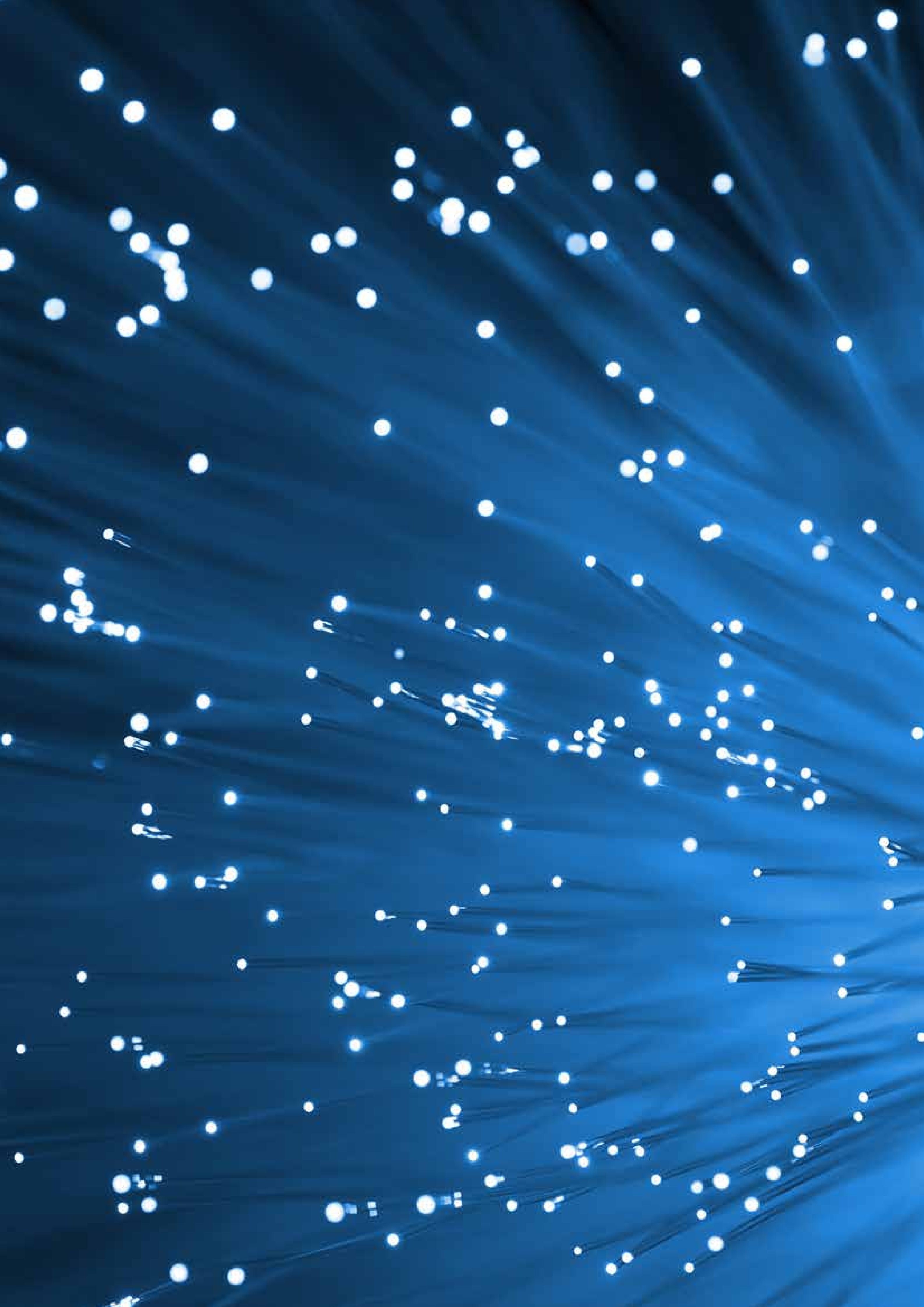
ARMARDA GROUP

Annual Report 2015



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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.

ACHIEVING OUR GOAL

CORPORATE **PROFILE**

Established in 2003, Armarda Group Limited (the "Company", and together with its subsidiaries, the "Group") started out as an Information Technology ("IT") and professional services provider focused on serving the People's Republic of China ("PRC") banking and financial services industry.

Since 2013, aside from maintaining the IT services as a core business, the Group begun to identify other IT-related business initiatives and diversified its businesses through joint ventures, business co-operations and acquisitions.

In April 2013, the Group started its mobile satellite service ("MSS") business by acquiring 45% equity interest in China Satellite Mobile Communications Group Limited ("CSMCG"), a satellite mobile communication service provider in the PRC.

Currently, China Mobile Satellite Communication Group Limited ("CMSCG", the wholly-owned subsidiary of CSMCG) is the only strategic partner of Thuraya Telecommunications Company ("Thuraya") in the PRC. Thuraya is a world-leading mobile satellite service provider of voice, data, maritime, rural telephony, fleet management and other telecommunication solutions in remote areas. CMSCG supplies Thuraya's mobile satellite equipment, mobile satellite solutions, as well as technical support and services in the Greater China region. CMSCG has also entered into an agreement with China Telecom Satellite Communications to provide Thuraya's mobile satellite services in the PRC.

In March 2015, the Group has identified an opportunity to acquire an internet data center ("IDC") asset which will provide a gateway for future expansion into the IDC industry. Subject to shareholders' approval, amongst others, the proposed acquisition of 90% interest in SinoCloud 01 Limited will result in the Group having an interest in Guiyang Zhongdian Gaoxin Data Technology Limited, a Tier 4 data center located in Guiyang, the PRC with an expected full capacity of 5,000 racks. In view of its huge potential, the Group intends to spend major efforts in growing its business in the IDC industry.

MESSAGE FROM **CHAIRMAN AND CEO**

DEAR SHAREHOLDERS,

On behalf of the board of directors (the "Board"), we would like to present you the 2015 Annual Report of Armarda Group Limited (the "Company", and together with its subsidiaries, the "Group") for the financial year ended 31 March 2015 ("FY2015"). The outlook for the Information Technology ("IT") in the banking and financial services sector in the People's Republic of China ("PRC"), where we are operating in, continue to remain weak and signs of rapid recovery are unlikely. Hence, the Company has taken necessary actions to address those businesses that are holding the Group back, and focus on those with a higher value while exploring new opportunities to foster our future growth.

During FY2015, the Company had conducted fund-raising exercises to enhance financial flexibility for potential acquisitions, purchases or investments opportunities by the Group, and for the Group's general corporate and working capital purposes. Net proceeds of (i) approximately HK$63.0 million from the issuance of 1,440,000,000 new shares in the capital of the Company pursuant to a placement agreement entered on 19 June 2014; and (ii) approximately HK$60.7 million from the issuance of 2,121,290,000 new shares in the capital of the Company pursuant to a placement agreement entered on 27 January 2015, were raised by the Company in FY2015.

In recent years, the rapidly increasing demand for digital services has resulted in a strong demand for data centers. The growth in data centers in the PRC is particularly promising given that the PRC was ranked first in the world in terms of the number of internet users of 649 million users in 2014, outnumbering the entire population of the United States of America, as per The China Internet Network Information Center's (CNNIC) 35th "China Internet Development Statistics Report" published in 2014. The Group has identified an opportunity to acquire an IDC asset which will provide a gateway for future expansion into the industry. Subject to shareholders' approval, amongst others, the proposed acquisition of 90% interest in SinoCloud 01 Limited (the "Proposed Acquisition"), as announced by the Company on 15 March 2015, will result in the Group having an interest in Guiyang Zhongdian Gaoxin Data Technology Limited, a Tier 4 data center located in the city of Guiyang, the PRC, with an expected full capacity of 5,000 racks.

FINANCIAL REVIEW

The decrease in operating expenses was also a result of the Group heading towards a new business direction. Our total operating expenses (including staff costs and other expenses but excluding cost of goods sold, subcontracting fees, depreciation, amortisation and impairment) decreased by 52.1%, from approximately HK$67.8 million in FY2014 to approximately HK$32.5 million in FY2015, due mainly to the factors below.

Staff costs recorded a sharp decrease to approximately HK$9.3 million in FY2015, from approximately HK$18.8 million in FY2014, due mainly to a share-based payment expense of the Armarda Group Limited Performance Share Plan which had been provided for in FY2014. Depreciation charges remained relatively flat at approximately HK$0.4 million in both FY2014 and FY2015. Other expenses (including legal and professional fees) also recorded a substantial decrease to approximately HK$23.2 million in FY2015, from approximately HK$49.0 million in FY2014.

