

**SINOCLOUD GROUP LIMITED**  
**(formerly known as Armarda Group Limited)**

**Unaudited Second Quarter and Six Months Financial Statement And Dividend Announcement for the Financial Period Ended 30 September 2015**

**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**

<b>CONSOLIDATED INCOME STATEMENT</b>						
<b>FOR THE PERIOD ENDED 30 September 2015</b>						
<b>(Expressed in Hong Kong thousand dollars)</b>						
	<b>Three Months Ended</b>			<b>Six Months Ended</b>		
	<b>30.9.2015</b>	<b>30.9.2014</b>	<b>%</b>	<b>30.9.2015</b>	<b>30.9.2014</b>	<b>%</b>
			<b>+ / (-)</b>			<b>+ / (-)</b>
Revenue	436	4,817	(91)	927	8,013	(88)
Other income	756	8	NM	1,512	16	NM
Staff costs	(1,179)	(2,620)	(55)	(3,199)	(5,310)	(40)
Depreciation	(48)	(92)	(48)	(96)	(182)	(47)
Amortisation of intangible assets	-	(186)	NM	-	(372)	NM
Cost of purchases	(309)	(3,869)	(92)	(702)	(6,358)	(89)
Subcontracting fees	-	(203)	NM	-	(383)	NM
Other expenses	(2,285)	(6,314)	(64)	(6,264)	(15,198)	(59)
Finance costs	(342)	(1)		(675)	(2)	NM
Fair value gain on derivative financial instrument	-	-	-	733	-	NM
Share of losses of associates	(148)	(1,359)	(89)	(435)	(3,387)	(87)
<b>Loss before tax</b>	<b>(3,119)</b>	<b>(9,819)</b>	<b>(68)</b>	<b>(8,199)</b>	<b>(23,163)</b>	<b>(65)</b>
Income tax	-	(8)	NM	-	(16)	NM
<b>Loss for the period</b>	<b>(3,119)</b>	<b>(9,827)</b>	<b>(68)</b>	<b>(8,199)</b>	<b>(23,179)</b>	<b>(65)</b>
<b>Attributable to:</b>						
Equity shareholders of the Company	(3,119)	(9,827)	(68)	(8,199)	(23,179)	(65)
<b>Loss for the period</b>	<b>(3,119)</b>	<b>(9,827)</b>	<b>(68)</b>	<b>(8,199)</b>	<b>(23,179)</b>	<b>(65)</b>

*NM: Not meaningful*

**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**

SINOCLOUD GROUP LIMITED							
CONSOLIDATED COMPREHENSIVE INCOME STATEMENT							
FOR THE PERIOD ENDED 30 SEPTEMBER 2015							
(Expressed in Hong Kong thousand dollars)							
	Three Months Ended			Six Months Ended			
	30.9.2015	30.9.2014	%	30.9.2015	30.9.2014	%	
			+ / (-)			+ / (-)	
<b>Loss for the period</b>	<b>(3,119)</b>	<b>(9,827)</b>	(68)	<b>(8,199)</b>	<b>(23,179)</b>	(65)	
<b>Other comprehensive income</b>							
Currency translation difference arising from consolidation	-	-		-	-		
Share of translation reserve of associates	-	-		-	-		
<b>Total comprehensive loss for the period</b>	<b><u>(3,119)</u></b>	<b><u>(9,827)</u></b>	(68)	<b><u>(8,199)</u></b>	<b><u>(23,179)</u></b>	(65)	
<b>Total comprehensive loss attributable to</b>							
Equity shareholders of the Company	<u>(3,119)</u>	<u>(9,827)</u>	(68)	<u>(8,199)</u>	<u>(23,179)</u>	(65)	
<b>Total comprehensive loss for the period</b>	<b><u>(3,119)</u></b>	<b><u>(9,827)</u></b>	(68)	<b><u>(8,199)</u></b>	<b><u>(23,179)</u></b>	(65)	

