

## ARMARDA GROUP LIMITED

### Second Quarter Financial Statement And Dividend Announcement

Financial statements on consolidated results of the Group for the three months ("3M 30 September 2014") and six months ended 30 September 2014 ("6M 30 September 2014"). These figures have not been audited.

#### PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

**ARMARDA GROUP LIMITED**  
**CONSOLIDATED INCOME STATEMENT**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2014**  
**(Expressed in Hong Kong thousand dollars)**

	Three Months Ended			Six Months Ended		
	30.9.2014	30.9.2013	Change %	30.9.2014	30.9.2013	Change %
Revenue	4,817	3,765	28%	8,013	12,871	-38%
Other income	8	6	33%	16	13	23%
Staff costs	(2,620)	(2,204)	19%	(5,310)	(4,233)	25%
Depreciation	(92)	(183)	-50%	(182)	(268)	-32%
Amortisation of intangible assets	(186)	(186)	0%	(372)	(372)	0%
Cost of goods sold	(3,869)	(2,937)	32%	(6,358)	(11,211)	-43%
Subcontracting fees	(203)	(162)	25%	(383)	(322)	19%
Other expenses	(6,314)	(5,216)	21%	(15,198)	(13,888)	9%
Finance costs	(1)	(52)	-98%	(2)	(53)	-96%
Share of loss of associate	(1,359)	(2,761)	-51%	(3,387)	(3,467)	-2%
<b>Loss before taxation</b>	<b>(9,819)</b>	<b>(9,930)</b>	<b>-1%</b>	<b>(23,163)</b>	<b>(20,930)</b>	<b>11%</b>
Income tax expense	(8)	(5)	60%	(16)	(13)	23%
<b>Loss for the period</b>	<b>(9,827)</b>	<b>(9,935)</b>	<b>-1%</b>	<b>(23,179)</b>	<b>(20,943)</b>	<b>11%</b>
<b>Attributable to:</b>						
Equity shareholders of the Company	(9,827)	(9,935)	-1%	(23,179)	(20,943)	11%
<b>Loss for the period</b>	<b>(9,827)</b>	<b>(9,935)</b>	<b>-1%</b>	<b>(23,179)</b>	<b>(20,943)</b>	<b>11%</b>

**1(a)(ii) A consolidated statement (for the group) of comprehensive income together with a comparative statement for the corresponding period of the immediately preceding financial year**

**ARMARDA GROUP LIMITED**  
**CONSOLIDATED COMPREHENSIVE INCOME STATEMENT**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2014**  
**(Expressed in Hong Kong thousand dollars)**

	Three Months Ended			Six Months Ended		
	30.9.2014	30.9.2013	Change %	30.9.2014	30.9.2013	Change %
<b>Loss for the period</b>	<b>(9,827)</b>	<b>(9,935)</b>	-1%	<b>(23,179)</b>	<b>(20,943)</b>	11%
<b>Other comprehensive income</b>	-	-		-	-	
<b>Total comprehensive loss for the period</b>	<b><u>(9,827)</u></b>	<b><u>(9,935)</u></b>	-1%	<b><u>(23,179)</u></b>	<b><u>(20,943)</u></b>	11%
<b>Total comprehensive loss attributable to</b>						
Equity shareholders of the Company	<u>(9,827)</u>	<u>(9,935)</u>	-1%	<u>(23,179)</u>	<u>(20,943)</u>	11%
<b>Total comprehensive loss for the period</b>	<b><u>(9,827)</u></b>	<b><u>(9,935)</u></b>	-1%	<b><u>(23,179)</u></b>	<b><u>(20,943)</u></b>	11%

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

<b>ARMARDA GROUP LIMITED</b>					
<b>STATEMENT OF FINANCIAL POSITION</b>					
<b>AS AT 30 SEPTEMBER 2014</b>					
<b>(Expressed in Hong Kong thousand dollars)</b>					
	<b>The Group</b>		<b>The Company</b>		
	<b>As at</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>	
	<b>30.9.2014</b>	<b>31.3.2014</b>	<b>30.9.2014</b>	<b>31.3.2014</b>	
<b>Non-current assets</b>					
Interest in an associate - CSMCG	155,772	159,264	169,430	169,432	
Interest in an associate - Fesco E-HR	16,164	16,059	-	-	
Subsidiaries	-	-	-	-	
Property, plant and equipment	1,252	1,434	-	-	
Intangible assets	2,418	2,790	-	-	
Due from subsidiaries (non-trade)	-	-	63,000	-	
Other assets	998	998	-	-	
	<b>176,604</b>	<b>180,545</b>	<b>232,430</b>	<b>169,432</b>	
<b>Current assets</b>					
Trade and other receivables	161,283	118,224	75,031	75,029	
Cash and cash equivalents	6,375	10,178	4	4	
Due from associate	4,553	1,572	-	-	
	<b>172,211</b>	<b>129,974</b>	<b>75,035</b>	<b>75,033</b>	
<b>Total assets</b>	<b>348,815</b>	<b>310,519</b>	<b>307,465</b>	<b>244,465</b>	
<b>Current liabilities</b>					
Obligations under finance lease	112	156	-	-	
Trade and other payables	11,544	13,025	3,870	3,446	
Due to a subsidiary (non-trade)	-	-	39,941	33,951	
Short-term loan	6,000	6,000	6,000	6,000	
Income tax payable	2,897	2,897	-	-	
	<b>20,553</b>	<b>22,078</b>	<b>49,811</b>	<b>43,397</b>	
<b>Non-current liability</b>					
Deferred tax liabilities	3,237	3,237	-	-	
<b>Total liabilities</b>	<b>23,790</b>	<b>25,315</b>	<b>49,811</b>	<b>43,397</b>	
<b>Net Assets</b>	<b>325,025</b>	<b>285,204</b>	<b>257,654</b>	<b>201,068</b>	
<b>Equity</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
Share capital	263,476	191,476	263,476	191,476	
Reserves	61,549	93,728	(5,822)	9,592	
<b>Total Equity</b>	<b>325,025</b>	<b>285,204</b>	<b>257,654</b>	<b>201,068</b>	

## 1(b)(ii) Aggregate amount of group's borrowings and debt securities

### Amount repayable in one year or less, or on demand

	As at 30.9.2014 In HK\$'000		As at 31.3.2014 In HK\$'000	
	Secured	Unsecured	Secured	Unsecured
Hire Purchase	112	-	156	-
Short-term loan	-	6,000	-	6,000

### Amount repayable after one year

	As at 30.9.2014 In HK\$'000		As at 31.3.2014 In HK\$'000	
	Secured	Unsecured	Secured	Unsecured
Hire Purchase	-	-	-	-

### Details of any collateral

The hire purchase loan is secured by the Group's motor vehicles.