Apart from the decrease in revenue, the Group's loss can also be attributed to (i) an impairment of intangible assets at Brilliant Time Limited (a wholly-owned subsidiary of the Group) in relation to customer relationship of approximately HK$2.2 million which was provided for in FY2015 due to a further decline in a customer's order; (ii) an impairment of investment in associate in relation to Fesco E-HR Service (Beijing) Co., Ltd ("Fesco E-HR") of approximately HK$3.2 million which was provided for in FY2015 due to the carrying amount of the investment being written down to its recoverable amount based on a discounted cash flows forecast of the associate; and (iii) the share of loss of associates of approximately HK$8.0 million in FY2015, representing (a) the share of loss of associate in Fesco E-HR of approximately HK$1.7 million; and (b) the share of loss of associate in China Satellite Mobile Communications Group Limited ("CSMCG") of approximately HK$6.4 million.

As a result of the factors mentioned above, the Group incurred a net loss for FY2015. Nevertheless, the Board believes that the Group is now well-positioned, further details as set out below, to capture the business opportunities in the PRC and is expected to deliver more favourable results in the coming years.

OPERATIONS REVIEW

In view of its past performances, the Group has commenced setting the stage to revamp its business in pursuit of the best interest for the shareholders of the Company.

(1) Provision of IT consultancy services as well as trading of IT equipment and RFID chips

The Group is principally engaged in the provision of IT consultancy services to the banking and financial services industry as well as trading of IT equipment and RFID chips in the PRC via its related entities, including Armarda Technology (Hong Kong) Limited, Brilliant Time Limited, and China RFID Limited.

Due to the continuous soft demand for our IT consultancy services and equipment amid fierce competition, provision of IT consultancy services, trading of IT equipment and trading of RFID chips recorded lean revenue of approximately HK$0.8 million, HK$6.7 million and HK$5.6 million respectively in FY2015.

In light of the capital input over the years and historical revenue record, the Group anticipates limited returns from these operations, and thus, does not rule out any opportunity for potential disposals to streamline our business so as to optimize the utilisation of our resources and capital to other promising business.

(2) Mobile satellite service ("MSS")

After the acquisition of 45% equity interest of CSMCG and its subsidiaries ("China Satellite Group") in FY2013, we have successfully built a sole distributorship with Thuraya Telecommunications Company ("Thuraya") on the mobile satellite telecommunication services business in the PRC.

CSMCG is principally engaged in the business of operating and supplying mobile satellite telecommunications products and services. In FY2015, we recorded a share of loss from CSMCG of approximately HK$6.4 million, a 32.4% decrease compared to the share of loss of approximately HK$9.4 million in FY2014, mainly arising from the utilisation of air-time commitment as per the terms set out in the relevant business agreements with Thuraya.

CSMCG has been steadily developing a cordial business relationship with Thuraya and is currently in the process of negotiating a new agreement containing improved terms and conditions with Thuraya. We expect the China Satellite Group's strategy - to provide an alternative and unique mobile telecommunication solution that offers undisruptive connectivity anytime and anywhere in the PRC – to take the Group on the right track for a close to breakeven in the years to come.

(3) Internet data center ("IDC"), cloud computing and big data services

In recent years, the rapidly increasing demand for digital services has resulted in a strong demand for data centers. The growth in data centers in the PRC is particularly promising given that the PRC was ranked first in the world in terms of the number of internet users of 649 million users in 2014, outnumbering the entire population of the United States of America, as per The China Internet Network Information Center's (CNNIC) 35th "China Internet Development Statistics Report" published in 2014. The Group has identified an opportunity to acquire an IDC asset which will provide a gateway for future expansion into the industry. Subject to shareholders' approval, amongst others, the proposed acquisition of 90% interest in SinoCloud 01 Limited (the "Proposed Acquisition"), as announced by the Company on 15 March 2015, will result in the Group having an interest in Guiyang Zhongdian Gaoxin Data Technology Limited, a Tier 4 data center located in the city of Guiyang, the PRC, with an expected full capacity of 5,000 racks.

In view of its huge potential, we believe the IDC business will become one of our key drivers for our future revenue, and we will continue to look for opportunities to expand into this market.

PROSPECTS

We remain cautiously optimistic about our overall competence in capturing revenue. The burgeoning IDC and cloud service market, increasing number of big data users as well as the ongoing development of cloud computing activities in the PRC, are some of the key drivers behind the potential future growth of the Group after completion of the Proposed Acquisition. In addition, we have confidence that our MSS business in the PRC will reward us in the foreseeable future.

Looking forward, the Group is committed to become a major player in the industry by revamping its marketing strategies, investing in product development, streamlining operations, providing value-oriented services to customers as well as maintaining steady business growth to improve profitability and enhance shareholders' value. Leveraging on the management's experience and in-depth knowledge of the market, we are confident in the Group's long-term development. The Board believes that, with determination, the Group's business will show modest recovery and significant improvement in the coming years.

CHANGES TO THE BOARD AND MANAGEMENT

As the Company is in the process of business transformation, the Board was reconstituted for the new challenges ahead. Mr Chan Andrew Wei Man was first appointed as Non-Executive Chairman on 7 November 2014 and was re-designated to Executive Chairman on 1 May 2015.

We would like to thank Dr Chou Tao-Hsiung, Mr Richard Gao Xiangjun and Mr Mak Tin Sang who resigned on 7 November 2014, 31 December 2014 and 1 May 2015 respectively, for their contributions to the Group during their tenure. Meanwhile, we would also like to take this opportunity to welcome Mr Alexander Shlaen who was appointed as Independent Director on 1 February 2015.

APPRECIATION

On behalf of the Board, we would like to express our sincere appreciation to our shareholders, the management and staff, our valued customers, vendors and all our stakeholders as well as business partners for their loyalty, perseverance, dedication and trust towards the Group. Together with the management and staff, we will continue to give our full commitment and strive for better performance in the coming financial year.

Chan Andrew Wai Men
Chairman

Luk Chung Po, Terence
Chief Executive Officer

19 June 2015

BOARD OF **DIRECTORS**

Mr Chan Andrew Wai Men
Executive Chairman

Mr Chan Andrew Wai Men was appointed as Non-Executive Chairman in November 2014 and was re-designated as Executive Chairman on 1 May 2015. Mr Chan has over 25 years of experience in finance and real estate, and has worked for financial groups like Jardine Fleming, Nomura, Yuanta and Deloitte. Mr Chan gained his experience in real estate from his time as the managing director of DTZ Investment Management (Asia), responsible for the group's investment activities in Asia. Mr Chan holds a Bachelor's Degree in Engineering from the University of Toronto in Canada. He will be due for re-election as Director at the forthcoming annual general meeting of our Company.

Mr Luk Chung Po, Terence
Executive Director, Deputy Chairman & Chief Executive Officer

Mr Luk Chung Po, Terence was appointed as our Chief Executive Officer in June 2005. From 1986 to 1995, Mr Luk held various senior positions in the Unisys Group's subsidiaries in China - Unisys China Limited and Unisys China/Hong Kong Limited. From 1995 to 1997, Mr Luk was appointed as the general manager of China operations, Cisco Systems. Mr Luk co-founded and was appointed as the vice-chairman of Hong Kong-listed Technology Venture Holdings Limited between 1997 and 2001. Since September 2002, Mr Luk was appointed as the non-executive chairman of Singapore-listed LottVision Limited until October 2014. Mr Luk holds a Bachelor's Degree in Business Administration from the Chinese University of Hong Kong. Mr Luk was last re-elected as Director on 29 July 2014.

Mr Lee Joo Hai
Independent Director

Mr Lee Joo Hai was appointed as an Independent Director of our Company in March 2004. Mr Lee has more than 30 years of experience in accounting and auditing. He is a Chartered Accountant of Singapore and a member of Institute of Chartered Accountants in England and Wales, Malaysian Institute of Accountants and Singapore Institute of Directors. He is also a fellow of the Hong Kong Institute of Directors. Since 1 October 2001, Mr Lee was a director of Food Junction Holdings Limited until it was delisted from the Main Board of SGX-ST on 9 December 2013. Currently, Mr Lee's directorships in other Singapore listed companies are Hyflux Limited, IPC Corporation Limited, Kian Ho Bearings Limited, Agria Corporation and Lung Kee (Bermuda) Holdings Limited. Mr Lee was last re-elected as Director on 20 July 2012 and will be due for re-election as Director at the forthcoming annual general meeting of our Company.

Mr Phuah Lian Heng
Independent Director

Mr Phuah Lian Heng was appointed as an Independent Director of our Company in March 2004. He is also an independent director of AA Group Holdings Limited since 4 July 2005. Mr Phuah is currently the director of VCOD (S'pore) Pte Ltd. He was a procurement engineer and contracts engineer with Hewlett Packard from 1992 to 1993, and with Esso from 1993 to 1994, before moving on to the Mentor Media group of companies in 1995 where he held senior positions such as business development manager, operations director and corporate development director. Mr Phuah holds a Bachelor's Degree (First Class Honours) in Electrical Engineering from the National University of Singapore. Mr Phuah was last re-elected as Director on 29 July 2014.