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>SINOCLOUD GROUP LIMITED</b>					
<b>STATEMENT OF FINANCIAL POSITION</b>					
<b>AS AT 30 SEPTEMBER 2015</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>30.9.2015</b>	<b>31.3.2015</b>	<b>30.9.2015</b>	<b>31.3.2015</b>	
	<b>(unaudited)</b>	<b>(audited)</b>	<b>(unaudited)</b>	<b>(audited)</b>	
<b>Non-current assets</b>					
Interest in an associate - CSMCG	152,611	152,886	169,432	169,432	
Interest in an associate - Fesco E-HR	11,062	11,222	-	-	
Plant and equipment	493	589	-	-	
Deposit to vendors of Guiyang IDC	82,000	82,000	-	-	
Other assets	1,003	1,003	-	-	
	<b>247,169</b>	<b>247,700</b>	<b>169,432</b>	<b>169,432</b>	
<b>Current assets</b>					
Trade and other receivables	127,989	128,754	120,595	119,143	
Cash and cash equivalents	5,686	7,914	-	-	
Due from an associate	16,866	15,460	3,900	11,700	
	<b>150,541</b>	<b>152,128</b>	<b>124,495</b>	<b>130,843</b>	
<b>Total assets</b>	<b>397,710</b>	<b>399,828</b>	<b>293,927</b>	<b>300,275</b>	
<b>Current liabilities</b>					
Trade and other payables	13,578	22,984	7,696	17,452	
Due to a subsidiary (non-trade)	-	-	23,656	28,816	
Due to an associate	695	695	-	-	
Short-term loan	9,000	6,000	6,000	6,000	
Derivative Financial Instrument	17	-	17	-	
Income tax payable	2,911	2,911	-	-	
	<b>26,201</b>	<b>32,590</b>	<b>37,369</b>	<b>52,268</b>	
<b>Non-current liability</b>					
Convertible bonds	12,470	-	12,470	-	
Deferred tax liabilities	3,252	3,252	-	-	
	<b>15,722</b>	<b>3,252</b>	<b>12,470</b>	<b>-</b>	
<b>Total liabilities</b>	<b>41,923</b>	<b>35,842</b>	<b>49,839</b>	<b>52,268</b>	
<b>Net Assets</b>	<b>355,787</b>	<b>363,986</b>	<b>244,088</b>	<b>248,007</b>	
<b>Equity</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
Share capital	7,541	7,541	7,541	7,541	
Reserves	348,246	356,445	236,547	240,466	
<b>Total Equity</b>	<b>355,787</b>	<b>363,986</b>	<b>244,088</b>	<b>248,007</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 30.9.2015 In HK\$'000		As at 31.3.2015 In HK\$'000	
	Secured	Unsecured	Secured	Unsecured
Short-term loan and derivative financial instrument	-	9,017	-	6,000

### Amount repayable after one year

	As at 30.9.2015 In HK\$'000		As at 31.3.2015 In HK\$'000	
	Secured	Unsecured	Secured	Unsecured
Convertible bonds	-	12,470	-	-

### Details of any collateral

The short-term loan of HK\$6 million as at 30 September 2015 out of the total HK\$9 million (HK\$6 million as at 30 June 2015) is guaranteed by a director of the Company.

The convertible bonds relate to the 12% Convertible Bonds Due 2017 (defined in section 1(d)(ii) below), for an aggregate amount of S\$2,256,000 (equivalent to HK\$13.2 million), with an interest rate of 12% per annum at a conversion price of S\$0.006 for each Share.

