

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

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**CONVERTIBLE LOAN AGREEMENT SUPPLEMENTAL AGREEMENT**

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*Unless otherwise specified herein or where the context otherwise requires, capitalised terms used in this announcement shall have the same meaning as used in the announcements dated 29 May 2014 and 19 June 2014.*

**1. INTRODUCTION**

The board of directors (“**Board**”) of Armarda Group Limited (“**Armarda**” or the “**Company**”) refers to the announcements dated 29 May 2014 and 19 June 2014 pertaining to *inter alia*, that the Company has on 25 March 2014 entered into an agreement (“**Convertible Loan Agreement**”) with Mr. Lu, being the borrower for the purpose of conversion of the Deposit of HK\$50.05 million into a convertible loan (“**Convertible Loan**”).

The Board wishes to inform that pursuant to a shareholders’ resolution of the PRC company undertaking the PRC Project (as defined below) (“**PRC Project Company**”) passed in April 2014 between Mr Lu’s special purpose vehicle company (“Zhuhai Entity”) and other shareholder(s) of the **PRC Project Company** to increase the paid up capital of the **PRC Project Company** from RMB50 million to RMB100 million, the Zhuhai Entity and the other shareholder(s) of the **PRC Project Company** have each agreed to make such capital injection into the **PRC Project Company** based on their respective shareholdings in the **PRC Project Company**.

As such, the Company has on 23 July 2014 entered into a supplemental agreement to the Convertible Loan Agreement (“**Convertible Loan Agreement Supplemental 1**”) with Mr. Lu to increase the Convertible Loan by HK\$33.95 million from HK\$50.05 million to HK\$84.0 million to facilitate the Zhuhai Entity’s further injection in the increased capital of the PRC Project Company which was principally engaged in the potential PRC telecommunication project (the “**PRC Project**”). Due to the confidential and sensitive nature of the current status of the PRC Project, the Company and participants of the PRC Project are bound by confidentiality and non-disclosure agreement. The Company has only obtained concurrence from the relevant parties for the release of this announcement recently.

Pursuant to the terms of the Convertible Loan Agreement Supplemental 1, the additional Convertible Loan of HK\$33.95 million shall be used by Mr Lu solely and wholly for the purpose of injecting additional cash into the increased paid up capital of the **PRC Project Company**.

The Directors are satisfied that the provision of the additional Convertible Loan and the participation in the PRC Project is in the interest of the Company, and that there are sufficient safeguards to ensure the repayment of the Convertible Loan, and the Company is adequately secured in terms of the Convertible Loan including sufficient equitable measure for the conversion and transferability of the shares in the PRC Project Company.

**2. INFORMATION ON MR LU, ZHUHAI ENTITY AND PRC PROJECT**

Mr. Lu is an experienced and successful merchant in the IT industry in China and has long established business and personal relationship with the senior management people of various telecommunication operators in China. Mr. Lu is currently owning 100% equity interest of the

Zhuhai Entity and has pledged 94.5% of such equity interest of the Zhuhai Entity to the Company in return for receiving the Convertible Loans from the Company.

The Zhuhai Entity has been set up in June 2013 and is a special purpose vehicle (100% owned by Mr. Lu) solely as the investment vehicle for obtaining and holding approximately 44% equity interest of the said PRC Project Company and the investments in the PRC Project Company constitute almost all of the total assets of the Zhuhai Entity. As the Zhuhai Entity is a special purpose vehicle with its only asset being its investment in the PRC Project (which has not commenced operations) with minimal liabilities and equity save for the convertible loans from the Company, no valuation has been conducted for this Zhuhai Entity and its net book value, net tangible assets, net assets and profit figure are not meaningful.

The PRC Project Company is principally engaged in carrying on telecommunication business under restricted operating license in China which is highly complementary to the current Mobile Satellite services operated by the Company's associate China Mobile Satellite Communication Group Limited ("CMSCG") in China.

### **3. SALIENT TERMS OF THE CONVERTIBLE LOAN AGREEMENT SUPPLEMENTAL 1**

**Issue Size:** the aggregate face value of the convertible loan will be increased by HK\$33.95 million to HK\$84.0 million.

**Purpose:** The amounts advanced under the Convertible Loan shall with the approval of the Company be used solely and wholly for the purposes of increasing the paid up capital of the PRC Project Company.

**Maturity Date:** 25 March 2015 (same as stated in the Convertible Loan Agreement), can be extended for a period of 12 months upon written agreements by both parties.