The short-term loan is guaranteed by a director of the Company.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

ARMARDA GROUP LIMITED					
CONSOLIDATED STATEMENT OF CASH FLOWS					
FOR THE PERIOD ENDED 30 SEPTEMBER 2014					
(Expressed in Hong Kong thousand dollars)					
	Three Months Ended		Six Months Ended		
	30.9.2014	30.9.2013	30.9.2014	30.9.2013	
<b>Cash flows from operating activities</b>					
Loss before taxation	(9,827)	(9,930)	(23,179)	(20,938)	
Adjustment for :					
Interest income / (expense)	(8)	(6)	(16)	(13)	
Share of loss / (profit) of associates	1,359	2,761	3,387	3,467	
Finance costs	1	52	2	53	
Depreciation of property, plant and equipment	92	183	182	268	
Amortisation of intangible assets	186	186	372	372	
<b>Operating loss before working capital changes</b>	(8,197)	(6,754)	(19,252)	(16,791)	
Decrease / (Increase) in trade and other receivables	2,996	(1,905)	9,991	(4,220)	
(Decrease) / increase in other payables and accruals	(5,680)	(1,337)	(1,481)	(12,750)	
(Increase) / decrease in amount due from an associate	(2,541)	6,002	(2,981)	(1,906)	
<b>Cash used in operations</b>	(13,422)	(3,994)	(13,723)	(35,667)	
Interest income received	8	6	16	13	
Interest paid	(1)	(52)	(2)	(53)	
<b>Net cash used in operating activities</b>	(13,415)	(4,040)	(13,709)	(35,707)	
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	-	(1,188)	-	(1,188)	
Proceeds from disposal of property, plant and equipment	-	69	-	69	
Capital injection in an associate	-	(12,600)	-	(12,600)	
Convertible loan granted to a third party	(33,950)	-	(33,950)	-	
Goodwill deposit to vendors of CSMCG	(19,100)	-	(19,100)	-	
Deposit for a potential PRC project	-	(16,600)	-	(44,100)	
Prepayment for software development fee	-	(1,890)	-	(1,890)	
<b>Net cash used in investing activities</b>	(53,050)	(32,209)	(53,050)	(59,709)	
<b>Cash flows from financing activities</b>					
Repayment of finance lease obligations	(22)	(24)	(44)	(48)	
Net proceeds from issuance of new shares, net of issue costs	63,000	-	63,000	90,432	
<b>Net cash generated from financing activities</b>	62,978	(24)	62,956	90,384	
<b>Net (decrease)/increase in cash and cash equivalents</b>	(3,487)	(36,273)	(3,803)	(5,032)	
<b>Cash and cash equivalents at beginning of the year</b>	9,862	61,249	10,178	30,008	
<b>Effect of exchange rate fluctuations in cash and cash equivalent</b>	-	109	-	109	
<b>Cash and cash equivalents at end of the year</b>	6,375	25,085	6,375	25,085	
<b>An analysis of cash and cash equivalents as follows :</b>					
<b>Cash at bank and in hand</b>	6,375	25,085	6,375	25,085	

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year**

<i>The Group</i>			Foreign Exchange	Share- Based	PRC	Re-				
	Share Capital	Share Premium	Translation Reserve	Capital Reserve	Statutory Reserve	Valuation Reserve	Other Deficit	Contributed Surplus	Accum. Losses	Total Equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>At 1 April 2014</b>	<b>191,476</b>	<b>337,117</b>	<b>32,838</b>	<b>9,028</b>	<b>5,863</b>	<b>98</b>	<b>(49,466)</b>	<b>43,348</b>	<b>(285,098)</b>	<b>285,204</b>
Net loss for the period from 1.4.2014 to 30.6.2014	-	-	-	-	-	-	-	-	(13,352)	(13,352)
<b>At 30 June 2014</b>	<b>191,476</b>	<b>337,117</b>	<b>32,838</b>	<b>9,028</b>	<b>5,863</b>	<b>98</b>	<b>(49,466)</b>	<b>43,348</b>	<b>(298,450)</b>	<b>271,852</b>
Issuance of 1,440,000,000 new ordinary shares for placement	72,000	-	-	-	-	-	-	-	-	72,000
Share issue expense	-	(9,000)	-	-	-	-	-	-	-	(9,000)
Net loss for the period from 1.7.2014 to 30.9.2014	-	-	-	-	-	-	-	-	(9,827)	(9,827)
<b>At 30 September 2014</b>	<b>263,476</b>	<b>328,117</b>	<b>32,838</b>	<b>9,028</b>	<b>5,863</b>	<b>98</b>	<b>(49,466)</b>	<b>43,348</b>	<b>(308,277)</b>	<b>325,025</b>
<i>The Group</i>			Foreign Exchange	Share- Based	PRC	Re-				
	Share Capital	Share Premium	Translation Reserve	Capital Reserve	Statutory Reserve	Valuation Reserve	Other Deficit	Contributed Surplus	Accum. Losses	Total Equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>At 1 April 2013</b>	<b>126,191</b>	<b>271,548</b>	<b>31,975</b>	<b>-</b>	<b>5,863</b>	<b>1,561</b>	<b>(49,466)</b>	<b>43,348</b>	<b>(198,336)</b>	<b>232,684</b>
Issuance of 715,700,000 new ordinary shares for placement	35,785	61,748	-	-	-	-	-	-	-	97,533
Share issue expense	-	(7,101)	-	-	-	-	-	-	-	(7,101)
Net loss for the period from 1.4.2013 to 30.6.2013	-	-	-	-	-	-	-	-	(11,008)	(11,008)
<b>At 30 June 2013</b>	<b>161,976</b>	<b>326,195</b>	<b>31,975</b>	<b>-</b>	<b>5,863</b>	<b>1,561</b>	<b>(49,466)</b>	<b>43,348</b>	<b>(209,344)</b>	<b>312,108</b>
Issuance of 13,000,000 prof fees shares	650	1,122	-	-	-	-	-	-	-	1,772
Share issue expense	-	(1,772)	-	-	-	-	-	-	-	(1,772)
Net loss for the period from 1.7.2013 to 30.9.2013	-	-	-	-	-	-	-	-	(9,935)	(9,935)
<b>At 30 September 2013</b>	<b>162,626</b>	<b>325,544</b>	<b>31,975</b>	<b>-</b>	<b>5,863</b>	<b>1,561</b>	<b>(49,466)</b>	<b>43,348</b>	<b>(219,279)</b>	<b>302,172</b>