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

<b>SINOCLOUD GROUP LIMITED</b>				
<b>CONSOLIDATED STATEMENT OF CASH FLOWS</b>				
<b>FOR THE PERIOD ENDED 30 SEPTEMBER 2015</b>				
(Expressed in Hong Kong thousand dollars)				
	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>30.9.2015</b>	<b>30.9.2014</b>	<b>30.9.2015</b>	<b>30.9.2014</b>
<b>Cash flows from operating activities</b>				
Loss before tax	(3,119)	(9,827)	(8,199)	(23,179)
Adjustment for :				
Interest income / (expense)	(756)	(8)	(1,512)	(16)
Share of loss of associates	148	1,359	435	3,387
Finance costs	342	1	675	2
Depreciation of plant and equipment	48	92	96	182
Amortisation of intangible assets	-	186	-	372
Fair value loss on derivative financial instrument	-	-	(733)	-
<b>Operating loss before working capital changes</b>	<b>(3,337)</b>	<b>(8,197)</b>	<b>(9,238)</b>	<b>(19,252)</b>
Decrease in trade and other receivables	656	2,996	2,674	9,991
(Decrease) in other payables and accruals	(428)	(5,680)	(10,081)	(1,481)
(Increase) in amount due from an associate	(713)	(2,541)	(1,406)	(2,981)
<b>Cash used in operations</b>	<b>(3,822)</b>	<b>(13,422)</b>	<b>(18,051)</b>	<b>(13,723)</b>
Interest income received	-	8	-	16
Interest paid	-	(1)	-	(2)
<b>Net cash used in operating activities</b>	<b>(3,822)</b>	<b>(13,415)</b>	<b>(18,051)</b>	<b>(13,709)</b>
<b>Cash flows from investing activities</b>				
Convertible loan granted to a third party	-	(33,950)	-	(33,950)
Short term advances to the vendors of CSMCG	-	(19,100)	-	(19,100)
<b>Net cash used in investing activities</b>	<b>-</b>	<b>(53,050)</b>	<b>-</b>	<b>(53,050)</b>
<b>Cash flows from financing activities</b>				
Repayment of finance lease obligations	-	(22)	-	(44)
Convertible bonds	-	-	13,220	-
Convertible bonds interest paid	(397)	-	(397)	-
Net proceeds from issuance of new shares, net of issue costs	-	63,000	-	63,000
Short term loan from unrelated third party	3,000	-	3,000	-
<b>Net cash generated from financing activities</b>	<b>2,603</b>	<b>62,978</b>	<b>15,823</b>	<b>62,956</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,219)</b>	<b>(3,487)</b>	<b>(2,228)</b>	<b>(3,803)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>6,905</b>	<b>9,862</b>	<b>7,914</b>	<b>10,178</b>
<b>Cash and cash equivalents at end of the period</b>	<b>5,686</b>	<b>6,375</b>	<b>5,686</b>	<b>6,375</b>
<b>An analysis of cash and cash equivalents as follows :</b>				
<b>Cash at bank and in hand</b>	<b>5,686</b>	<b>6,375</b>	<b>5,686</b>	<b>6,375</b>

**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	PRC	Re-	Share- Based			
	Share Capital	Share Premium	Contributed Surplus	Translation Reserve	Statutory Reserve	Valuation Reserve	Capital Reserve	Other Deficit	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 2015</b>	<b>7,541</b>	<b>393,291</b>	<b>16,456</b>	<b>32,714</b>	<b>5,863</b>	<b>98</b>	<b>-</b>	<b>(49,466)</b>	<b>(42,511)</b>	<b>363,986</b>
Net loss for the period from 1.4.2015 to 30.6.2015	-	-	-	-	-	-	-	-	(5,080)	(5,080)
<b>At 30 June 2015</b>	<b>7,541</b>	<b>393,291</b>	<b>16,456</b>	<b>32,714</b>	<b>5,863</b>	<b>98</b>	<b>-</b>	<b>(49,466)</b>	<b>(47,591)</b>	<b>358,906</b>
Net loss for the period from 1.7.2015 to 30.9.2015	-	-	-	-	-	-	-	-	(3,119)	(3,119)
<b>At 30 September 2015</b>	<b>7,541</b>	<b>393,291</b>	<b>16,456</b>	<b>32,714</b>	<b>5,863</b>	<b>98</b>	<b>-</b>	<b>(49,466)</b>	<b>(50,710)</b>	<b>355,787</b>
<i>The Group</i>				Foreign Exchange	PRC	Re-	Share- Based			
	Share Capital	Share Premium	Contributed Surplus	Translation Reserve	Statutory Reserve	Valuation Reserve	Capital Reserve	Other Deficit	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>43,348</b>	<b>32,838</b>	<b>5,863</b>	<b>98</b>	<b>9,028</b>	<b>(49,466)</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>43,348</b>	<b>32,838</b>	<b>5,863</b>	<b>98</b>	<b>9,028</b>	<b>(49,466)</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>43,348</b>	<b>32,838</b>	<b>5,863</b>	<b>98</b>	<b>9,028</b>	<b>(49,466)</b>	<b>(308,277)</b>	<b>325,025</b>