**Issue Price:** 100% of the principal amount of the Convertible Loan

**Interest:** The interest rate payable for the Convertible Loan is 4.2% per annum, commencing from 1 April 2014 and payable annually in arrears.

**Security:** 94.5% equity interest in the Zhuhai Entity

**Conversion:** Pursuant to the Convertible Loan Agreement and Convertible Loan Agreement Supplemental 1, the Company, subject to relevant local authorities' approval and laws/regulations, has the right with sufficient equitable measures, but not the obligation, to convert wholly or partially (at the election of Company) the outstanding amounts for the Convertible Loan into shares of the Zhuhai Entity for up to an equity interest of 94.5% in the Zhuhai Entity at any time after the date of Convertible Loan Agreement.

**Mandatory Redemption:** Any amounts outstanding under the Convertible Loan, together with any accrued interest shall be repaid in full on its Maturity Date in the event that the Company does not elect to convert wholly or partially the Convertible Loan.

**Anti-Dilution and Adjustment Provisions:** There are provisions for anti-dilution and adjustment provisions in the Convertible Loan Agreement which shall take effect upon the occurrence of certain dilutive events, including, inter alia, any alteration to the share capital of the Zhuhai Entity.

**Transferability:** The Convertible Loan is not transferable.

**Status:** The Convertible Loan constitute direct and secured obligation of the Zhuhai Entity.

**Governing Law:** The terms of the Convertible Loans shall be governed by the laws of the Hong Kong Special Administrative Region (“**the HKSAR**”).

Save as disclosed above, there is no other material condition attached to the transaction.

#### **4. RATIONALE**

The Deposit was made for the purpose of preparation for participation in the PRC Project in the telecommunication industry. Due to the confidential and sensitive nature of current status of aforementioned project, the Company and participants of the PRC Project are bound by confidentiality and non-disclosure agreements and as such details of the PRC Project cannot be disclosed as at the date of this announcement.

The intention of the Deposit was to acquire a direct equity interest in the PRC Project. However due to prevailing PRC government policy restriction on foreign entities direct participations in telecommunication industry, the Company is not able to acquire direct equity interest in the said PRC Project. As such, the Deposit has since been restructured into the Convertible Loans.

The additional Convertible Loan of HK\$33.95 million was extended to facilitate increased investment via subscription in the increased capital of the PRC Project Company) so as to maintain Zhuhai Entity’s shareholding in the PRC Project Company.

To the best of their knowledge, the Directors believe that participating in the said PRC Project is synergistic to the Company, its subsidiaries, and associates existing operations in the information technology and mobile satellite communication services industries. The said PRC Project will allow the Company to further advance its presence and potentially increase its market shares in the PRC mobile telecommunication industry as it is highly complementary in the promotion of CMSCG’s Mobile Satellite Service business in China.

#### **5. FUNDING RESOURCES**

The additional Convertible Loan of HK\$33.95 million was fully funded from the proceeds raised from the placement (“Placement”) of new ordinary shares in the capital of the Company (“**New Shares**”), which was announced on 19 June 2014.

## 6. RELATIVE FIGURES UNDER THE LISTING MANUAL 1006

Pursuant to Chapter 10 of the Catalist Rules, the relative figures of the any acquisition or disposal of assets are computed based on the Group's latest announced consolidated financial results for the financial year ended 31 March 2014 ("FY2014"), in accordance with Part IV Rule 1006 of the Catalist Rules are as follows:-

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### Rule 1006

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(a) The net asset value of the assets to be disposed of compared with the group's net asset value	n.a. <sup>(1)</sup>
(b) The net profits attributable to the assets acquired, compared with the group's net profit	n.m. <sup>(2)</sup>
(c) Aggregate value of the consideration paid, compared with the Group's market capitalization	58.5% <sup>(3)</sup>
(d) The number of equity securities issued by the issuer as consideration, compared with the number of equity securities previously in issue	n.a. <sup>(4)</sup>

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#### Note:

- (1) Not applicable as this is not a disposal
- (2) Not meaningful as the Group made a net loss of approximately HK\$88.2 million in the financial year ended 31 March 2014 ("FY2014"). The Zhuhai Entity is a special purpose vehicle with the sole asset being its investment in the PRC Project (which has not commenced operations as at the date of this announcement). The amount of the Convertible Loans will be used solely for the subscriptions in the increased capital of the PRC Project Company.
- (3) The Company's market capitalisation of approximately HK\$143.6 million is based on its total number of issued ordinary shares in the capital of the Company ("Shares"), being 3,829,523,474 Shares and the weighted average price of approximately S\$0.006 per Share on 22 July 2014, being the market day preceding the date of the Convertible Loan Agreement Supplemental and at an exchange rate of S\$1 = HK\$6.248 as at 22 July 2014. The total number of New Shares does not include the number of Shares issued pursuant to the Placement. The aggregate amount of Convertible Loan outstanding as at the date of this announcement is HK\$84.0 million.
- (4) Not applicable as no shares of the issue will be issued.