<i>The Company</i>						
			Share- Based Capital Reserve	Contributed Surplus	Accum. Losses	Total Equity
	Share Capital	Share Premium	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>At 1 April 2014</b>	<b>191,476</b>	<b>337,117</b>	<b>9,028</b>	<b>43,348</b>	<b>(379,901)</b>	<b>201,068</b>
Net loss for the period from 1.4.2014 to 30.6.2014	-	-	-	-	(3,582)	(3,582)
<b>At 30 June 2014</b>	<b>191,476</b>	<b>337,117</b>	<b>9,028</b>	<b>43,348</b>	<b>(383,483)</b>	<b>197,486</b>
Issuance of 1,440,000,000 new ordinary shares for placement	72,000	-	-	-	-	72,000
Share issue expense	-	(9,000)	-	-	-	(9,000)
Net loss for the period from 1.7.2014 to 30.9.2014	-	-	-	-	(2,832)	(2,832)
<b>At 30 September 2014</b>	<b>263,476</b>	<b>328,117</b>	<b>9,028</b>	<b>43,348</b>	<b>(386,315)</b>	<b>257,654</b>

<i>The Company</i>						
			Share- Based Capital Reserve	Contributed Surplus	Accum. Losses	Total Equity
	Share Capital	Share Premium	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>At 1 April 2013</b>	<b>126,191</b>	<b>271,548</b>	-	<b>43,348</b>	<b>(229,814)</b>	<b>211,273</b>
Issuance of 715,700,000 new ordinary shares for placement	35,785	61,748	-	-	-	97,533
Share issuance expenses	-	(7,101)	-	-	-	(7,101)
Net loss for the period from 1.4.2013 to 30.6.2013	-	-	-	-	(5,503)	(5,503)
<b>At 30 June 2013</b>	<b>161,976</b>	<b>326,195</b>	-	<b>43,348</b>	<b>(235,317)</b>	<b>296,202</b>
Issuance of 13,000,000 prof fees shares	650	1,122	-	-	-	1,772
Share issue expense	-	(1,772)	-	-	-	(1,772)
Net loss for the period from 1.7.2013 to 30.9.2013	-	-	-	-	(4,120)	(4,120)
<b>At 30 September 2013</b>	<b>162,626</b>	<b>325,544</b>	-	<b>43,348</b>	<b>(239,437)</b>	<b>292,081</b>

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Pursuant to the Special General Meeting on 26 July 2013, the Shareholders approved the adoption of the Armarda performance share plan for the Directors/employees of the Company and its subsidiaries (collectively, the "grantees"). On 27 December 2013, conditional share awards were granted to the grantees in aggregate of 150,000,000 performance share plan ("PSP") shares pursuant to certain performance target or conditions to be fulfilled within the vesting period ended 31 March 2014. By end of full year ended 31 March 2014, an aggregate of 150 million PSP Shares under the Armarda PSP were vested in full. As at the date of this result announcement, no PSP share has been allotted.

The Company has on 19 June 2014 entered into a placement agreement with six independent investors for the issuance of 1,440,000,000 new ordinary shares ("Placement Shares") of HK\$0.05 each in the capital at an issue price of HK\$0.05 (the "2014 Jun Proposed Placement"). The SGX-ST has on 4 July 2014 issued a notice for the listing and quotation of 1,440,000,000 placement shares, and such shares have been allotted on 25 July 2014.

The Company entered into individual sales and purchase agreements on 30 September 2014 with each of ten vendors to acquire in aggregate of 45.95% equity interest in China Satellite Mobile Communications Group Limited (the "Proposed Acquisition") to be satisfied by a combination of cash consideration of HK\$45.95 million and 1,069,381,820 consideration shares. The Proposed Acquisition requires Shareholders' approval in a special general meeting to be convened in due course. As at the date of this announcement, the special general meeting has not been conducted and the Shareholders' approval for the Proposed Acquisition has not been obtained.

On 7 November 2014, a special resolution followed by an ordinary resolution were passed for the capital reduction of the par value of the Company's shares from HK\$0.05 each to HK\$0.001 each and an increase of the authorised share capital of the Company, resulting in the issued share capital of the Company being HK\$5,269,523 divided into 5,269,523,474 shares of par value of HK\$0.001 each and the authorised share capital of the Company be increased from HK\$10,000,000 to HK\$100,000,000 by the creation of 90,000,000,000 shares of par value of HK\$0.001 each. After the capital reduction taking effect on 10 November 2014, the credit amount of HK\$258,206,650 was credited to the contributed surplus account of the Company. Number of shares in issue remains unchanged.

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

The total number of issued shares excluding treasury shares as at 30 September 2014 was 5,269,523,474 (31 March 2014 : 3,829,523,474).

**1(d)(iv) A statement showing all sales, transfers, disposals, cancellation, and/or use of treasury shares as at the end of the current financial period reported on.**

For financial 6 months period ended 30 September 2014, the Company does not have any sales, transfers, disposals, cancellation, and/or use of treasury shares.

There are no treasury shares as at 30 September 2014.

**2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)**

The figures have not been audited nor reviewed by the Group's auditors.



**3. Where the figures have been audited or reviewed, the auditors' report (including an qualifications or emphasis of matter)**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements for the prior period ended 31 March 2014. The adoption of the new and revised International Financial Reporting Standards (IFRS) and Interpretations of IFRS (INT IFRS) that are mandatory for financial year beginning on or after 1 April 2014 has no significant impact on the Group.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

Not applicable.

**6. Loss per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

**The Group**

Loss per ordinary share for the year after deducting any provision for preference dividends:				
	<b>3 Months Ended 30.9.2014</b>	<b>3 Months Ended 30.9.2013</b>	<b>6 Months Ended 30.9.2014</b>	<b>6 Months Ended 30.9.2013</b>
Based on weighted average number of Ordinary shares in Issue (Please see note below)	<b>(0.20) HK cents</b>	<b>(0.31) HK cents</b>	<b>(0.53) HK cents</b>	<b>(0.67) HK cents</b>
On a fully diluted basis (Please see note below)	<b>(0.20) HK cents</b>	<b>(0.31) HK cents</b>	<b>(0.53) HK cents</b>	<b>(0.67) HK cents</b>

**Note 6a : Basic loss per share**

The calculation of basic loss per share is based on the Group's loss attributable to ordinary shareholders of approximately HK\$9,827,000 and HK\$23,179,000 for the 3M and 6M 30 June 2014 (3M and 6M 30 September 2013 : loss of approximately HK\$9,935,000 and HK\$20,943,000) and the weighted average number of ordinary shares of 4,893,871,300 and 4,364,605,441 for the 3M and 6M 30 September 2014 (3M and 6M 30 September 2013 : 3,249,381,000 and 3,126,480,000) in issue during the period.