<i>The Company</i>						
	Share Capital	Share Premium	Share- Based Capital Reserve	Contributed Surplus	Accum. Losses	Total Equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>At 1 April 2015</b>	<b>7,541</b>	<b>393,291</b>	<b>-</b>	<b>16,456</b>	<b>(169,281)</b>	<b>248,007</b>
Net loss for the period from 1.4.2015 to 30.6.2015	-	-	-	-	(1,781)	(1,781)
<b>At 30 June 2015</b>	<b>7,541</b>	<b>393,291</b>	<b>-</b>	<b>16,456</b>	<b>(171,062)</b>	<b>246,226</b>
Net loss for the period from 1.7.2015 to 30.9.2015	-	-	-	-	(2,138)	(2,138)
<b>At 30 September 2015</b>	<b>7,541</b>	<b>393,291</b>	<b>-</b>	<b>16,456</b>	<b>(173,200)</b>	<b>244,088</b>
<i>The Company</i>						
	Share Capital	Share Premium	Share- Based Capital Reserve	Contributed Surplus	Accum. Losses	Total Equity
	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>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 ordinary shares for	72,000	-	-	-	-	72,000
Share issuance 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>

**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.**

	<b>Issued and fully paid ordinary shares</b>	<b>Share capital HK\$'000</b>
Balance as at 1 July 2015 and 30 September 2015	7,540,813,474	7,541

On 30 April 2015, the Company entered into convertible bond agreements with Mr Lam Cho Ying Terence Joe and Mr Soo Kok Beng Peter, for aggregate subscription amounting to S\$2,256,000 of convertible bonds ("**12% Convertible Bonds Due 2017**") at a conversion price at S\$0.006 for each Share ("**Bond Issuance**") for a total number of 376,000,000 new ordinary shares to be converted. As at 30 September 2015 and as at the date of this announcement, no conversion has taken place.

Save for the 12% Convertible Bonds Due 2017, there were no outstanding convertibles as at 30 September 2015 (30 September 2014: 150,000,000 performance shares granted under the Armarda Group Limited Performance Share Plan ("**PSP**"), and subsequently in February 2015, 150,000,000 new shares were allotted and issued thereof).

**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 2015 was 7,540,813,474 (31 March 2015: 7,540,813,474).

There were no treasury shares as at 30 September 2015 and 30 September 2014.

**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 period ended 30 September 2015, the Company does not have any sales, transfers, disposals, cancellation, and/or use of treasury shares.

There were no treasury shares as at 30 September 2015 and 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 financial year ended 31 March 2015. The adoption of the new and amended International Financial Reporting Standards (IFRS) and Interpretations of IFRS (INT IFRS) that are mandatory for financial year beginning on or after 1 April 2015 does not result in substantial changes to 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**

	<b>3 Months Ended 30.9.2015</b>	<b>3 Months Ended 30.9.2014</b>	<b>6 Months Ended 30.9.2015</b>	<b>6 Months Ended 30.9.2014</b>
Loss attributable to equity shareholders of the Company (HK\$'000)	3,119	9,827	8,199	23,179
Weighted average number of shares in issue	7,540,813,474	4,893,871,300	7,540,813,474	4,364,605,441
<b>Loss per ordinary share (after deducting any provision for preference dividends) (HK cents)</b>				
- Based on weighted average number of ordinary shares in issue	<b>0.04</b>	<b>0.20</b>	<b>0.11</b>	<b>0.53</b>
- On a fully diluted basis (Please see note below)	<b>0.04</b>	<b>0.20</b>	<b>0.11</b>	<b>0.53</b>

**Note:**

The 12% Convertible Bond Due 2017 has no dilutive effect for the 6 months ended 30 September 2015 as its conversion to ordinary shares would decrease loss per share, as a result, they are not treated as dilutive potential ordinary shares.