Mr Alexander Shlaen
Independent Director

Mr Alexander Shlaen was appointed as an Independent Director of our Company in February 2015. He is currently the managing director of Panache Management Pte Ltd. Mr Shlaen was the vice president and marketing director with Brink's Japan Ltd. between 1995 and 1999, before moving on to Brink's Asia Pacific Ltd in 1999 where he was the vice president in charge of Brink's Global Services in the Asia Pacific region. Mr Shlaen is an economist and holds an Executive MBA from the Kellogg School of Management and the Hong Kong University of Science and Technology. He will be due for re-election as Director at the forthcoming annual general meeting of the Company.

KEY **MANAGEMENT**

Mr Chan Andrew Wai Men
Executive Chairman

Mr Chan Andrew Wai Men was appointed as Non-Executive Chairman in November 2014 and was re-designated as Executive Chairman on 1 May 2015. He is responsible for setting the Group's vision and objective, ensuring effective communication with shareholders of the Company, leading the Board to ensure its effectiveness on all aspects of its role and set its agenda, promoting a culture of openness and debate at the Board, facilitating the effective contribution of non-executive directors and investor relations.

Mr Luk Chung Po, Terence
Executive Director, Deputy Chairman & Chief Executive Officer

Mr Luk Chung Po, Terence was appointed as our Chief Executive Officer in June 2005. He is responsible for setting the overall strategy and direction of the Group, as well as managing its business operations and business development.

Ms Chu Yin Ling, Karen
Chief Financial Officer and Company Secretary

Ms Chu Yin Ling, Karen was appointed as Financial Controller in July 2009 and subsequently was appointed as Chief Financial Officer and Company Secretary on 10 June 2013. Ms Chu is responsible for overseeing finance, accounting, operation and corporate secretarial functions of the Group. Prior to joining the Company, she was the accounting manager of LottVision Limited. She has over 15 years of financial accounting, management and company secretarial experience. Ms Chu holds a Master's Degree in Professional Accounting from the Hong Kong Polytechnic University. She is also an associate member of the Hong Kong Institute of Certified Public Accountant.

CORPORATE **INFORMATION**

BOARD OF DIRECTORS
Chan Andrew Wai Men (Executive Chairman)
Luk Chung Po, Terence (Executive Director, Deputy Chairman and Chief Executive Officer)
Lee Joo Hai (Independent Director)
Phuah Lian Heng (Independent Director)
Alexander Shlaen (Independent Director)

KEY MANAGEMENT
Chan Andrew Wai Men (Executive Chairman)
Luk Chung Po, Terence (Executive Director, Deputy Chairman and Chief Executive Officer)
Chu Yin Ling, Karen (Chief Financial Officer)

AUDIT COMMITTEE
Lee Joo Hai (Chairman)
Phuah Lian Heng
Alexander Shlaen

REMUNERATION COMMITTEE
Phuah Lian Heng (Chairman)
Lee Joo Hai
Alexander Shlaen

NOMINATING COMMITTEE
Phuah Lian Heng (Chairman)
Lee Joo Hai
Alexander Shlaen

COMPANY SECRETARY
Chu Yin Ling, Karen

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BERMUDA REGISTRAR AND SHARE REGISTRAR AGENT
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Hamilton HM 12,
Bermuda

SINGAPORE SHARE TRANSFER AGENT
M & C Services Private Limited
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Singapore 068902

AUDITORS
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Certified Public Accountants
8 Shenton Way, #05-01 AXA Tower
Singapore 068811
Partner-in-charge: Mr. Tan Kuang Hui
(since financial year ended 31 March 2012)

PRINCIPAL BANKERS
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G/F, Houston Centre
Tsimshatsui East, Kowloon
Hong Kong

Zhuhai City Commercial Bank
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JiDa, Zhuhai
China

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CORPORATE GOVERNANCE REPORT

Armarda Group Limited (the "Company", and together with its subsidiaries, the "Group") believes that it is important to establish good corporate governance within the Group as this provides the foundation for a well-managed and efficient organisation that can in turn focus on sustaining good business performance and safeguarding the interests of its shareholders. The Board of Directors (the "Board" or "Directors") of the Company is committed to continually develop and uphold high standards of corporate governance, guided by the principles and guidelines of the Singapore Code of Corporate Governance 2012 (the "Code") issued by the Monetary Authority of Singapore.

This report sets out the Group's corporate governance practices with specific reference to each of the principles and guidelines of the Code. The Board confirms that, for the financial year ended 31 March 2015 ("FY2015"), the Group has generally adhered to the principles and guidelines set out in the Code. Where there are deviations from the Code, appropriate explanations are provided.

BOARD MATTERS

THE BOARD'S CONDUCT OF ITS AFFAIRS

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with the management to achieve this outcome and the management remains accountable to the Board.

The Board provides entrepreneurial leadership and oversees the management and affairs of the Group.

The principal functions of the Board include the following:

- reviewing the financial results of the Group, internal controls, external audit reports and resource allocation;
- supervising and approving strategic directions of the Group;
- reviewing the business practices and risk management of the Group;
- approving the annual budgets and major funding proposals;
- approving and monitoring major investments, divestments, mergers and acquisitions;
- convening of shareholders' meetings;
- the appointment of Directors and key executives; and
- assuming responsibility for corporate governance.

These functions are carried out either directly or through designated Board committees, namely the Audit Committee (the "AC"), the Nominating Committee (the "NC") and the Remuneration Committee (the "RC") (collectively, the "Board Committees"), each of which operate within clearly defined and written terms of reference ("TOR") and functional procedures. The TORs are reviewed on a regular basis to ensure their continued relevance. The TORs of the respective Board Committees had also been updated to be in line with the Code.

All Directors objectively discharge their duties and responsibilities at all times and take decisions in the interests of the Company.

The Board has adopted a set of guidelines on matters that require its approval. The matters requiring the approval of the Board include the following:

- corporate strategy and business plans;
- material acquisitions and divestments of assets;
- funding decisions of the Group;
- the Group's risk governance framework;
- dividends and other returns to shareholders; and
- all matters of strategic importance.

CORPORATE GOVERNANCE **REPORT**

Prior to their respective appointments to the Board, each of the Directors was given an orientation on the Group's business strategies and operations. The Directors will receive, from time to time, further relevant training, particularly on applicable new laws, regulations and changing commercial risks which are relevant to the business and operations of the Group. Such training will be arranged and funded by the Company for the Directors. The Directors will also be updated on the business of the Group through regular presentations and meetings. Annually, the external auditors will update the AC and the Board on new and revised financial reporting standards which are relevant to the Group.

There is a process for formal letters of appointment to be provided to each newly appointed Director upon their appointment, setting out, among other matters, their duties and obligations as a Director. The Company will provide training for first-time directors in the areas of accounting, legal and industry-specific knowledge where necessary.

The Board meets regularly to review and deliberate on the key activities and business strategies of the Group, including reviewing and approving internal guidelines on materiality of transactions, acquisitions, financial performance, and to endorse the release of the quarterly and annual results. Where necessary, additional meetings may be held to address significant transactions or issues. The Company's Bye-Laws permit Board meetings to be conducted by way of teleconference or videoconference.

During FY2015, the number of meetings held (excluding ad hoc informal meetings and discussions carried out via teleconferencing or emails) and the attendance of each Board member at the Board and Board Committees meetings are as follows:

	Board		Audit Committee		Nominating Committee		Remuneration Committee	
Total no. of meetings held	4		4		2		3	
Name of Director	No. of meetings held while a member	No. of meetings attended	No. of meetings held while a member	No. of meetings attended	No. of meetings held while a member	No. of meetings attended	No. of meetings held while a member	No. of meetings attended
Mr Chan Andrew Wai Men(1)	1	1	1	1*	1	1*	1	1*
Mr Luk Chung Po, Terence	4	3	4	3*	2	1*	3	2*
Mr Lee Joo Hai	4	4	4	4	2	2	3	3
Mr Phuah Lian Heng	4	4	4	4	2	2	3	3
Mr Alexander Shlaen(2)	0	0	0	0	0	0	0	0
Dr Chou Tao-Hsiung, Joseph(3)	3	3	3	3	1	1	2	2
Mr Gao Xiangjun, Richard(4)	3	3	3	3*	1	1*	2	2*
Mr Mak Tin Sang(5)	4	4	4	4*	2	2*	3	3*

* By invitation

Notes:

(1) Mr Chan Andrew Wai Men was first appointed as Non-Executive Chairman on 7 November 2014 and was re-designated from Non-Executive Chairman to Executive Chairman on 1 May 2015.

(2) Mr Alexander Shlaen was appointed as Independent Director on 1 February 2015.

(3) Dr Chou Tao-Hsiung, Joseph resigned as Non-Executive Chairman on 7 November 2014.

(4) Mr Gao Xiangjun, Richard resigned as Executive Director on 31 December 2014.

(5) Mr Mak Tin Sang resigned as Executive Director on 30 April 2015.