**Note 6b : Diluted loss per share**

For 3M 30 September 2014, conditional share awards of 150,000,000 PSP shares and 1,069,381,820 consideration shares have no dilutive effect for the period as their conversion to ordinary shares would decrease loss per share and the liability has yet to be respectively, thus, on a fully diluted basis, it is the same as basic loss per share.

For 3M 30 September 2013, there is no dilutive potential ordinary share during the period, thus, on a fully diluted basis, it is the same as basic loss per share.

**7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year**

	<b>As at 30.9.2014</b>	<b>As at 31.3.2014</b>
Net asset value of the Company per ordinary share based on existing issue share capital	<b>HK\$0.049 per share</b>	<b>HK\$ 0.053 per share</b>
Net asset value of the Group per ordinary share based on existing issue share capital	<b>HK\$0.062 per share</b>	<b>HK\$ 0.074 per share</b>

The calculation of net asset value per share of the Company as at 30 September 2014 is based on the Company's net asset value of HK\$257,654,000 (31 March 2014 : HK\$201,068,000) and 5,269,523,474 ordinary shares in issue as at 30 September 2014 (3,829,523,474 ordinary shares in issue as at 31 March 2014).

The calculation of net asset value per share of the Group as at 30 September 2014 is based on the Group's net asset value of HK\$325,025,000 (31 March 2014 : HK\$285,204,000) and 5,269,523,474 ordinary shares in issue as at 30 September 2014 (3,829,523,474 ordinary shares in issue as at 31 March 2014).

**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

**Revenue**

The Group's revenue generated in the 3M 30 September 2014 increased by approximately HK\$1.1 million to approximately HK\$4.8 million from approximately HK\$3.8 million in the 3M 30 September 2013, but decreased by approximately HK\$4.9 million to approximately HK\$8.0 million in the 6M 30 September 2014 from approximately HK\$12.9 million in the 6M September 2013. The increase in revenue was mainly caused by the higher sales of RFID chips and IT equipment during 3M 30 September 2014, while the revenue contribution from the sales of IT equipment and RFIT chips declined during 6M 30 September 2014.

**Cost of goods sold**

Cost of goods sold increased by approximately HK\$1.0 million from approximately HK\$2.9 million in the 3M 30 September 2013 to approximately HK\$3.9 million in the 3M 30 September 2014, and decreased by approximately HK\$4.9million from approximately HK\$11.2 million in the 6M 30 September 2013 to approximately HK\$6.3 million in the 6M 30 September 2014. It was primarily due to the increase in the sales of corresponding RFID chips for the 3M 30 September2014 and corresponding revenue decreased from trading of IT equipment for the 6M 30 September 2014.

**Subcontracting fees**

Subcontracting fees increased by approximately HK\$41 thousand from approximately HK\$162 thousand in the 3M 30 September 2013 to approximately HK\$203 thousand in the 3M 30 September 2014, and increased by approximately HK\$61 thousand from approximately HK\$322 thousand in the 6M 30 September 2013 to approximately HK\$383 thousand in the 6M 30 September 2014 which is mainly caused by the increase in the corresponding provision of IT services

### **Other income**

Other income in the 3M 30 September 2014 and 6M 30 September 2014 represent interest income of approximately HK\$8 thousand and approximately HK\$16 thousand respectively which are earned from cash and cash equivalents for the periods.

### **Operating expenses**

The Group's total operating expenses (including staff costs, depreciation and other expenses but excluding cost of goods sold, subcontracting fees, amortisation and impairment) increased by approximately HK\$1.4 million from approximately HK\$7.6 million in the 3M 30 September 2013 to approximately HK\$9.0 million in the 3M 30 September 2014, and increased by approximately HK\$2.3 million from approximately HK\$18.4 million in the 6M 30 September 2013 to approximately HK\$20.7 million in the 6M 30 September 2014.

The staff cost increased by approximately HK\$0.4 million to approximately HK\$2.6 million in the 3M 30 September 2014 from approximately HK\$2.2 million in the 3M 30 September 2013, and increased by approximately HK\$1.1 to approximately HK\$5.3 million in the 6M 30 September 2014 from approximately HK\$4.2 million in the 6M 30 September 2013 which is mainly caused by the increase in head count.

Depreciation charges decreased by approximately HK\$91 thousand from approximately HK\$183 thousand in the 3M 30 September 2013 to approximately HK\$92 thousand in the 3M 30 September 2014, and decreased by approximately HK\$86 thousand from approximately HK\$268 thousand in the 6M 30 September 2013 to approximately HK\$182 thousand in the 6M 30 September 2014.

Amortisation of intangible assets in relation to customer relationship of approximately HK\$0.19 million was provided in the 3M 30 September 2014 and the 3M 30 September 2013, and HK\$0.38 million was provided in the 6M 30 September 2014 and the 6M 30 September 2013 respectively resulting from business combination.

Other expenses increased by approximately HK\$1.1 million to approximately HK\$6.3 million in the 3M 30 September 2014 from approximately HK\$5.2 million in the 3M 30 September 2013 which is mainly caused by the increase in marketing expenses, and legal and professional fees for the Proposed Acquisition. For the six months ended, it increased by approximately HK\$1.3 million to approximately HK\$15.2 million in the 6M 30 September 2014 from approximately HK\$13.9 million in the 6M 30 September 2013 which is mainly caused by the increase in legal and professional fees for the Proposed Acquisition.

Share of loss of associates of approximately HK\$1.3 million representing the share of profit of associate Fesco E-HR of approximately HK\$63 thousand and the share of loss of associate CSMCG of approximately HK\$1.4 million for the period of 3M 30 September 2014. For the six months ended, share of loss of associates of approximately HK\$3.4 million representing the share of profit of associate Fesco E-HR of approximately HK\$105 thousand and the share of loss of associate CSMCG of approximately HK\$3.5 million. The loss was mainly attributed by the provision of unutilised airtime. Please refer details per below section of interest in an associate.