The conditional share awards of 150,000,000 PSP shares as at 30 September 2014 have no dilutive effect for the respective periods as their conversion to ordinary shares would decrease loss per share, as a result, they are not treated as dilutive potential ordinary shares.

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 30.9.2015</b>	<b>As at 31.3.2015</b>
Net asset value of the Company per ordinary share based on existing issued share capital	<b>HK\$0.032</b>	<b>HK\$ 0.033</b>
Net asset value of the Group per ordinary share based on existing issued share capital	<b>HK\$0.047</b>	<b>HK\$ 0.048</b>

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**

#### **(A) REVIEW OF FINANCIAL RESULTS**

##### **Revenue**

Revenue generated in the three months ended ("**3M**") 30 September 2015 decreased by HK\$4.4 million, from HK\$4.8 million in the 3M 30 September 2014 to HK\$0.4 million in 3M 30 September 2015. Further, revenue decreased by HK\$7.1 million, from HK\$8.0 million in the six months ended ("**6M**") 30 September 2014 to HK\$0.9 million in the 6M 30 September 2015. The decrease in revenue was mainly due to lower sales of IT equipment.

##### **Cost of purchases**

Cost of purchases decreased by HK\$3.6 million, from HK\$3.9 million in the 3M 30 September 2014 to HK\$0.3 million in the 3M 30 September 2015, and decreased by HK\$5.7 million from HK\$6.4 million in the 6M 30 September 2014 to HK\$0.7 million in the 6M 30 September 2015. The decrease was primarily due to the corresponding lower revenue from the sale of IT equipment.

##### **Subcontracting fees**

No subcontracting fees was incurred in the 3M and 6M 30 September 2015, whereas HK\$0.2 million and HK\$0.4 million were incurred in the 3M 30 September 2014 and 6M 30 September 2014 respectively as there was no subcontract service income generated in 2015.

##### **Other income**

Other income amounted to HK\$756 thousand in the 3M 30 September 2015 and HK\$1.5 million in the 6M 30 September 2015, and relates to interest income in respect of the convertible loan receivable by the Group of HK\$72 million. Other income were negligible in the 3M 30 September 2014 and 6M 30 September 2014.

##### **Operating expenses**

Staff costs decreased by HK\$1.4 million, from HK\$2.6 million in the 3M 30 September 2014 to HK\$1.2 million in the 3M 30 September 2015, and decreased by HK\$2.1 million, from HK\$5.3 million

in the 6M 30 September 2014 to HK\$3.2 million in the 6M 30 September 2015, which was mainly caused by the reduction in head count.

Intangible assets of customer relationship (arising from the acquisition of Brilliant Time Limited) had been fully amortised and impaired as at 31 March 2015.

Finance costs amounted to HK\$342 thousand in the 3M 30 September 2015 and HK\$675 thousand in the 6M 30 September 2015. Finance costs were negligible in the 3M 30 September 2014 and 6M 30 September 2014. The increase was mainly due to higher finance costs pursuant to (a) a S\$3 million increase in short term loans (from HK\$6 million as at 30 June 2015 to S\$9 million as at 30 September 2015) secured by the Group; and (b) the 12% Convertible Bond Due 2017 secured by the Group on 30 April 2015.

Fair value gain on derivative financial instrument of HK\$0.7 million in the 6M 30 September 2015 was due to the change in fair value of derivative financial instrument. Please refer to the below section on convertible bonds and derivative financial instrument for further details.

Share of losses of associates in the 3M 30 September 2015 amounted to HK\$0.1 million, representing the share of loss of associate in Fesco E-HR Service (Beijing) Co., Ltd ("**Fesco E-HR**") and China Satellite Mobile Communication Group Ltd ("**CSMCG**") of HK\$80 thousand and HK\$68 thousand, respectively. Share of losses of associates in the 6M 30 September 2015 amounted to HK\$0.4 million, representing the share of profit in Fesco E-HR of HK\$160 thousand and the share of loss of CSMCG of HK\$275 thousand.