CORPORATE GOVERNANCE **REPORT**

BOARD COMPOSITION AND GUDIANCE

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

During and subsequent to FY2015, changes to the composition of the Board were made. As at the date of this annual report, the composition of the Board and designated Board Committees are as follows:

		Board Committee Membership		
Name	**Nature of Board Members**	**Audit Committee**	**Remuneration Committee**	**Nominating Committee**
Mr Chan Andrew Wai Men[(1)]	Executive Chairman	-	-	-
Mr Luk Chung Po, Terence	Executive Director, Deputy Chairman and Chief Executive Officer	-	-	-
Mr Lee Joo Hai	Independent Director	Chairman	Member	Member
Mr Phuah Lian Heng	Independent Director	Member	Chairman	Chairman
Mr Alexander Shlaen[(2)]	Independent Director	Member	Member	Member

Notes:

(1) Mr Chan Andrew Wai Men was first appointed as Non-Executive Chairman on 7 November 2014 and was re-designated from Non-Executive Chairman to Executive Chairman on 1 May 2015.

(2) Mr Alexander Shlaen was appointed as Independent Director on 1 February 2015.

The Board is satisfied that there is a strong and independent element on the Board with Independent Directors making up at least one-third of the Board. Following the re-designation of Mr Chan Andrew Wai Men from Non-Executive Chairman to Executive Chairman on 1 May 2015, Independent Directors should make up at least half of the Board under Guideline 2.2 of the Code. As the Board currently comprises 5 Directors, of which 3 are independent to exercise objective judgement, the Company is in compliance with Guideline 2.2 of the Code.

The composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of diversity, expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision-making. The NC has reviewed and is of the view that the Board, as a whole, provides core competencies necessary to meet the Group's requirements, taking into account the nature and scope of the Group's operations. The Board members, collectively, possess a diverse range of expertise covering business and management experience, industry knowledge, strategic planning skills, accounting and financial knowledge to provide a balanced view and capabilities required within the Board. In carrying out their obligations as Directors, access to independent professional advice, where necessary, is available to all Directors, either individually or as a group, at the expense of the Company.

On an annual basis, the NC will also review and recommend to the Board the size of the Board to facilitate effective decision-making. The Board and the NC have considered and are satisfied that the current size of the Board is appropriate for effective decision-making, taking into account the nature and scope of the Group's operations.

The independence of each Director is reviewed annually by the NC, based on the definition of independence as stated in the Code. The Code has defined an "independent" director as one who has no relationship with the company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the company. Each Director is required to declare his independence by duly completing and submitting a declaration form. The Independent Directors, namely Mr Lee Joo Hai, Mr Phuah Lian Heng and Mr Alexander Shlaen, have confirmed their independence in accordance with the definition of independence in the Code.

Mr Lee Joo Hai and Mr Phuah Lian Heng (together, the "two IDs") have served on the Board for more than nine years and the Code recommends that the independence of any director who has served beyond nine years be subject to rigorous review. The Board recognises that the two IDs have over the years developed significant insights in the Group's business and operations, and can continue to provide significant and valuable contribution objectively to the Board as a whole. The independence of the Independent Directors must be based on the substance of their professionalism, integrity, and objectivity, and not merely based on form; such as the number of years which they have served on the Board.

The Board (excluding the two IDs) has determined that each of Mr Lee Joo Hai and Mr Phuah Lian Heng has continued to demonstrate strong independence in character and judgement in the manner in which he has discharged his duties and responsibilities as a Director of the Company. Each of them has continued to express his individual viewpoints, debated issues and objectively scrutinised and challenged the Management. Each of them has sought clarification and amplification as he considered necessary, including through direct access to the Management and the Group's external advisors (if any).

Taking into account the above factors and also having weighed the need for the Board's refreshment against tenure for relative benefit, the Board (excluding the two IDs) is of the view that Mr Lee Joo Hai and Mr Phuah Lian Heng continue to be considered Independent Directors, notwithstanding they have served on the Board for more than nine years from the date of their first appointment.

The Independent Directors assist to constructively challenge and develop proposals on strategy, and also assist the Board in reviewing the performance of the Management in meeting agreed goals and objectives, and monitor the reporting of performance. When necessary, the Independent Directors will have discussions amongst themselves without the presence of the Management.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The Board recognises the Code's recommendation that the Chairman of the Board and the Chief Executive Officer ("CEO") of the Company should be separate persons to perform separate functions in order to ensure that there is an appropriate balance of power and authority, and that accountability and independent decision-making are not compromised.

The Executive Chairman is Mr Chan Andrew Wai Men and the CEO is Mr Luk Chung Po, Terence. Apart from providing guidance on the corporate direction and setting the Group's visions and objectives, the Chairman chairs Board meetings, and controls the quality, quantity and timeliness of information supplied to the Board.

The role of the Chairman also includes:

- ensuring effective communication with shareholders of the Company;
- encouraging constructive relations between the Board and the Management;
- leading the Board to ensure its effectiveness on all aspects of its role;
- setting its agenda;
- promoting a culture of openness and debate at the Board;
- facilitating the effective contribution of Non-Executive Directors in particular;
- encouraging constructive relations between Executive Directors and Non-Executive Directors; and
- promoting high standards of corporate governance.

The CEO sets the business strategies and directions for the Group and manages the business operations of the Group with other senior management staff.

The Chairman and the CEO are not related, therefore, the Board is of the view that there are sufficient safeguards and checks to ensure that the process of decision-making by the Board is independent and based on collective decisions without any individual or group of individuals exercising any considerable concentration of power or influence. All major decisions are made in consultation with the Board. In view of the above, the Board is of the view that the Company does not need to appoint a lead independent director.

BOARD MEMBERSHIP

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The NC comprises Mr Phuah Lian Heng, Mr Lee Joo Hai and Mr Alexander Shlaen, all of whom are independent. The NC is chaired by Mr Phuah Lian Heng, who is not associated with any substantial shareholder of the Company. The NC reports to the Board and meets at least once a year.

The Board has approved the written TOR of the NC. The NC performs the following functions:

- determining whether a Director is independent with reference to the criteria set out in the Code;
- reviewing and making recommendations to the Board on all candidates nominated for appointment to the Board;
- reviewing and recommending to the Board on an annual basis, the Board's structure, size and composition, taking into account the balance between Executive and Non-Executive, Independent and Non-Independent Directors and having regard at all times to the principles of the Code;
- procuring that at least one-third of the Board shall comprise Independent Directors;
- reviewing Board succession plans for Directors, in particular, the Chairman and the CEO;
- reviewing training and professional development programs for the Board;
- identifying and making recommendations to the Board as to the Directors who are to retire by rotation and to be put forward for re-election at each Annual General Meeting ("AGM") of the Company, having regard to the Directors' contribution and performance, including Independent Directors; and
- proposing a set of objective performance criteria to the Board for approval and implementation, to evaluate the effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board.

CORPORATE GOVERNANCE **REPORT**

Each member of the NC shall abstain from voting on any resolution relating to the assessment of his performance or independence or his re-nomination as Director.

The NC is responsible for identifying and recommending new Directors to the Board, after considering the necessary and desirable competencies. In assessing the suitability of a candidate to be appointed to the Board, the NC will consider if the candidate is able to make the appropriate contributions to the Board and the Group. The key factors which the NC will take into consideration are:

- qualifications, industry knowledge and functional expertise which are relevant and beneficial to the Group;
- extensive experience and business contacts in the industry in which the Group operates; and
- willingness and ability to commit time and resources.

The NC may engage consultants to undertake research on, or assess, candidates applying for new positions on the Board, or to engage such other independent experts, as it considers necessary to carry out its duties and responsibilities. Recommendations for new Directors are put to the Board for its consideration.

Pursuant to the Company's Bye-Laws, all Directors must submit themselves for re-nomination and re-election at least once every three years. The NC has recommended to the Board that Mr Lee Joo Hai, Mr Chan Andrew Wai Men and Mr Alexander Shlaen be nominated for re-election at the forthcoming AGM. In making its recommendations, the NC has considered, amongst others, the Directors' overall contribution and performance. The Board has accepted the recommendations of the NC and the retiring Directors will be offering themselves for re-election at the forthcoming AGM.

For the financial year under review, the NC is of the view that the Independent Directors are independent as defined in the Code and are able to exercise judgement on the corporate affairs of the Group independent of the Management.

The Board and the NC note that some Directors currently hold multiple board representations. However, the Board, with the concurrence of the NC, has agreed that the Company shall not impose a maximum number of listed board representations on the Directors as the Board is of the opinion that setting a fixed number would not adequately take into account the varied circumstances relating to each Director and the NC will instead focus on whether a Director has sufficient time to adequately discharge his duties to the Company. The Board and the NC are of the view that such multiple board representations do not hinder the Directors from carrying out their duties as Directors of the Company. These Directors are able to widen the experience of the Board and give it a broader perspective.

Currently, there is no alternate Director on the Board.