### **Net loss after taxation**

The Group's net loss after taxation attributable to shareholders of the Group in the 3M 30 September 2014 is approximately HK\$9.8 million or a decrease of approximately HK\$0.1 million as compared to the 3M 30 September 2013. The loss was mainly attributable by (i) the increase in staff cost of approximately HK\$0.4 million, (ii) the increase cost of goods sold of approximately HK\$0.9 million, (iii) the increase in subcontracting fees of approximately HK\$41 thousand, (iv) the increase in other expenses of approximately HK\$1.1 million, and (v) the share of loss of associate CSMCG of approximately HK\$1.4 million. This was partially offset by (i) the increase in revenue of approximately HK\$1.0 million, and (ii) the share of profit of associate Fesco E-HR of approximately HK\$63 thousand.

The Group's net loss after taxation attributable to shareholders of the Group in the 6M 30 September 2014 is approximately HK\$23.2 million or an increase of approximately HK\$2.2 million as compared to the 6M 30 September 2013. The loss was mainly attributable by (i) the decrease in revenue of approximately HK\$4.9 million, (ii) the increase in staff cost of approximately HK\$1.1

million, (iii) the increase in other expenses of approximately HK\$1.3 million, and (iv) the share of loss of associate CSMCG of approximately HK\$3.5 million. This was partially offset by (i) the decrease in cost of goods sold of approximately HK\$4.8 million, and (ii) the share of profit of associate Fesco E-HR of approximately HK\$105 thousand.

### **Income tax**

The Company was incorporated under the laws of Bermuda and has received an undertaking from the Ministry of Finance in Bermuda pursuant to the provisions of the Exempted Undertakings Tax Protection Act, 1996, which exempts the Company and its shareholders, other than shareholders ordinarily residing in Bermuda, from any Bermuda taxes computed on profit, income or any capital asset gain or appreciation, or any tax in the nature of estate duty or inheritance tax, until the year of 2016.

The Group's profits derived from Hong Kong are subject to Hong Kong profits tax at 16.5% (FY2014: 16.5%). No provision for Hong Kong profits tax was made, as there was no assessable profit derived from Hong Kong for the 3M 30 September 2014.

As a foreign invested enterprise with a paid-up capital of over US\$5 million and engaging in the provision of high technology business services in the Zhuhai Special Economic Zone, the Group's operating subsidiary in the PRC, Armarda Technology (Zhuhai) Limited ("ATZH") was fully exempted from PRC income tax for the first two profitable years in FY2004 and FY2005 and it would be entitled to 50% exemption from the applicable standard income tax rate for the another three years in FY2006, FY2007 and FY2008 provided that its production-oriented revenue exceeded 50% of its total revenue in each year (the "50% Criteria").

On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the new Corporate Income Tax Law of the People's Republic of China ("new tax law") which has taken effect on 1 January 2008. Pursuant to the notice on the Implementation Rules of the Grandfather Relief under the new tax law, Guofa (2007) No. 39, issued on 26 December 2007 by the State Council, the income tax rate applicable to the subsidiary of the Company in the PRC which had enjoyed preferential tax rates before 1 January 2008 will be gradually increased from the ex-preferential income tax rates to 25% over a five-year transition period commencing from 1 January 2008. The applicable income tax rate is 18%, 20%, 22%, 24% and 25% for 2008, 2009, 2010, 2011 and 2012, respectively. ATZH was subject to PRC income tax at 25% for both 3M 30 September 2014 and 2013 respectively.

Pursuant to the new tax law passed on 16 March 2007, a 10% withholding tax is levied on dividends declared to foreign investors from a PRC entity effective from 1 January 2008. A lower withholding tax rate may be applied if there is a tax treaty arrangement between the PRC and the jurisdiction of the foreign investors. Since ATZH is wholly owned by Armarda Technology (Hong Kong) Limited, a Hong Kong registered company, the applicable withholding tax rate is 5%. On 22 February 2008, Caishui (2008) No.1 was promulgated by the tax authorities specifying that dividends from the retained earnings as at 31 December 2007 are exempted from the withholding tax. ATZH has been recording accumulated losses for the financial year ended 31 December 2008 onwards and there are no deferred withholding tax as at 30 September 2014.

No Singapore income tax was payable in respect of the Group's operations in Singapore, as such operations sustained losses for tax purposes in 2014 and 2013.

Subsidiaries incorporated under the laws of BVI are exempted from income tax.

The Group reported an income tax expenses of approximately HK\$8 thousand and approximately HK\$16 thousand in the 3M 30 September 2014 and 6M 30 September 2014 respectively, whereas an income tax expenses of approximately HK\$5 thousand and approximately HK\$13 thousand was reported in the 3M September 2013 and 6M 30 September 2013 which was caused by the adjustment on tax effect of non-deductible expenses.

### **Interest in an associate – Fesco E-HR**

The Group entered into a joint venture agreement with the Fesco Group to subscribe 90% of the newly issued share capital to the amount of RMB20 million of Fesco E-HR Service (Beijing) Co., Ltd. (Fesco E-HR) at a total capital contribution amount of RMB18 million with effect from 1 April 2007, and the whole contribution process was completed in 2008.

The 45% share of profit from Fesco E-HR amounting to approximately HK\$63 thousand and HK\$105 thousand in the 3M 30 September 2014 and 6M 30 September 2014 respectively. The share of profit of approximately HK\$202 thousand and HK\$634 thousand was reported in the 3M 30 September 2013 and 6M 30 September 2013, which represents the Group's share of the net profit after tax of this associate. The decrease in share of profits is mainly caused by less revenue being generated during the 3M/6M 30 September 2014.

### **Interest in an associate – CSMCG**

The Company entered into a sale and purchase agreement on 28 March 2011 to acquire 45% equity interest ("Acquisition") in China Satellite Mobile Communications Group Limited ("CSMCG") at a purchase consideration, determined on a willing-buyer, willing-seller basis, comprising of the following:

- a) loan notes of HK\$45 million ("Loan Notes"); and
- b) 920,000,000 fully paid-up ordinary shares at the prevailing market price ("Consideration Shares").

The 45% share of loss from this associate amounting to approximately HK\$1.4 million and approximately HK\$3.5 million in 3M 30 September 2014 and 6M 30 September 2014 respectively which is primarily due to the provision of unutilised air-time.