Other expenses decreased by HK\$4.0 million, from HK\$6.3 million in the 3M 30 September 2014 to HK\$2.3 million in the 3M 30 September 2015, which was mainly caused by a decrease in legal and professional fees. For the 6M 30 September 2015, it decreased by HK\$8.9 million, from HK\$15.2 million in the 6M 30 September 2014 to HK\$6.3 million in the 6M 30 September 2015.

### **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 2035.

The Group's profits derived from Hong Kong are subject to Hong Kong profits tax at 16.5% (FY2015: 16.5%). No provision for Hong Kong profits tax was made, as there was no assessable profit derived from Hong Kong during 3M 30 September 2015.

The Group's subsidiary in the PRC, Armarda Technology (Zhuhai) Limited ("**ATZH**") is subject to PRC income tax of 25% and withholding tax of 5%. No tax provision was made, as ATZH has been recording accumulated losses since the financial year ended 31 December 2008 till now.

No Singapore income tax was payable in respect of the Group's operations in Singapore, as such operations sustained losses for tax purposes in 2015 and 2014.

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

## **Net loss after taxation**

The Group's net loss after taxation attributable to shareholders of the Company in the 3M 30 September 2015 amount to HK\$3.0 million, reflecting a decrease of HK\$6.7 million as compared to the 3M 30 September 2014.

The Group's net loss after taxation attributable to shareholders of the Company in the 6M 30 September 2015 amounted to HK\$8.2 million, reflecting a decrease of HK\$15 million as compared to the 6M 30 September 2014.

## **(B) REVIEW OF FINANCIAL POSITION**

### **Non-Current Assets**

Non-current assets decreased by HK\$0.5 million, from HK\$247.7 million as at 31 March 2015 to HK\$247.2 million as at 30 September 2015. Non-current assets comprised (i) interest in an associate – CSMCG; (ii) interest in an associate - Fesco E-HR; (iii) plant and equipment; (iv) deposit to vendors of Guiyang Gaoxin Digital Technologies Limited ("**Guiyang IDC**") pursuant to the Group's acquisition of 63% effective interest in Guiyang IDC ("**Guiyang Acquisition**") completed on 1 October 2015; and (iv) other assets.

#### (i) Interest in an associate – CSMCG

Interest in an associate - CSMCG decreased by HK\$0.3 million, from HK\$152.9 million as at 31 March 2015 to HK\$152.6 million as at 30 September 2015. The decrease was attributable to losses incurred by CSMCG in the 3M 30 September 2015.

#### (ii) Interest in an associate – Fesco E-HR

Interest in an associate – Fesco E-HR decreased by HK\$0.1 million, from HK\$11.2 million as at 31 March 2015 to HK\$11.1 million as at 30 September 2015. The decrease was due to losses incurred by Fesco E-HR in the 3M 30 September 2015.

#### (iii) Plant and equipment

The net book value of plant and equipment decreased by HK\$0.1 million, from HK\$0.6 million as at 31 March 2015 to HK\$0.5 million as at 30 September 2015. The decrease was due to depreciation charges in the 3M 30 September 2015.

#### (iv) Deposit to vendors of Guiyang IDC

Deposit to vendors of Guiyang IDC remained unchanged at HK\$82.0 million as at 30 September 2015 and 31 March 2015.

Pursuant to the Guiyang Acquisition, the Company paid a deposit of HK\$82.0 million, of which HK\$45.0 million was satisfied by cash and the remaining HK\$37.0 million was satisfied by assignment of receivables in favour of the vendors, provided that the vendors have entered into a deposit arrangement agreement. The assignment of receivables consists of HK\$12 million convertible loan assignment and HK\$25 million other receivable assignment.

#### (v) Other assets

Other assets represent a transferable life golf club membership. The book value remains unchanged at HK\$1.0 million as at 30 September 2015 and 31 March 2015.

## Current Assets

Current assets decreased by HK\$1.6 million, from HK\$152.1 million as at 31 March 2015 to HK\$150.5 million as at 30 September 2015. Current assets comprised (i) trade and other receivables; (ii) cash and cash equivalents; and (iii) amount due from an associate.