CORPORATE GOVERNANCE **REPORT**

The year of initial appointment and last re-election dates of each Director and his current and past directorships in other listed companies are listed below:

Director	Date of initial appointment	Date of last re-election	Current directorships in other listed companies	Past directorships in listed companies (preceding three years)
Mr Chan Andrew Wai Men	November 2014	N/A*	Nil	Nil
Mr Luk Chung Po, Terence	June 2005	29 July 2014	Nil	Lottvision Limited
Mr Lee Joo Hai	March 2004	20 July 2012	Hyflux Limited IPC Corporation Limited Kian Ho Bearings Limited Agria Corporation Lung Kee (Bermuda) Holdings Limited	Food Junction Holdings Limited Adampak Limited Asiasons WFG Financial Limited
Mr Phuah Lian Heng	March 2004	29 July 2014	AA Group Holdings Limited	Nil
Mr Alexander Shlaen	February 2015	N/A*	Nil	Nil

*N/A – Not applicable. Mr Chan Andrew Wai Men and Mr Alexander Shlaen were appointed to the Board in FY2015.

Key information regarding the Directors' academic and professional qualifications and principal commitments is set out in the "Board of Directors" section of this annual report. The shareholdings of the Directors in the Company and its subsidiaries are set out in the "Directors' Report" section of this annual report.

BOARD PERFORMANCE

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each Director to the effectiveness of the Board.

For the financial year under review, the NC has evaluated the Board's performance as a whole and the contribution of each Director to the effectiveness of the Board.

In assessing the effectiveness of the Board, the NC performs a collective appraisal of the Board in discharging its functions, taking into account, among other things, the share price performance of the Company and the financial condition and operating results of the Group. The share price performance of the Company is not typically considered against industry benchmark as the Directors are of the view that there is no direct industry peer for a meaningful comparison.

The NC has adopted a formal process and criteria to assess the effectiveness of the Board and each of the Directors. The evaluation exercise is carried out annually by way of a checklist, which is circulated to the Board members for completion and thereafter for the NC to review and determine the actions required to improve the corporate governance of the Company and effectiveness of the Board as a whole.

The overall assessment of the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board was good for FY2015, and it is the Board's endeavour to further improve and enhance its effectiveness over the Group's financial performance. The Board is also satisfied that each Director has allocated sufficient time and resources to the affairs of the Group. In addition, the Board has reviewed the performance of the respective Board Committees and is satisfied with their performance for FY2015.

CORPORATE GOVERNANCE **REPORT**

ACCESS TO INFORMATION

Principle 6: In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

To assist the Board in fulfilling its duties and responsibilities, the Management will provide the Board with management reports containing complete and adequate information, and papers containing relevant background or explanatory information required to support the decision-making process, including but not limited to quarterly financial statements, forecast financial statements and its material variances, and copies of disclosure documents. Directors are entitled to request from the Management and should be provided with such additional information as needed to make informed decisions. The Board is provided with adequate and timely information prior to each Board meeting. Board papers are prepared for each Board meeting and are usually circulated at least three working days prior to each meeting.

The Board has separate and independent access to the Management and the company secretary at all times. The company secretary administers, attends and prepares minutes of Board meetings. During Board meetings, the company secretary assists the Chairman in ensuring that (i) Board procedures are followed and reviewed so that the Board functions effectively; and (ii) the Company's Bye-Laws and relevant rules and regulations, including requirements of the Bermuda Companies Act and the SGX-ST Listing Manual Section B: Rules of Catalist (the "Catalist Rules") are complied with. The appointment and removal of the company secretary is a matter for the Board to decide as a whole.

If any of the Directors require independent professional advice in the furtherance of their duties, the cost of such professional advice will be borne by the Company.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The RC comprises Mr Phuah Lian Heng, Mr Lee Joo Hai and Mr Alexander Shlaen, all of whom are independent. The RC is chaired by Mr Phuah Lian Heng, who is not associated with any substantial shareholder of the Company. The RC reports to the Board and meets at least once a year.

The Board has approved the written TOR of the RC. The RC performs the following functions:

- recommending to the Board a framework of remuneration for the Board covering all aspects of remuneration such as Director's fees, salaries, allowances, bonuses, performance shares and benefits-in-kind;
- proposing to the Board, appropriate and meaningful measures for assessing the Executive Directors' performance;
- determining the specific remuneration package for each Executive Director and key management personnel;
- considering the eligibility of Directors for benefits under long-term incentive schemes;
- considering and recommending to the Board the disclosure of details of the Group's remuneration policy, level and mix of remuneration and procedure for setting remuneration and details of the specific remuneration packages of the Directors required by law or by the Code; and
- administering the Armarda Group Limited Performance Share Plan ("AGL PSP").

Each member of the RC abstains from participating in any deliberation and voting on any resolution, and making any recommendation in respect of his remuneration. The RC also reviews and determines the remuneration of key management personnel along similar guidelines as those set out above in relation to the Directors.

In discharging its functions, the RC may obtain independent external legal and other professional advice as it deems necessary. The expenses of such advice shall be borne by the Company. The Company has not engaged any remuneration consultant for FY2015.

The Group sets remuneration packages which are competitive and sufficient to attract, retain and motivate Directors and key management personnel with adequate experience and expertise to manage the business and operations of the Group. Where necessary, the RC will refer to industry benchmarks to ensure that the remuneration packages are competitive. In reviewing the service agreements of the Executive Directors and key management personnel of the Company, the RC will review the Company's obligations arising in the event of termination of these service agreements, to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoid rewarding poor performance.

LEVEL AND MIX OF REMUNERATION

Principle 8: The level and structure of remuneration should be aligned with the long–term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

The RC will ensure the Directors are adequately but not excessively remunerated. The RC will also consider amongst other things, their responsibilities and contribution to the Company's performance and ensure that rewards are linked to corporate and individual performance.

The Group adopts a remuneration policy for Executive Directors generally comprising a basic fixed salary component as well as a variable component of granting performance shares awards under the AGL PSP. The performance related component is to align the interests of the Executive Directors with those of the shareholders and the Group, and promote the long-term success of the Group.

The Executive Directors do not receive any Directors' fees and their remuneration packages are based on their respective service agreements entered into with the Company. Each Executive Director has a service agreement with a fixed appointment period and the RC reviews in particular, termination provisions to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous. Where possible, the RC will consider the use of contractual provisions to allow the Company to reclaim incentive components. Such service agreements are not excessively long and they do not contain onerous removal clauses. In the event of early termination, the Executive Directors or the Company may, *inter alia*, terminate the service agreements by giving to the other party, *inter alia*, three months' notice in writing, or in lieu of notice in writing.

The remuneration of the Independent Directors comprises a fixed and variable component. Independent Directors generally receive fixed Directors' fees, in accordance with their respective contributions to the Group, taking into account factors such as effort and time spent, and responsibilities of the Independent Directors. Such Directors' fees will be pro-rated for the twelve months ended 31 March 2015 and are subject to approval by the shareholders of the Company at the forthcoming annual general meeting of the Company. The variable component relates to the granting of performance shares awards under the AGL PSP so as to better align the interests of the Independent Directors with the interests of the shareholders of the Company. The Independent Directors shall not be over-compensated to the extent that their independence may be compromised.

Granting of performance shares awards under the AGL PSP is subject to the Company's financial performance. During FY2014, the performance conditions and criteria used to determine the Executive Directors and key management personnel's entitlement under the AGL PSP have been met.

The RC administers the AGL PSP in accordance with rules of AGL PSP. Further information on the AGL PSP is set out in the "Directors' Report" section of this annual report.

DISCLOSURE ON REMUNERATION

Principle 9: Each company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedures for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

The remuneration paid to the Directors and key management personnel (who are not Directors or CEO) for services rendered during FY2015 are as follows:

Remuneration Bands	Salary	Performance bonus	Directors' fees	Others[1]	Total
	%	%	%	%	%
Directors					
S$250,000 -S$500,000					
Mr Luk Chung Po, Terence	66	-	-	34	100
Mr Mak Tin Sang[2]	72	-	-	28	100
Below S$250,000					
Mr Chan Andrew Wai Men[3]	-	-	-	-	-
Mr Lee Joo Hai	-	-	80	20	100
Mr Phuah Lian Heng	-	-	81	19	100
Mr Alexander Shlaen[4]	-	-	100	-	100
Dr Chou Tao-Hsiung, Joseph[5]	-	-	-	100	100
Mr Gao Xiangjun, Richard[6]	62	-	-	38	100
Key Management Personnel[7]					
S$250,000 -S$500,000	-	-	-	-	-
Below S$250,000					
Ms Chu Yin Ling, Karen	74	-	-	26	100
Mr Luk Siu Fung, Mark[8]	66	-	-	34	100

Notes:

[1] Includes performance shares issued under the AGL PSP which were allotted on 17 February 2015. As no share was being traded on 17 February 2015, the volume weighted average price of S$0.003 on 16 February 2015 was used for the purpose of calculation of the value of the performance share with SGD to HKD exchange rate at 5.7213.

[2] Mr Mak Tin Sang resigned as Executive Director on 1 May 2015.

[3] Mr Chan Andrew Wai Men was first appointed as Non-Executive Chairman on 7 November 2014 and was re-designated from Non-Executive Chairman to Executive Chairman on 1 May 2015.