The interest in the associate reported as at 30 September 2014 amounting to approximately HK\$155.8 million is calculated on the basis of audited number as at 31 March 2014 amounting to approximately HK\$159.3 million with share of loss in 6M 30 September 2014 amounting to approximately HK\$3.5 million.

The Company entered into individual sales and purchase agreements on 30 September 2014 with each of ten vendors to acquire in aggregate of 45.95% equity interest in China Satellite Mobile Communications Group Limited (the "Proposed Acquisition") to be satisfied by a combination of cash consideration of HK\$45.95 million and 1,069,381,820 consideration shares. The Proposed Acquisition requires Shareholders' approval in a special general meeting to be convened in due course. Please refer to the Company's announcement dated 30 September 2014 for further details.

### **Property, plant and equipment**

The total net book value of the Group's property, plant and equipment of approximately HK\$1.3 million as at 30 September 2014 is mainly comprised of furniture, fixtures, computer and other equipment of approximately HK\$0.3 million, and motor vehicles of approximately HK\$1.0 million. The net book value decreased by HK\$0.1 million from approximately HK\$1.4 million as at 31 March 2014 to approximately HK\$1.3 million as at 30 September 2014, representing depreciation expense provided during the period.

### **Intangible assets**

	<b>30.9.2014</b>	<b>31.3.2014</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Intangible assets - customer relationship	<u>2,418</u>	<u>2,790</u>

The intangible assets of approximately HK\$2.4 million as at 30 September 2014 (as at 31 March 2014 : HK\$2.8 million) is arisen from the acquisition of Brilliant Time Limited ("BTL"). The difference in the carrying amount represents the amortisation expenses amounting to approximately HK\$0.4 million.

### Other assets

The following is a breakdown of the other assets of the Group as at 30 September 2014 and 31 March 2014 :

	<b>30.9.2014</b> <b>HK\$'000</b>	<b>31.3.2014</b> <b>HK\$'000</b>
Golf club membership	<u>998</u>	<u>998</u>

Other assets – golf club membership remains closely the same of approximately HK\$1.0 million as at 30 September 2014 and 31 March 2014 respectively, representing the costs of transferable life membership of a golf club.

### Trade and other receivables

The following is a breakdown of the total trade and other receivables of the Group as at 30 September 2014 and 31 March 2014 :

	<b>30.9.2014</b> <b>HK\$'000</b>	<b>31.3.2014</b> <b>HK\$'000</b>
Trade receivables	6,423	5,742
Other receivables, deposits and prepayments	<u>154,860</u>	<u>112,482</u>
	<u><b>161,283</b></u>	<u><b>118,224</b></u>

### **Trade receivables**

The Group's trade receivables increased by approximately HK\$0.7 million to approximately HK\$6.4 million as at 30 September 2014 from approximately HK\$5.7 million as at 31 March 2014. The balance as at 30 September 2014 is mainly due to sales generated during 3M 30 September 2014 which have not been settled, which are current and the amount is within the credit period.

Based on historical default rates, the executive directors believe that no impairment allowance is necessary in respect of trade receivables. All the trade and other receivables are expected to be recovered. Currently, all receivables are all within the normal credit terms.

### **Other receivables, deposits and prepayments**

The following is a breakdown of other prepayments and receivables of the Group as at 30 September 2014 and 31 March 2014 :

	<b>30.9.2014</b> <b>HK\$'000</b>	<b>31.3.2014</b> <b>HK\$'000</b>
Convertible loan	84,000	50,050
Loan and goodwill deposit to vendors of CSMCG	43,800	24,700
Prepayment of purchase of RFID chips	3,027	5,288
Receivables arising from termination of agreement	9,175	18,800
Short term advances	13,156	11,890
Other deposits and receivables	<u>1,702</u>	<u>1,754</u>
	<u><b>154,860</b></u>	<u><b>112,482</b></u>

### **Convertible loan**

During FY2014, the Company granted a loan of approximately HK\$50 million to its business partner to acquire approximately 44% in a PRC company ("PRC Company") to operate in the PRC telecommunication industry. The loan is secured by 94.5% equity shares of a Zhuhai holding company ("Zhuhai Entity") of the PRC Company and a conversion option, at the Company's discretion, to convert the loan into equity shares in the Zhuhai Entity, subject to approval from relevant PRC authorities and laws and regulations.

Please refer to the Company's announcement dated 29 May 2014 for further details.

The Company further extended a loan by the end of July 2014 amounting to approximately HK\$33.95 million to the business partner, HK\$84 million in aggregate as at date of this announcement.

Please refer to the Company's announcement dated 14 August 2014 for further details.

#### **Loan and goodwill deposit to the vendors of CSMCG**

A loan amounting to HK\$24.7 million was granted to certain vendors of CSMCG as at 31 March 2014.

Please refer to the Company's announcement dated 29 May 2014 for further details.

The Company provided a goodwill deposit to certain vendors of CSMCG by the end of July 2014 amounting to approximately HK\$19.1 million which is a deposit made for the potential acquisition of the remaining equity interest in CSMCG.

Please refer to the Company's announcement dated 14 August 2014 for further details.

#### **Prepayment of purchase of RFID chips**

China RFID Limited ("**CRL**"), a wholly owned subsidiary of the Company, entered into an exclusive distributor agreement ("**Exclusive Distributor's Agreement**") with Smart Asia Technology Limited ("**SMART**") on 18 January 2013 to renew the distributorship of RFID chips and agreed, *inter alia*, that CRL has the exclusive right to distribute NXP RFID Chips on the terms and subject to conditions set out in the Exclusive Distributor's Agreement. On the same date, CRL also entered into an exclusive supply agreement ("**Exclusive Supply Agreement**") with China Vision Intelligent Card Reader Co., Ltd. ("**China Vision**") to renew the exclusive supply agreement with China Vision and agreed, *inter alia*, that CRL shall supply NXP RFID Chips to China Vision on the terms and subject to the conditions set out in the Exclusive Supply Agreement. Both Exclusive Distributor's Agreement and Exclusive Supply Agreement are in the Group's normal course of business.

Pursuant to the Distributor's Agreement above, CRL has made a deposit of HK\$2.0 million for the initial order of RFID chips which was recognised as cost of goods sold during 3M 30 June 2013. In addition, pursuant to the Distributor's Agreement, CRL has made a prepayment of HK\$7.5 million, which is the refundable deposit for future orders from SMART and sufficient for the procurement at the best possible price per unit from SMART.

