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

PROPOSED ACQUISITION OF 55% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF BRILLIANT TIME LIMITED 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 (the "**Purchaser**"), a wholly-owned subsidiary of the Company, has on 21 November 2007, entered into a sale and purchase agreement (the "**Agreement**") with Mr. Lee Man Lung, Vincent (the "**Vendor**") for the purchase of 550 shares of par value US$1.00 each (the "**Shares**") in the capital of Brilliant Time Limited ("**BTL**") from the Vendor. Pursuant to the Agreement, the Purchaser will acquire 55% of the issued and paid-up share capital of BTL (the "**Proposed Acquisition**"). The Purchaser is currently the legal and beneficial owner of 25% of the issued and paid-up share capital of BTL. On completion of the Proposed Acquisition, the Company will beneficially hold 80% of the issued and paid-up share capital of BTL, indirectly, through its interests in the Purchaser.

2. INFORMATION ON BTL

BTL is a limited liability company incorporated in the British Virgin Islands on 28 January 2000 and has an issued and paid-up capital consisting of US$1,000.00 divided into 1,000 shares of US$1.00 each.

BTL is principally engaged in the business of providing information technology system integration services to the banking and telecommunication industries in the People's Republic of China.

The completion of the Proposed Acquisition will constitute a "major transaction" as defined in Chapter 10 of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") listing manual (the "**Listing Manual**") and is subject to the approval of shareholders of the Company ("**Shareholders**") pursuant to Rule 1014 of the Listing Manual. Details of the Proposed Acquisition can be found below.

3. RATIONALE FOR THE ACQUISITION

The Directors believe that the Proposed Acquisition is an investment opportunity that will be in the best interests of the Company, and note that the completion of the Proposed Acquisition would allow the Company:

(a) to become the controlling shareholder of BTL by acquiring a majority interest in BTL which has been profit making since the Company acquired 25% of its shareholding on 6 February 2006;

(b) to consolidate both BTL's revenue and profit lines into the Group's financial statements after the Group acquires 80% of BTL under the equity accounting principle; and

(c) to facilitate the sharing of financial as well as technical resources between the Group and BTL which the Directors believe will lead to improved financial performance of the Group as a result of economies of scale and business synergy.

4. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

(a) Acquisition Consideration

The consideration for the Proposed Acquisition (the "**Acquisition Consideration**") is a maximum aggregate amount of HK$74,800,000. The Acquisition Consideration was determined based on 6.8 times the price-earnings ratio of BTL's guaranteed profit of HK$20,000,000 for FY2008 and has been agreed between the Purchaser and the Vendor on a willing-buyer and willing-seller basis after arm's length negotiations.

The Acquisition Consideration will be satisfied as follows:-

(i) HK$20,000,000 payable by the Purchaser to the Vendor in cash within 10 days after the date of signing of the Agreement, such sum shall be refundable to the Purchaser if the Purchaser fails to receive the approval from the SGX-ST or from the shareholders of the Company in general meeting;

(ii) HK$20,000,000 payable by the Purchaser to the Vendor in cash within 10 days of the Completion Date (as defined below);

(iii) HK$30,000,000 payable by the Purchaser to the Vendor in cash within 120 days of the Completion Date or, at the absolute discretion of the Purchaser, the Purchaser may choose to issue, as share consideration, new ordinary shares in the capital of the Company (at the average closing price of the last five trading days immediately preceding the date of such issue without discount) and in compliance with all the then applicable rules and regulations of the SGX-ST; and

(iv) HK$4,800,000 to be held by the Purchaser in escrow pending fulfillment of the Profit Guarantee (as defined below).

(b) Profit Guarantee

The Vendor has provided a profit guarantee (the "**Profit Guarantee**") to the Purchaser that the net profit after tax attributable to the shareholders of BTL for the financial year ended 31 December 2008 shall not be less than HK$20,000,000, failing which the Vendor will pay a penalty to the Purchaser in accordance with the following formula:

$$A \times 6.8 \times B,$$

Where:

"**A**" = the shortfall to the Profit Guarantee; and

"**B**" = the proportion of the issued and paid-up share capital acquired by the Purchaser expressed in percentage terms.

(c) **Conditions Precedent**

The completion of the Proposed Acquisition (the "**Completion**") will take place at 4.00 p.m. on the date falling seven business days after the fulfillment or waiver of, *inter alia*, the following conditions:-

(i) all necessary consents, authorizations, licenses and approvals for or in connection with the sale and purchase of the Shares having been obtained including, but not limited to, the approvals required by the SGX-ST, the board of directors of the Purchaser and the shareholders of the Purchaser in general meeting; and

(ii) there being no matters adversely affecting the legal standing or continued existence of BTL or the ability of BTL to continue to carry on its ordinary business.