[4] Mr Alexander Shlaen was appointed as Independent Director on 1 February 2015.

[5] Dr Chou Tao-Hsiung, Joseph resigned as Non-Executive Chairman on 7 November 2014.

[6] Mr Gao Xiangjun, Richard resigned as Executive Director on 31 December 2014.

[7] The Company has only two key management personnel (who are not Directors or CEO) receiving remuneration during FY2015.

[8] Mr Luk Siu Fung, Mark is the son of the CEO, Mr Luk Chung Po, Terence.

CORPORATE GOVERNANCE **REPORT**

The Company is aware of the requirement to fully disclose the remuneration of each individual Director, the CEO and the key management personnel (who are not Directors or CEO) under the Code. The Board, has on review, is of the opinion that it is in the best interests of the Group not to fully disclose the exact remuneration of each individual Director, the CEO and the key management personnel (who are not Directors or CEO) in this annual report in view of the confidentiality and sensitivity of remuneration matters, and as the Board believes that such disclosure may be prejudicial to the Group's business interests given the competitive environment it is operating in as well as the disadvantages this might bring.

There were no terminations and retirement benefits granted to the Directors, CEO and key management personnel.

Details of the Directors' shareholding interests in the Company and the AGL PSP are set out in the "Directors' Report" section of this annual report. Currently, the Company does not have any employee share option scheme in place.

Save for Mr Luk Siu Fung, Mark (project manager of the Company) who is the son of the CEO, Mr Luk Chung Po, Terence, there were no other employees who were immediate family members of any Director or substantial shareholder of the Company or the CEO. The remuneration of Mr Luk Siu Fung, Mark exceeds S$50,000 but falls below S$100,000 for FY2015.

ACCOUNTABILITY AND AUDIT

ACCOUNTABILITY

Principle 10: The Board should present a balanced and understandable assessment of the Company's performance, position and prospects.

The Board is accountable to the shareholders of the Company while the Management is accountable to the Board. The Management presents quarterly and full year financial statements to the AC and the Board for review and approval. The Board approves the results and authorises the release of the results to SGX-ST and the public via SGXNET.

In presenting the quarterly and full year financial statements for announcements to shareholders, it is the aim of the Board to provide the shareholders with a balanced and comprehensive assessment of the Group's performance, position and prospects.

The Board also takes adequate steps to ensure compliance with legislative and regulatory requirements and observes obligations of continuing disclosure under the Catalist Rules. For example, in line with the Catalist Rules, the Board provides a negative assurance statement to shareholders of the Company in respect of the quarterly financial statements.

The Management provides the Board with appropriately detailed management accounts of the Group's performance, position and prospects on a quarterly basis. The Board is satisfied that the quarterly reports are sufficient to demonstrate the performance and position of the Group giving the nature of its existing business.

CORPORATE GOVERNANCE **REPORT**

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that the Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board is responsible for the governance of risk and ensures that the Management maintains a sound system of risk management and internal controls to safeguard the shareholders' interests and the Group's assets. The Company's risk management framework and internal control system cover financial, operational, compliance and information technology risks and internal controls.

The Group does not have a Risk Management Committee. However, the Management regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The Management reviews all significant control policies and procedures and highlights all significant matters to the Directors and the AC. The Group has also considered the various financial risks, details of which are found on pages 93 to 103 of this annual report.

In the evaluation of the internal controls, apart from the statutory audits conducted by external auditors, the Company has engaged an independent professional consultancy firm, Baker Tilly Hong Kong Risk Assurance Limited, to carry out internal audits. Based on the reports from the internal and external auditors, the AC and the Management evaluate the findings of the internal and external auditors on the Group's internal controls annually for their follow up actions. The timely and proper implementation of all required corrective, preventive or improvement measures are closely monitored.

The Board has received assurance from the CEO, the Chief Financial Officer ("CFO") and Executive Directors that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances, and the effectiveness of the Group's risk management and internal control systems. The Board notes that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgements in decision-making, human errors, natural disasters, fraud or other irregularities. Therefore, the system of internal controls adopted by the Group is designed to manage rather than eliminate the risk of failure to achieve business objectives.

Based on the risk management framework and internal control system established and maintained by the Group, work performed by the internal auditors and external auditors, assurance received from the CEO, CFO and Executive Directors, as well as reviews performed by the Management and the various Board Committees, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology risks, and risk management systems, are adequate and effective as at 31 March 2015.

CORPORATE GOVERNANCE **REPORT**

AUDIT COMMITTEE

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly sets out its authority and duties.

The AC comprises Mr Lee Joo Hai, Mr Phuah Lian Heng and Mr Alexander Shlaen, all of whom are independent. The AC is chaired by Mr Lee Joo Hai, who is not associated with any substantial shareholder of the Company. The AC reports to the Board and meets at least four times a year.

The Chairman of the AC, Mr Lee Joo Hai, has more than 30 years of experience in accounting and auditing. The other members of the AC have a significant number of years of experience in business and financial management. For more details of the qualifications of the members of the AC, please refer the "Board of Directors" section of this annual report. No former partner or director of the Company's existing auditing firm has acted as a member of the AC.

The Board has approved the written TOR of the AC. The AC performs the following functions:

- reviewing with external auditors the audit plan, their evaluation of the system of internal accounting controls and their audit report;
- reviewing the effectiveness and adequacy of the overall internal control system including the financial, operational, compliance and information technology control risks and risk management policies and systems on an annual basis;
- reviewing the Group's financial results and the announcements before submission to the Board for approval;
- reviewing the assistance given by the Management to external auditors;
- reviewing significant findings of internal audits;
- considering the appointment/re-appointment of the external auditors;
- reviewing interested person transactions;
- having explicit authority to investigate any matter; and
- other functions as required by law or the Code.

The AC meets periodically and also holds informal meetings and discussions with the Management from time to time. The AC has full discretion to invite any Director or key management personnel to attend its meetings. During the financial year under review, the AC has met four times with full attendance from each member.

The AC has been given full access to and is provided with the co-operation of the Management. In addition, the AC has independent access to the external auditors. The AC meets with the external auditors and internal auditors without the presence of the Management, and reviews the effectiveness of the Group's internal controls established by the Management, at least once a year. The AC has reasonable resources to enable it to discharge its functions properly.

The AC has reviewed the volume of non-audit services provided to the Group by the external auditors, and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The Group is in compliance with Rules 712 and 715 of the Catalist Rules in relation to the appointment of audit firms for the Group and is pleased to recommend the re-appointment of the external auditors as the Company's external auditors. The fees of audit and non-audit services that were rendered by the external auditors to the Group for FY2015 amounted to approximately HK$1.4 million and approximately HK$15,000 respectively. The AC reviews the independence of the external auditors at least once a year.

The AC had reviewed the audit plans and audit reports for FY2015 presented by the external auditors. The external auditors have discussed with the Management regularly on changes or amendments to accounting standards which are relevant to the Group and the Management will report to the AC during meetings, to enable the member of the AC to keep abreast of such changes and its corresponding impact(s) on the financial statements, if any.

The Company engages different audit firms for its PRC subsidiary and significant associated companies, and the names of these audit firms are disclosed on page 67 and page 69 of this annual report. The Board and AC have reviewed the appointments of these audit firms and are satisfied that the appointments of these other audit firms do not compromise the standard and effectiveness of the audit of the Company and the Group.

As a further enhancement to internal risk control processes, the Group has developed and implemented a whistle blowing policy in 2006 across the Group. This policy sets out the procedures for employees of the Group to raise concerns and report any suspected wrongdoing within the Group (including criminal activities, failure to comply with laws and regulations, financial malpractice or fraud). Under the policy, employees may report their concerns to either their line managers, or even approach the human resources manager or the CEO. The AC has reviewed arrangements by which staff of the company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The AC has also ensured that arrangements are in place for the independent investigation of such matters and for appropriate follow up action.

INTERNAL AUDIT

Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The internal audit procedures enable the AC and the Board in the evaluation of the effectiveness of the internal control system in order to safeguard shareholders' investments and the Group's assets.

The internal audit function of the Company has been outsourced to an independent professional consultancy firm, Baker Tilly Hong Kong Risk Assurance Limited, which reports directly to the Chairman of the AC on internal audit matters, and to the CEO on administrative matters. The internal auditors are guided by the Standards for the Professional Practice of Internal Auditing prescribed by the Institute of Internal Auditors.

The AC approves the hiring, removal, evaluation and compensation of the independent professional consultancy firm to which the internal audit function is outsourced and that the internal auditors should have unfettered access to all the Company's documents, records, properties and personnel, including access to the AC.

The AC has reviewed the internal audit plan and report for FY2015 and is satisfied that the internal audit function is adequately resourced by qualified and experienced personnel, and has the appropriate standing within the Group. The AC reviews the adequacy and effectiveness of the internal audit function annually.