CRL will be able to utilise the refundable deposit for any future order within the duration of Exclusive Distributor's Agreement without making further payment. Such arrangement allows CRL to enjoy a better discount in procuring the RFID chips. If the refundable deposit is not utilised upon the expiry of the agreement, SMART is committed to refund the available balance to CRL. During 12M 31 March 2014, approximately HK\$4.2 million has been utilised for RFID purchase and prepayment reduced to approximately HK\$5.3 million as at 31 March 2014. During 3M and 6M 30 September 2014, approximately HK\$1.5 million and HK\$2.3 million has been utilised for RFID chips purchase respectively. The prepayment reduced to approximately HK\$3.0 million as at 30 September 2014.

#### **Receivables arising from termination of agreement**

The receivables arising from termination of agreement represent the funds to be received due to the termination of the acquisition of equipment for the establishment of a customer service calling support centre in the PRC and software development of a client account management system in the prior years amounting to approximately HK\$9.6 million and approximately HK\$9.2 million respectively as at 31 March 2014. Due to the collaboration with various PRC business partners for providing similar services, the equipment for the establishment of a customer service calling support centre in the PRC and software development are no longer required. The receivables reduced by approximately HK\$9.6 million from approximately HK\$18.8 million as at 31 March 2014 to approximately HK\$9.2 million as at 30 September 2014, representing the amount being collected during 6M 30 September 2014.

### Short-term advances

The short term advances represent the advances provided to the long term business partners to facilitate the Company in the operation of mobile satellite services and other IT related services. The advances increased by approximately HK\$1.3 million to approximately HK\$13.2 million as at 30 September 2014 from approximately HK\$11.9 million as at 31 March 2014. Based on historical records and given the long term relationship with and the track record of the business partners, the executive directors are confident that the advances are able to be recovered.

### Other deposits and receivables

Other deposits and receivables decreased by approximately HK\$50 thousand from approximately HK\$1.75 million as at 31 March 2014 to approximately HK\$1.7 million as at 30 September 2014, mainly representing the deposit for the office utilities and office rental in both Hong Kong and PRC.

### Due from associate

Pursuant to an agreement between the Company and CSMCG dated 1 December 2012, CSMCG has appointed the Company as a procurement agent for *inter-alia* the purchase of the satellite phones, airtime, and other professional service which is deemed necessary and appropriate. As at 30 September 2014, the amount due from CSMCG in relation to the procurement of satellite phones, airtime and arrangement of marketing activities is of approximately HK\$4.6 million, which increased by approximately HK\$3.0 million from approximately HK\$1.6 million as at 31 March 2014 due to the procurement of airtime. It is trade in nature and does not constitute an IPT pursuant to Chapter 9 of the Catalist Rules.

### Cash and cash equivalents

The following is a breakdown of cash and cash equivalents of the Group as at 30 September 2014 and 31 March 2014 :

	30.9.2014 HK\$'000	31.3.2014 HK\$'000
Cash at banks and in hand	6,375	10,178
<b>Total cash and cash equivalents</b>	<b>6,375</b>	<b>10,178</b>

Please refer to page 18 on "Cashflows" on the decrease in cash and cash equivalents.

### Trade and other payables

The following is a breakdown of the trade and other payables of the Group as at 30 September 2014 and 31 March 2014:

	30.9.2014 HK\$'000	31.3.2014 HK\$'000
Trade payables	2,278	1,968
Other deposits and accruals	9,266	11,057
	<b>11,544</b>	<b>13,025</b>

Trade payables represent mainly the outstanding support charges due to independent subcontractors for services rendered to the Group's customers in the PRC. It increased by approximately HK\$0.3 million from approximately HK\$2.0 million as at 31 March 2014 to approximately HK\$2.3 million as at 30 September 2014 which is primarily due to the increment in corresponding revenue from provision of IT services.

The other deposits and accruals represent other outstanding operating expenses payable. It decreased by approximately HK\$1.8 million from approximately HK\$11.1 million as at 31 March 2014 to approximately HK\$9.3 million as at 30 September 2014 which represents the settlement of the accrued expenses in 6M 30 September 2014.



### **Short-term loan**

Short term loan of HK\$6 million represents the funds being financed by an unrelated third party to the Company carrying 1% interest per month. The loan is repayable in April 2015 and is guaranteed by a director of the Company. The short term loan was used to support the Company and the borrower for participating in the project that the Company is pursuing.

None of Directors or substantial shareholders of the Company has any interest, direct or indirect, in the PRC Project, other than through their respective shareholding in the Company or their involvement as director of the Company.

### **Obligations under finance lease**

The Group has obligations under a finance lease that are repayable within one year of approximately HK\$0.11 million and approximately HK\$0.16 million as at 30 September 2014 and 31 March 2014 respectively and no outstanding balance is repayable after 1 year.

### **Deferred tax liabilities**

Deferred tax liabilities amounting to approximately HK\$3.2 million as at 30 September 2014 and 31 March 2014, is derived from the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts reported for taxation purposes.

### **Reserves**

The following is a breakdown of the Reserves of the Group as at 30 September 2014 and 31 March 2014 :

	<b>30.9.2014</b>	<b>31.3.2014</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Share premium</b>	<b>328,117</b>	<b>337,117</b>
<b>Foreign exchange translation reserve</b>	<b>32,838</b>	<b>32,838</b>
<b>PRC statutory reserve</b>	<b>5,863</b>	<b>5,863</b>
<b>Revaluation reserve</b>	<b>98</b>	<b>98</b>
<b>Other deficit</b>	<b>(49,466)</b>	<b>(49,466)</b>
<b>Contributed surplus</b>	<b>43,348</b>	<b>43,348</b>
<b>Share-based payment reserve</b>	<b>9,028</b>	<b>9,028</b>
<b>Accumulated losses</b>	<b>(308,277)</b>	<b>(285,098)</b>
	<b><u>61,549</u></b>	<b><u>93,728</u></b>

- In accordance with the relevant PRC laws applicable to enterprises with foreign investment, Armarda Zhuhai is required to transfer at least 10% of its annual net profit determined under PRC accounting regulations to the PRC statutory reserve. This reserve can be used to convert into paid-in capital and offset to reduce prior years' losses, if any.
- The foreign exchange translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign entities that are not integral to the operation of the Company.
- Revaluation reserve relates to the revaluation gain on property, plant and equipment upon transfer as investment property at fair value.
- The other deficit of approximately HK\$49.5 million arise from the acquisition of non-controlling interest of CRL completed on 22 June 2011 (HK\$19.5 million) and BTL completed on 8 January 2009 (HK\$30.4 million). The Group has recognised any premiums or discounts on purchase of equity instruments from non-controlling interest subsequent to the obtaining control.