### (i) Trade and other receivables

Trade and other receivables decreased by HK\$0.8 million, from HK\$128.8 million as at 31 March 2015 to HK\$128 million as at 30 September 2015. This was mainly due to a decrease in trade receivables of HK\$0.7 million as at 30 September 2015.

Following is a breakdown of trade and other receivables of the Group as at 30 September 2015 and 31 March 2015 :

	<b>30.9.2015</b>	<b>31.3.2015</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Trade receivable	564	1,319
Convertible loan	72,000	72,000
Interest receivable - convertible loan	4,572	3,060
Loans to the vendors of CSMCG	24,700	24,700
Advances to the vendors of CSMCG	19,100	19,100
Prepayment of purchase of RFID chips	-	242
Short term advances	5,532	5,532
Other deposits and receivables	1,521	2,801
	<b><u>127,989</u></b>	<b><u>128,754</u></b>

### (ii) Cash and cash equivalents

Cash and cash equivalents decreased by HK\$2.2 million, from HK\$7.9 million as at 31 March 2015 to HK\$5.7 million as at 30 September 2015. Please refer to "Cashflows" on the movement in cash and cash equivalents.

### (iii) Due from an associate

Due from an associate increased by HK\$1.4 million, from HK\$15.5 million as at 31 March 2015 to HK\$16.9 million as at 30 September 2015.

The amount relates to amount due from CSMCG, in relation to the following:-

- (a) 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. As at 30 September 2015, the amount due from CSMCG in relation to the procurement of satellite phones, airtime and arrangement of marketing activities was HK\$13 million.
- (a) The Company provided an unconditional and irrecoverable financial guarantee to a mobile satellite communication service provider ("Service Provider") of CSMCG to indemnify the Service Provider against all losses and default from CSMCG, in the event that CSMCG is unable to meet its obligation of at least 10 million minute bulk airtime commitment from 1 April 2014 to 31 March 2015, amounting to a quarterly payment of US\$500,000 (total commitment of US\$2,000,000). As at 30 September 2015, US\$0.5 million has not been paid by CSMCG and accordingly, the financial guarantee is recognised as a financial liability and a loan to associate is recognised as financial asset for the US\$0.5 million (equivalent to HK\$3.9 million).

## **Current Liabilities**

Current liabilities decreased by HK\$6.4 million, from HK\$32.6 million as at 31 March 2015 to HK\$26.2 million as at 30 September 2015. Current liabilities comprised mainly (i) trade and other payables; (ii) amount due to an associate; (iii) short term loan; and (iv) income tax payable.

### (i) Trade and other payables

Trade and other payables decreased by HK\$9.4 million, from HK\$23.0 million as at 31 March 2015 to HK\$13.6 million as at 30 September 2015. This was mainly due to a decrease in other payables and accruals in 6M 30 September 2015.

Other payables and accruals represent other outstanding operating expenses payable. It decreased by HK\$9.2 million from HK\$22.8 million as at 31 March 2015 to HK\$13.6 million as at 30 September 2015. As at 30 September 2015, HK\$7.8 million has been settled by the Company for the financial liability resulting from a financial guarantee provided to the Service Provider of CSMCG (please see details as set out above, in the section titled "Due from an associate").

### (ii) Amount due to an associate

Amount due to an associate remained unchanged at HK\$0.7 million as at 30 September 2015 and 31 March 2015.

### (iii) Short-term loan

Short term loan increased by HK\$3.0 million, from HK\$6.0 million as at 31 March 2015 to HK\$9.0 million as at 30 September 2015. This represents funds being financed by an unrelated third party to the Company carrying 1% interest per month. The loan is repayable in December 2015, where HK\$6 million of the short term loan is guaranteed by a director of the Company.

### (iv) Income tax payable

Income tax payable remained unchanged at HK\$2.9 million as at 30 September 2015 and 31 March 2015.

## **Non-current Liabilities**

Non-current liabilities increased by HK\$12.4 million, from HK\$3.3 million as at 31 March 2015 to HK\$15.7 million as at 30 September 2015. Non-current liabilities comprised (i) convertible bonds; and (ii) deferred tax liabilities.