CORPORATE GOVERNANCE **REPORT**

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

SHAREHOLDER RIGHTS

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Shareholders of the Company are treated fairly and equitably to facilitate the exercise of their ownership rights. To facilitate the exercise of shareholders' ownership rights, the Company ensures that all material information is disclosed on a comprehensive, accurate and timely basis via SGXNET, especially information pertaining to the Group's business development and financial performance which could have a material impact on the share price of the Company, so as to enable shareholders to make informed decisions in respect of their investments in the Company.

Shareholders are informed of general meetings through notices contained in annual reports or circulars sent to all shareholders. These notices are also published in a major local newspaper and posted onto the SGXNET on the day of despatch of the annual reports or circulars to shareholders. Shareholders are invited to attend the general meetings to put forth any questions they may have on the motions to be debated and decided upon.

All shareholders are entitled to vote in accordance with the established voting rules and procedures.

The Bye-Laws of the Company also allow shareholders to appoint up to two proxies in their absence to attend and vote on their behalf at the general meetings. In addition, shareholders who hold shares through custodial institutions may attend the general meetings as observers.

COMMUNICATION WITH SHAREHOLDERS

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Board places great emphasis on investor relations of the Company to maintain a high standard of transparency so as to promote better investor communications. The Company provides information to its shareholders via SGXNET announcements and news releases. Such information is also available on the Company's website at www.armarda.com.

General meetings are held annually by the Company and are the principal forum for the Board to establish and maintain regular dialogue with shareholders. At these general meetings, shareholders are able to engage the Board and the Management on the Group's business activities, financial performance and other business related matters. The Company can also gather views or inputs from shareholders and address their concerns during the general meetings.

It is the Board's policy to ensure that all shareholders are informed regularly and on a timely basis of every significant development that has an impact on the Group. The Company does not practise selective disclosure.

Price-sensitive information is first publicly released through SGXNET within the required period of time. Results and annual reports are announced or issued within the mandatory period (and where this is not possible, relevant extensions of time are sought in accordance with applicable laws, regulations and rules).

The Company currently does not have a formal dividend policy. Generally, the Board looks into factors such as the Group's earnings, financial position, operations results, capital requirements, cash flows, development plans, and other factors before determining whether any dividend is to be declared and/or paid. For FY2015, the Board has resolved that no dividend shall be payable as the Group reported losses for FY2015.

CONDUCT OF SHAREHOLDER MEETINGS

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

Shareholders are given the opportunity and time to voice their views and ask the Directors or the Management pertinent questions at the Company's AGMs and other general meetings. The Chairman of the Board and each Board Committee is required to be present to address questions at the AGMs and other general meetings. External auditors are also present at such meetings to assist the Directors to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report, if necessary.

The Bye-Laws of the Company allow for any shareholder of the Company, if he/she is unable to attend the meeting, to appoint one or up to two proxies to attend and vote on their behalf at the meeting through proxy forms sent in advance. Such limit will be proposed to be removed by a special resolution in the next general meeting.

In addition, the Bye-Laws of the Company do not provide for absentia voting methods. Voting in absentia and by electronic mail may only be possible following careful study to ensure that integrity of the information and authentication of the shareholders' identities through the web are not compromised.

The proceeding of the general meetings will be properly recorded, including all comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and the Management, and these minutes will be available to shareholders upon their request. Resolutions are, as far as possible, structured separately and voted on independently. Shareholders are invited to put forth any questions they may have on the motions to be debated and decided upon.

The Company acknowledges that voting by poll in all its general meetings is integral in the enhancement of corporate governance. As such, the Company shall adhere to the recommendation of the Code to put all resolutions to vote by poll at all general meetings and voting by poll will be implemented for the forthcoming AGM for FY2015. On the same day after the general meeting has ended, the Company will release an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages.

CORPORATE GOVERNANCE **REPORT**

ADDITIONAL INFORMATION

MATERIAL CONTRACTS

Save for the service agreements entered into between the Executive Directors and the Company, there are no material contracts entered into by the Company or its subsidiaries involving the interests of the CEO or any Director or controlling shareholders of the Company, either still subsisting at the end of FY2015, or if not then subsisting, entered into since the end of the previous financial year.

ARMARDA GROUP LIMITED PERFORMANCE SHARE PLAN ("AGL PSP")

AGL PSP is a share incentive scheme which will allow the Company, *inter alia*, to target specific performance objectives and to provide an incentive for Directors and selected employees (collectively the "Participants") to achieve these targets. The Directors believe that the AGL PSP will incentivize Participants to excel in their performance and encourage greater dedication and loyalty to the Company.

The AGL PSP is administered by the RC. A summary of AGL PSP is set out in the "Directors' Report" section of this annual report.

DEALINGS IN SECURITIES

The Company has adopted policies in line with Rule 1204(19) of the Catalist Rules on dealings in the Company's securities. Directors, management and officers of the Group are not permitted to deal in the Group's shares during the periods commencing two weeks before the announcement of the Group's financial statements for each of the first three quarters of its financial year, or one month before the financial year end, as the case may be, and ending on the date of announcements of relevant results, or when they are in possession of unpublished price-sensitive information on the Group. To provide further guidance to employees on dealings in the Group's shares, the Group has adopted its own code of best practices on securities transactions. The code of best practices on securities transactions is in line with the best practices guide issued by the SGX-ST. Officers of the Company should not deal in the Company's securities on short-term considerations.

INTERESTED PERSON TRANSACTIONS

The Group has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the AC and that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

Save for (i) an interested person transaction amounting to less than S$100,000; and (ii) provision of guarantee by a Director of the Company in relation to an unrelated third party loan extended to the Company in FY2014 and which is still subsisting at the end of FY2015, there were no other interested person transactions entered into by the Group during FY2015.

CORPORATE GOVERNANCE **REPORT**

NON-SPONSOR FEES

The Company is currently listed on Catalist board of the SGX-ST. The sponsor of the Company was Asian Corporate Advisors Pte. Ltd. ("ACA") and it was changed to Canaccord Genuity Singapore Pte. Ltd. ("CGS") with effect from 26 May 2015.

Non-sponsor fees of approximately S$186,000 were paid to ACA for professional and services work arising from a placement exercise which was completed in FY2015 and the payment has been settled before the date of this annual report.

There were no non-sponsor fees paid to CGS for FY2015.

USE OF PLACEMENT PROCEEDS

The net proceeds received by the Company of (i) approximately HK$63.0 million from the issuance of 1,440,000,000 new shares in the capital of the Company ("Shares") pursuant to a placement agreement entered on 19 June 2014 ("June 2014 Placement"); and (ii) approximately HK$60.7 million from the issuance of 2,121,290,000 new Shares pursuant to a placement agreement entered on 27 January 2015 ("Jan 2015 Placement"), have been fully utilized. The details of the use of proceeds were disclosed in the announcements of the Company made on 14 August 2014, 14 November 2014, 22 January 2015, 20 March 2015, 6 May 2015 and this annual report. The following is the summary of the use of proceeds:

	June 2014 Placement HK$'000	Jan 2015 Placement HK$'000
Balance proceeds since disclosed in the last annual report dated 23 June 2014	-	-
Net proceeds disclosed in the announcement dated 19 June 2014 and 27 January 2015	63,000	60,700
Less :		
• Finance or fund acquisitions, purchases or investments	53,000	45,000
• Working capital purposes, including foreign exchange differences	10,000	15,700
Balance proceeds	NIL	NIL

The above use of proceeds is in accordance with the intended use as stated in the respective announcements dated 19 June 2014 and 27 January 2015 in relation to the June 2014 Placement and Jan 2015 Placement respectively.

DIRECTORS' **REPORT**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

The directors present their report to the members together with the audited financial statements of Armarda Group Limited (the "Company") and its subsidiaries (the "Group") for the financial year ended 31 March 2015 and the balance sheet of the Company as at 31 March 2015.

Directors

The directors of the Company in office at the date of this report are as follows:

Mr Chan Andrew Wai Men	(Executive Director and Chairman, appointed on 7 November 2014)
Mr Luk Chung Po, Terence	(Executive Director, Deputy Chairman & Chief Executive Officer)
Mr Lee Joo Hai	(Independent Director)
Mr Phuah Lian Heng	(Independent Director)
Mr Alexander Shlaen	(Independent Director, appointed on 1 February 2015)

Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Except as disclosed under "Share options and performance shares" in this report, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of, the Company or any other body corporate. Certain directors received remuneration from related corporations in their capacity as directors of those related corporations.