(d) **Rescission of the Agreement**

If at any time before Completion, the Purchaser finds that any of the warranties given in the Agreement is incorrect or has not been or is incapable of being fulfilled, the Purchaser may rescind this Agreement by written notice to the Vendor. If the Purchaser shall elect to rescind this Agreement, the Vendor shall fully indemnify the Purchaser and keep the Purchaser fully indemnified in respect of all fees, costs and expenses (including legal fees) incurred by the Purchaser in connection with the negotiation, preparation, execution and rescission of this Agreement.

5. VALUE OF SHARES ACQUIRED

The value of the Shares is based on the audited net tangible asset value of BTL standing as at 31 December 2006. The value of the Vendor's 55% share of the net tangible asset value of BTL amounts to approximately HK$6,487,400.

6. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

Assuming that the Proposed Acquisition has been completed on 1 January 2008 and that the Acquisition Consideration has been satisfied entirely by the payment of cash by the Purchaser to the Vendor, the Acquisition is not expected to have a material impact on the net tangible assets and earnings per share of the Company and the Group for the financial year ending 31 December 2007. However, the Directors anticipate that the Proposed Acquisition will contribute significantly to the net profit after tax of the Company and the Group in the financial year ending 31 December 2008.

The audited net profits for the year ended 31 December 2006 attributable to the Shares amounted to approximately HK$10,058,400.

Both the Group's and BTL's financial statements are prepared in accordance with International Financial Reporting Standards.

7. RELATIVE FIGURES AS SET OUT IN RULE 1006 OF THE LISTING MANUAL

Chapter 10 of the Listing Manual governs the continuing listing obligations of a listed company in respect of acquisitions and realisations. Under Rule 1014, Shareholders' approval must be sought for a "major transaction".

Rule 1006 of the Listing Manual sets out the computation of relative figures for acquisitions and disposals of assets by a listed issuer. The Company must obtain Shareholders' approval if any of the relative figures computed on the bases set out in Rule 1006 exceeds 20% as such a transaction is classified as a "major transaction". Under Rule 1014 of the Listing Manual, Shareholders' approval is required for a major transaction except in the case of an acquisition of profitable assets where the only limit breached is Rule 1006(b) of the Listing Manual.

Based on the Group's audited financial statements for FY2006, the following relative figures are computed on the bases set out in Rule 1006(a) to (d) of the Listing Manual and are only in relation to the Proposed Acquisition:

(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable
(b)	Net profits attributable to the assets acquired or disposed of, compared with the Group's net profits	60.8%
(c)	The aggregate value of the consideration given or received, as compared with the Company's market capitalisation at the close of market as at 21 November 2007, being the date of this announcement (calculated assuming an exchange rate of S$1.00 : HK$5.375)	25.6%
(d)	The number of equity securities issued by the Company as consideration for the acquisition, compared with the number of equity securities previously in issue	Not applicable

Under Rule 1006 of the Listing Manual, as a result of the Proposed Acquisition pursuant to the Agreement, (i) the net profits attributable to the assets acquired of, compared with the Group's net profits and (ii) the aggregate value of the consideration given, compared with the Company's market capitalisation at the close of market as at 21 November 2007, being the 60.8% and 25.6% respectively, have each exceeded the 20% limit imposed under Rule 1006. The Proposed Acquisition is therefore a "major transaction" requiring shareholders' approval, which the Company will seek at the special general meeting ("**SGM**") to be convened at a later date.

8. FUNDING OF THE ACQUISITION

The Proposed Acquisition will be funded by the Group's internal funds.

9. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS OF THE COMPANY

None of the directors or controlling Shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition (other than through their shareholdings in the Company).

No directors are proposed to be appointed to the Company's board in connection with the Proposed Acquisition.

10. CAVEAT

It should be noted that the Proposed Acquisition is subject to certain conditions being fulfilled or satisfied including the approval, consent and/or waiver of certain regulatory authorities, as well as the approval of the Shareholders in a SGM to be convened. Such approvals, consents and/or waivers are beyond the control of the Directors and there is no assurance that such approvals, consents and/or waivers will be granted by the relevant authorities and/or the Shareholders, or that all other conditions precedent will be satisfied or fulfilled. Accordingly, holders of securities in the Company are advised by the Directors to exercise caution in their dealings in the securities of the Company as the Proposed Acquisition may not take place.

11. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Agreement is available for inspection during normal business hours at the Company's Hong Kong office at Room 3501, 35th Floor, West Tower, Shun Pak Centre, 168-200 Connaught Road, Central, Hong Kong.

12. CIRCULAR TO SHAREHOLDERS

The circular to Shareholders containing, *inter alia*, the notice of the SGM and the terms and conditions of the Proposed Acquisition will be dispatched to the Shareholders in due course and announced separately.

The Company will make periodic announcements relating to the above transactions contemplated under the Agreement.

BY ORDER OF THE BOARD

Mak Tin Sang
Company Secretary
21 November 2007