### (i) Convertible bonds and derivative financial instrument

The value of the derivative financial instrument (current portion) and the convertible bonds (non-current portion) amounted to HK\$17 thousand and HK\$12.5 million as at 30 September 2015 respectively (nil as at 31 March 2015). These relate to the 12% Convertible Bonds Due 2017, for an aggregate amount of S\$2,256,000 (equivalent to HK\$13.2 million), which bear interest rate at 12% per annum at a conversion price at S\$0.006 for each Share.

(ii) Deferred tax liabilities

Deferred tax liabilities remained unchanged at HK\$3.3 million as at 30 September 2015 and 31 March 2015, and were derived from the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts reported for taxation purposes.

**Cashflows**

**(a) 3M 30 September 2015**

Net cash used in operating activities for the 3M 30 September 2015 amounted to HK\$3.8 million. This was due to (i) an operating loss before changes in working capital of HK\$3.3 million; and (ii) working capital changes of HK\$0.5 million due to a decrease in other payables and accruals, and an increase in amount due from an associate, partially offset by a decrease in trade and other receivables.

There was no cash used for investing activities for the 3M 30 September 2015.

Net cash flow generated from financing activities was HK\$2.6 million in the 3M 30 September 2015, which relates to the additional short term loan secured in the period and repayment of interest of the convertible bonds.

As a whole, the Group used HK\$1.2 million in the 3M 30 September 2015. The cash and cash equivalents as at 30 September 2015 stood at HK\$5.7 million.

**(b) 6M 30 September 2015**

Net cash used in operating activities for the 6M 30 September 2015 amounted to HK\$18.1 million. This was due to (i) an operating loss before changes in working capital of HK\$9.2 million; and (ii) working capital changes of HK\$8.8 million due to a decrease in other payables and accruals, and an increase in amount due from an associate, partially offset by a decrease in trade and other receivables.

There was no cash used for investing activities for the 6M 30 September 2015.

Net cash flow generated from financing activities was HK\$15.8 million in the 6M 30 September 2015. This was due to (i) net proceeds from issuance of the 12% Convertible Bonds Due 2017 of HK\$13.2 million; and (ii) additional short term loan of HK\$3 million secured in the period.

As a whole, the Group used HK\$2.2 million for the 6M 30 September 2015.

**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. The management of the Group expects that such market condition as well as the Group's operating performance in this industry in the PRC will not improve in the near future. Accordingly, the management has continued to explore and develop the existing and new business initiatives, including but not limited to, the operations of the Group's associated company, CSMCG, in the Thuraya mobile satellite communication services and data centre related projects in the PRC in the upcoming reporting periods.

Following the completion of the acquisition of 63% equity interest in SinoCloud 01 Limited through a VIE arrangement to invest in Guiyang IDC, a Tier 4 data centre located in the city of Guiyang, the PRC, it has provided the Group an opportunity to a gateway for future expansion into the internet data centre, cloud computing and big data service industry in the PRC. Furthermore, the formation of the asset management company will enable the Group to dedicate resources and capabilities in providing data center management solutions in the PRC.

**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 (9M 30 September 2015 : 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.



**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 Company's shareholders. There is no IPT during 3M 30 September 2015.

**14. Use of proceeds**

Use of proceeds for the remaining balance of S\$1.0 million from the issuance of 12.0% Convertible Bonds Due 2017 has been announced via SGXNET on 14 October 2015.

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

We, Chan Andrew Wai Men and Luk Chung Po, Terence, 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 6 months ended 30 September 2015 to be false or misleading in any material aspect.

**16. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)**

The Company confirms that all the required undertakings under Rule 720(1) of the Catalist Rules have been obtained from all its directors in the format set out in Appendix 7H of the Catalist Rules. As of the date of the announcement, the Company do not have any executive officers.

**BY ORDER OF THE BOARD**

**Chan Andrew Wai Men**  
**Chairman and Chief Executive Officer**

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

**13 November 2015**

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("**Sponsor**"), Canaccord Genuity Singapore Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement.*

*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 Ms. Alice Ng, Director and Head of Continuing Sponsorship, Canaccord Genuity Singapore Pte. Ltd. at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854 6160.*