597,447,700	7.54	Nil	Nil	597,447,700	7.54
Soo Kok Beng Peter	128,000,000	1.69	Nil	Nil	128,000,000	1.69	216,000,000	2.72	Nil	Nil	216,000,000	2.72
Other Shareholders	5,083,755,017	67.41	Nil	Nil	5,083,755,017	67.41	5,083,755,017	64.21	Nil	Nil	5,083,755,017	64.21
Total	7,540,813,474	100	Nil	Nil	7,540,813,474	100	7,916,813,474	100	Nil	Nil	7,916,813,474	100
Notes:-												
(1)	Based on the issued share capital of 7,540,813,474 Shares before the Proposed Issuance											
(2)	Based on the issued share capital of 7,916,813,474 Shares after the Proposed Issuance and after the conversion of the Bonds											
(3)	Any discrepancies in figures included in this Announcement between the listed amounts and the totals thereof are due to rounding.											

I. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial shareholders of the Company (other than in their capacity as director or shareholders of the Company) has any interest, direct or indirect, in the Proposed Issuance.

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

J. CONFIRMATION BY THE DIRECTORS

Having regard to the existing banking facilities available to the Company and the Group, and taking into account the cash resources available to the Group, cash used in operating activities for the Group and barring unforeseen circumstances, the Directors are of the opinion, that the working capital available to the Group as at the date of this announcement is sufficient for its present requirements.

Having regard to the existing banking facilities available to the Company and the Group, and taking into account the Net Proceeds, the cash resources available to the Group, cash used in operating activities for the Group and barring unforeseen circumstances, the Directors are of the opinion, that the working capital available to the Group as at the date of this announcement is sufficient for its present requirements.

As disclosed in section D of this announcement, the Net Proceeds will be used for the Group's general corporate and working capital purposes, including further supplementing and augmenting the working capital available to the Group in view of the current uncertain and volatile economic conditions faced by the Group.

K. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors 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 Issuance, 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 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 and/or reproduced in this announcement in its proper form and context.

L. DOCUMENTS AVAILABLE FOR INSPECTION

Whilst the registered office of the Company is in Bermuda, the principal office of the Company is in Hong Kong and the office of the Company's share transfer agent is in Singapore. Taking into account that Hong Kong and Singapore are more accessible locations 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 Suite 605, 6/F, Ocean Centre, Harbour City, 5 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong, and the office of the Company's Singapore Share Transfer Agent, M&C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902, for a period of three (3) months from the date of this announcement.

M. TRADING CAUTION

Shareholders and potential investors should exercise caution when trading in the Shares, and where in doubt as to the action they should take, they should consult their financial, tax or other professional adviser immediately.

BY THE ORDER OF THE BOARD

Luk Chung Po, Terence

Executive Director

30 April 2015

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, for compliance with the relevant rules of the SGX-ST. 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 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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