



## **NEWS RELEASE**

### **ARMARDA'S INTERIM NET OPERATING PROFIT INCREASES FIVE TIMES TO HK\$10.0 MILLION**

- The IT services provider is poised to benefit from the modernization of the PRC's financial sector

#### ***1H FY2004 Results Highlights:***

- Group revenue grew 5 times to HK\$26.4 million, from HK\$5.0 million
- Group net profit jumped 9.5 times to HK\$18.1 million (including non-recurring and exceptional income of HK\$8.1 million), from HK\$1.9 million
- Net asset value of 48 HK cents per share

*Singapore, August 10, 2004* – Armarda Group Limited (“Armarda”), an IT professional services provider to the PRC banking and financial industry, today reported a sterling growth in net operating profit to HK\$18.1 million (including non-recurring and exceptional income of HK\$8.1 million from acquisition of Armarda Zhuhai) for the half year ended June 30, 2004 (“1H FY2004”) from HK\$1.9 million previously. This strong profit growth was achieved on the back of a five-fold increase in revenue to HK\$26.4 million.

Said Mr Graham Valentine, CEO of Armarda, “The actions taken to cool China’s economy have not reduced the momentum of the local banks and financial institutions in upgrading their IT infrastructures and systems, to enable them to compete effectively with foreign players. Thanks to our team of experienced IT consultants, we have been able to tap the business opportunities in the PRC banking and financial sector at an early stage.

The increase in IT services projects from banks spurred the strong growth of the Group's top-line in the first half of 2004. We are delighted to be awarded IT Consulting services contracts this year from two leading banks in the PRC -- the China Construction Bank and the Bank of Communications. These contracts are strong endorsements of the quality of our services and will pave the way for future projects."

Group service revenue grew significantly by 5.3 times from HK\$5.0 million to HK\$26.4 million, thanks to the strong growth of its IT services business which started in early April last year. To address the fast-growing demand for service delivery, both in terms of quantity and quality of such services, the Group recruited more IT consultants and service engineers in early FY2004. This has pushed Group's staff costs to HK\$7.8 million for 1H FY2004. However, other operating expenses rose at a slower rate of 4.6 times to HK\$7.3 million for 1H FY2004 and this increase was due to the growth in Armarda's business volume.

In line with the growth in sales, Group profit after taxation ("PAT") leaped from HK\$1.9 million to HK\$18.1 million. Excluding the recognition of a non-recurring exceptional income from the acquisition of Armarda Zhuhai, the Group's PAT for 1H FY2004 was HK\$10.0 million, or 5.3 times of Group PAT recorded in the previous corresponding period.

Based on Group PAT of HK\$10.0 million, Armarda achieved a notable net profit margin of approximately 38% for 1H FY2004. The Group's healthy balance sheet is backed by a sound cash position.

### **Focused strategies to drive growth**

Said Mr Valentine, "The Group is very confident of continued strong growth in the future. We are aggressively executing our growth strategies to tap the opportunities in PRC banking and financial sector. For our IT Consulting services, our strategy is to continue

building on our consulting base by developing solutions that relate directly to the key issues our customers encounter. We have recently launched our Enterprise Content Management (“ECM”) solution which can be directly applied to areas such as loans processing.

In addition, we have also established our insurance practice to capitalise on the opportunities in the insurance sector in the PRC.”

To fuel the growth of its IT Support business, the Group will continue to increase its headcount and strengthen its geographical presence in China by opening service depots and service points. Armarda will also develop its service infrastructure and capability in key areas such as spare parts management to tap on the growing network of ATMS in the PRC. The Group will continually seek partnerships with organizations that offer complementary activities such as outsourcing, to grow the business volume of its IT Support services.

“We will continue to target multinational corporations in Asia as well as organizations in China who want to develop their organizational capabilities to drive the growth of our Business Transformation services. To expedite the execution of our strategies, we are also in the process of identifying potential acquisitions and joint ventures,” added Mr Valentine.

### ***About Armarda Group Limited***

Listed on the SGX-Sesdaq in May 2004, Armarda provides an integrated suite of IT consulting, IT support and business transformation services for the banking and financial services industry in the PRC.

The Group partners leading technology vendors, including IBM, Electronic Data System Corporation to provide comprehensive IT consulting and IT support services which are tailored to the needs of banks and financial institutions. Armarda is progressively

building up its network of operations to increase its geographical coverage. In addition, Armarda has developed a range of business transformation services to provide its clients with a fast, reliable and efficient way of transforming their businesses and organisations.

---

ISSUED ON BEHALF OF : Armarda Group Limited  
BY : Citigate Dewe Rogerson, i.MAGE Pte Ltd  
1 Raffles Place  
#26-02 OUB Centre  
SINGAPORE 048616

CONTACT : Mr Andrew Cheng / Ms Lisa Heng  
at telephone

DURING OFFICE HOURS : 6534-5122 (Office)  
AFTER OFFICE HOURS : 9633-7377 / 9781-3924 (Handphone)

EMAIL : [andrew.cheng@citigatedrimage.com](mailto:andrew.cheng@citigatedrimage.com) /  
[lisa.heng@citigatedrimage.com](mailto:lisa.heng@citigatedrimage.com)

---

087/004/002/AGL  
August 10, 2004