- Contributed surplus relates to the capital reorganisation exercise for the reduction of the par value from HK\$0.20 each to HK\$0.05 each. After the capital reduction taking effect on 30 April 2010, the credit amount of HK\$84,696,071 was credited to the contributed surplus account of the Company, of which HK\$41,348,347 was utilised to set off the accumulated losses of the Company in its entirety.
- Share-based payment reserve represented the fair value of the conditional performance shares award granted to the grantees as at the grant date. The reserve will be reduced by the physical issuance of the performance shares if the performance targets have been fulfilled or satisfied after the vesting period.

## **Cashflows**

The Group used approximately HK\$13.4 million and approximately HK\$4.0 million in its operating activities for the 3M 30 September 2014 and 3M 30 September 2013 respectively. This is mainly due to cash used in operating activities before changes in working capital of approximately HK\$8.2 million, the decrease in trade and other receivables of approximately HK\$3.0 million, the decrease in other payables and accruals of approximately HK\$5.7 million, and the increase in amount due from associate of approximately HK\$2.5 million, for the 3M 30 September 2014.

The Group used approximately HK\$53.1 million and approximately HK\$32.2 million in its investing activities for the 3M 30 September 2014 and 3M 30 September 2013. This is primarily due to convertible loan of approximately HK\$33.95 million for further injection in the increased capital of the PRC project Company to operate in the PRC telecommunication industry and goodwill deposit of HK\$19.1 million advanced to certain vendors of CSMCG during 3M 30 September 2014 in connection with the Proposed Acquisition.

The Group generated net cash inflow of approximately HK\$63.0 million and used approximately HK\$24 thousand in its financing activities for the 3M 30 September 2014 and 3M 30 September 2013. This is mainly due to the net proceeds from issuance of 1,440,000,000 Placement Shares of approximately HK\$63 million (net of expenses) during 3M 30 September 2014.

As a whole, the Group used approximately HK\$3.5 million and approximately HK\$36.3 million in the 3M 30 September 2014 and 3M 30 September 2013 respectively. The cash and cash equivalents as at 30 September 2014 is approximately HK\$6.4 million.

The Group used approximately HK\$13.7 million and approximately HK\$35.7 million from its operating activities in the 6M 30 September 2014 and 6M 30 September 2013 respectively. This is primarily due to cash used in operating activities before changes in working capital of approximately HK\$19.3 million, the decrease in other payables and accruals of approximately HK\$1.5 million, the decrease in trade and other receivables of approximately HK\$10.0 million and the increase in amount due from an associate of approximately HK\$3.0 million in the 6M 30 September 2014.

The Group used approximately HK\$53.1 million and approximately HK\$59.7 million in its investing activities for the 6M 30 September 2014 and 6M 30 September 2013. This is primarily due to a convertible loan of approximately HK\$33.9 million for further injection in the increased capital of the PRC project Company to operate in the PRC telecommunication industry and goodwill deposit of approximately HK\$19.1 million to certain vendors of CSMCG during 6M 30 September 2014 in connection with the Proposed Acquisition.

The Group generated net cash inflow of approximately HK\$63.0 million and approximately HK\$90.4 million in its financing activities for both the 6M 30 September 2014 and 6M 30 September 2013 respectively. This is mainly due to the net proceeds from issuance of 1,440,000,000 Placement Shares of approximately HK\$63 million (net of expenses) which was partially offset repayment of finance lease of approximately HK\$44 thousand during 6M 30 September 2014.

As a whole, the Group used approximately HK\$3.8 million and approximately HK\$5.0 million in the 6M 30 September 2014 and 6M 30 September 2013 respectively.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

Not applicable.

**10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

The overall market condition of the PRC IT industry where the Group operates in has remained extremely difficult as in past couple of years, the management of the Company expects that such market condition as well as the Group's operating performance in this area in China will not improve in the near future. Accordingly, the management has continued to explore and develop other new business initiatives, including but not limited to, the Thuraya mobile satellite communication services in the PRC, in the upcoming reporting periods. One of the recent significant action taken by the Group was the signing of Sales and Purchase Agreements with 10 Vendors of CSMCG respectively on 30 September 2014 for the further acquisition of approximately 46% share equity in aggregate with the intention to take over the majority control of CSMCG and focus on developing the Thuraya mobile satellite communication services business in China as one of the Group's future core businesses and profit contributors.

**11. Dividend**

**If a decision regarding dividend has been made :-**

**(a) Whether an interim (final) ordinary dividend has been declared (recommended)**

None.

**(b)(i) and (b)(ii) Amount of dividend per share of the current reporting financial period and of the previous corresponding period.**

Nil (2Q2014 nil).

**(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

Not applicable.

**(d) The date the dividend is payable**

Not applicable.

**(e) The date on which Registrable Transfers received by the company (up to 5.00pm) will be registered before entitlements to the dividend are determined.**

Not applicable.

**12. If no dividend has been declared/recommended, a statement to that effect**

No dividend is declared/recommended in three months and six months period ended 30 September 2014.

**13. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

No IPT general mandate has been obtained by the Group from the shareholders. There was no interested person transaction for the period under review.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

- 14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

Not applicable

- 15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments**

Not applicable

- 16. A breakdown of sales**

Not applicable

- 17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-**

**(a) Ordinary**

Nil (FY2014 : Nil)

**(b) Preference**

Nil (FY2014 : Nil)

**(c) Total**

Nil (FY2014 : Nil)

- 18. Negative assurance on interim financial statements pursuant to Rule 705(5)**

We, Terence Luk Chung Po and Mak Tin Sang, being directors of the Company do hereby confirm on behalf of the Board of Directors that to the best knowledge of the Board of Directors, nothing has come to the attention of the Board of Directors which may render the interim financial statements for the three months and six months ended 30 September 2014 to be false or misleading in any material aspect.

For and on behalf of the  
Board of Directors of  
Armarda Group Limited

Luk Chung Po, Terence  
Executive Director

Mak Tin Sang  
Executive Director

14 November 2014

- 19. Use of proceeds**

Use of proceeds for the remaining balance of HK\$8 million from the placement of 1,440 million new ordinary shares has been announced via SGXNET on 14 November 2014.

**BY ORDER OF THE BOARD**

**Luk Chung Po, Terence**  
**Executive Director**

**14 November 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.*

*The contact person for the Sponsor is Mr Liao H.K.  
Telephone number: 6221 0271*