Having regard to the relative figures computed under Rule 1006(c), the Convertible Loan constitutes a discloseable transaction pursuant to Chapter 10 of the Catalist Rules. However, as the relative figure computed under Rule 1006 (b) involves negative figure (being, the Group's net loss of approximately HK\$34.3 million for 9M2014), pursuant to Rule 1007(1), the SGX-ST will be consulted and where applicable, an appropriate announcement will be made including where applicable the requirements for shareholders' approval.

## 7. FINANCIAL EFFECTS

For illustrative purposes only, the following is an analysis and illustration of the proforma financial effects of the Convertible Loan (prior to conversion) on the Net Tangible Assets ("NTA") per share

of the Group based on the Group's audited consolidated balance sheet as at financial year ended 31 March 2014 ("FY2014"), and the assumptions as summarized herein and in the accompanying notes.

<b>Net Tangible Assets</b>	<b>Before entering into the Convertible Loan Agreement Supplemental 1</b>	<b>After entering into the Convertible Loan Agreement Supplemental 1</b>
Consolidated NTA attributable to shareholders of the Company ("Shareholders") (HK\$' 000)	282,414	282,414
Number of Shares <sup>(1)</sup>	5,269,523,474	5,269,523,474
NTA per Share (in HK\$ cents)	5.36	5.36

**Note:**

(1) Number of ordinary Shares as at the date of this Announcement.

For illustrative purposes only, the following is an analysis and illustration of the pro forma financial effects of the Convertible Loan (prior to conversion) on the loss per Share ("LPS"), based on the Group's audited consolidated loss after income tax for FY2014 and the assumptions as summarized herein and in the accompanying notes.

<b>Loss per Share</b>	<b>Before entering into the Convertible Loan Agreement Supplemental 1</b>	<b>After entering into the Convertible Loan Agreement Supplemental 1<sup>(1)</sup></b>
(Loss) attributable to Shareholders (HK\$' 000)	(88,225)	(84,697)
Weighted average number of ordinary Shares <sup>(2)</sup>	4,730,847,000	4,730,847,000
Loss per Share (in HK\$ cents)	(1.86)	(1.79)

**Note:**

- (1) Assuming that the Company had entered into the Convertible Loan Agreement Supplemental 1 at the beginning of FY2014, and the full amount of principal of approximately HK\$84.0 million was outstanding since the beginning of FY2014.
- (2) Weighted average number of ordinary Shares for FY2014, as disclosed in the AR2014, adjusted with the 1,440,000,000 new Shares issued pursuant to the placement announced on 19 June 2014 (on the assumption that the 1,440,000,000 new Shares has been issued at the beginning of FY2014).

**The financial effects presented above are not intended to, and do not, reflect projections of the future financial performance or the actual future financial performance or position of the Group in relation to the potential PRC Project and are computed based on the assumptions as summarized above.**

## 8. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors has, and to the best of the Directors' knowledge, there are no controlling Shareholders of the Company, who have, any interest, direct or indirect, in the Convertible Loan, in the Zhuhai Entity and in the aforementioned PRC Project or the PRC Project Company.

## 9. NO SERVICE CONTRACT

No person is proposed to be appointed as a director of the Company in connection with the Convertible Loans. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

## 10. RESPONSIBILITY STATEMENT

The Directors (including any Director who may have been delegated detailed supervision of the preparation of this announcement) have collectively and individually reviewed and approved the issue of this announcement, and have taken all reasonable care to ensure that the facts stated and all opinions expressed in this announcement are fair and accurate in all material aspects and that no material facts have been omitted from this announcement which would make any statement in this announcement misleading, and they jointly and severally accept responsibility accordingly.

Where any 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.

By Order of the Board of Armarda Group Limited

**Luk Chung Po, Terence**

Executive Director

14 August 2014

*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.*

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