Directors' interests in shares or debentures

According to the register kept by the Company, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Direct interests			Deemed interests		
	At 1 April 2014, or date of appointment	At 31 March 2015	At 21 April 2015	At 1 April 2014, or date of appointment	At 31 March 2015	At 21 April 2015
Company						
<u>Ordinary shares of HK$0.001 (2014: HK$0.05) each fully paid</u>						
Mr Chan Andrew Wai Men	221,900,000	414,895,000	414,895,000	-	-	-
Mr Luk Chung Po, Terence	8,876,255	84,876,255	84,876,255	44,381,277	-	-
Mr Lee Joo Hai	-	6,000,000	6,000,000	-	-	-
Mr Phuah Lian Heng	-	5,000,000	5,000,000	-	-	-
Mr Mak Tin Sang (resigned on 1 May 2015)	39,502	24,039,502	24,039,502	-	-	-

Directors' contractual benefits

Since the end of the previous financial year, no director has received or become entitled to receive any benefits by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member or with a company in which the director has a substantial financial interest, except for salaries, bonuses and other benefits as disclosed in the financial statements. Certain directors received remuneration from related corporations in their capacity as directors and/or executives of those related corporations.

Share options and performance shares

(i) Share options

During the financial year, no options to take up unissued shares of the Company or any subsidiaries were granted and no shares were issued by virtue of the exercise of options to take up unissued shares of the Company or any subsidiaries. There were no unissued shares of the Company or any subsidiaries under option at the end of the financial year.

(ii) Performance shares

Pursuant to the Special General Meeting held on 26 July 2013, the shareholders approved the adoption of the Armarda Group Limited Performance Share Plan ("Armarda PSP") to issue shares ("Performance Shares"), which added to the number of new shares issued and/or issuable and/or existing shares transferred and/or transferrable in respect of all Performance Shares granted under the Armarda PSP, and any other share scheme which the Company may implement from time to time shall not exceed fifteen per cent (15%) of the Company's total issued shares from time to time (excluding treasury shares), on the day preceding the grant date.

The Armarda PSP is administered by the Company's Remuneration Committee ("RC") comprising the following directors:

Mr Phuah Lian Heng	(Chairman of the RC / Independent Director)
Mr Lee Joo Hai	(Independent Director)
Mr Alexander Shlaen	(Independent Director)

Under the Armarda PSP, Performance Shares represent the right of a participant to receive fully paid shares free of charge and are granted to eligible employees upon achieving certain approved performance targets ("Performance Targets"), within the stipulated performance period ("Performance Period"). Performance Targets are set based on medium term corporate objectives and approved by the RC. Performance Shares are released once the RC is satisfied that the Performance Targets have been achieved.

During current financial year, the Company has issued and allotted an aggregate of 150,000,000 Performance Shares that were granted and vested in full in prior year. There were no new shares granted under the Armarda PSP during current financial year and no outstanding Performance Shares at the end of the financial year.

Share options and performance shares (Continued)

(ii) Performance shares (Continued)

Details of the Directors' Performance Shares are set out as follows:

Participants	Number of Performance Shares granted during financial year under review	Aggregate number of Performance Shares granted since commencement of Armarda PSP to end of financial year under review	Aggregate number of Performance Shares vested since commencement of Armarda PSP to end of financial year under review	Aggregate number of Performance Shares outstanding as at end of financial year under review
Directors of the Company				
Mr Luk Chung Po, Terence	-	36,000,000	36,000,000	-
Mr Lee Joo Hai	-	6,000,000	6,000,000	-
Mr Phuah Lian Heng	-	5,000,000	5,000,000	-
Dr Chou Tao-Hsiung, Joseph (1)	-	9,000,000	9,000,000	-
Mr Gao Xiangjun, Richard (2)	-	18,000,000	18,000,000	-
Mr Mak Tin Sang (3)	-	24,000,000	24,000,000	-

Notes:

(1) Dr Chou Tao-Hsiung, Joseph resigned as Non-Executive Chairman on 7 November 2014.

(2) Mr Gao Xiangjun, Richard resigned as Executive Director on 31 December 2014.

(3) Mr Mak Tin Sang resigned as Executive Director on 1 May 2015.

No participant was granted 5% or more of the total awards available under the Armarda PSP.

No Performance Shares have been granted to the controlling shareholders or their associates since the commencement of the Armarda PSP.

Warrants

There were no warrants granted by the Company during the financial year.

Audit committee

The members of the Audit Committee ("AC") at the end of the financial year are as follows:

Mr Lee Joo Hai	(Chairman of the AC / Independent Director)
Mr Phuah Lian Heng	(Independent Director)
Mr Alexander Shlaen	(Independent Director)
Mr Chan Andrew Wai Men	(Non-Executive Director, re-designated to Executive Director and resigned from the AC on 1 May 2015)

The AC carried out its functions in accordance with the Listing Manual of the Singapore Exchange Securities Trading Limited and the Singapore Code of Corporate Governance 2012.

In performing those functions, the AC reviewed:

(i) the scope and the results of internal audit procedures with the internal auditors;

(ii) the audit plan of the Company's independent auditors and any recommendations on internal accounting controls arising from the statutory audit;

(iii) the assistance given by the Company's management to the independent auditors;

(iv) the periodic results announcements prior to their submission to the Board for approval;

(v) the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 March 2015 prior to their submission to the Board of Directors, as well as the independent auditors' report on the balance sheet of the Company and the consolidated financial statements of the Group; and

(vi) interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited).

The AC has full access to the management and is given the resources required for it to discharge its functions. It has full authority and discretion to invite any director or executive officer to attend its meetings.

The AC has recommended to the Board of Directors that the independent auditors, Crowe Horwath First Trust LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

The AC has conducted an annual review of non-audit services provided by the auditors to ensure that the nature and extent of such services will not affect the independence and objectivity of the external auditors before confirming their re-nomination.

In appointing the external auditors for the Company, subsidiaries and the associated companies, the Company has complied with Catalist Rules 712 and 715 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Further details regarding the AC are disclosed in the Corporate Governance Report.

Independent auditors

The independent auditors, Crowe Horwath First Trust LLP, have expressed their willingness to accept re-appointment as auditors of the Company.

On behalf of the Board of Directors

CHAN ANDREW WAI MEN	**LUK CHUNG PO, TERENCE**
Director and Chairman	Director and Chief Executive Officer

19 June 2015

STATEMENT BY **DIRECTORS**

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 9 to 77 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2015 and of the results, changes in equity and cash flows of the Group for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

CHAN ANDREW WAI MEN
Director and Chairman

LUK CHUNG PO, TERENCE
Director and Chief Executive Officer

19 June 2015

INDEPENDENT AUDITORS' **REPORT**

TO THE MEMBERS OF ARMARDA GROUP LIMITED

Crowe Horwath

Report on the Financial Statements

We have audited the accompanying financial statements of Armarda Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 9 to 77, which comprise the consolidated balance sheet and the balance sheet of the Company as at 31 March 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and that transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Crowe Horwath First Trust LLP (UEN: T08LL1312H) is an accounting limited liability partnership registered in Singapore under the Limited Liability Partnership Act (Chapter 163A).

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with International Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2015, and the results, changes in equity and cash flows of the Group for the financial year ended on that date.

Emphasis of matter

We draw attention to Note 2 to the financial statements, which states that the Group registered a net loss of $42,511,000 (2014: $88,225,000) and negative operating cash flows of $45,308,000 (2014: $70,037,000) for the financial year ended 31 March 2015. The Group scaled down its core business and continued its business restructuring exercise to invest in other business opportunities.

The Group's associate, China Satellite Mobile Communications Group Limited and its subsidiaries (collectively "China Satellite Group"), which was acquired during 2013 to be a major profit contributor of the Group continued to report weak financial results. During the year, China Satellite Group recorded revenue of $7,306,000 (2014: $9,376,000) and operating losses of $14,168,000 (2014: $21,117,000). In order to improve the Group's financial performance by diversifying its business opportunities in various IT related areas, the Board of Directors of the Company has approved the investment in Guiyang Zhongdian Gaoxin Digital Technologies Limited ("Guiyang Tech") as disclosed in Note 10 to the financial statements.

The ability of the Group to achieve profitability and generate positive operating cash flows in the foreseeable future is largely dependent on the following factors:

(i) increase in positive future contributions by China Satellite Group, and

(ii) successful outcome of the proposed acquisition in Guiyang Tech and its subsequent positive contribution to the Group's profit and cash flows.

Our opinion is not qualified in respect of this matter.

Crowe Horwath First Trust LLP
Public Accountants and
Chartered Accountants

19 June 2015

BALANCE **SHEETS**

AS AT 31 MARCH 2015

(Amounts in thousands Hong Kong dollar "$'000")

	Note	Group		Company	
		2015	2014	2015	2014
		$'000	$'000	$'000	$'000
ASSETS					
Non-current assets					
Plant and equipment	4	589	1,434	-	-
Intangible assets	5	-	2,790	-	-
Subsidiaries	6	-	-	-	-
Associates	7	164,108	175,323	169,432	169,432
Due from subsidiaries (non-trade)	8	-	-	-	-
Other investment	9	-	-	-	-
Other assets	10	83,003	998	-	-
		247,700	180,545	169,432	169,432
Current assets					
Trade and other receivables	11	128,754	118,224	119,143	75,029
Due from an associate (non-trade)	12	15,460	1,572	11,700	-
Cash and bank balances		7,914	10,178	-	4
		152,128	129,974	130,843	75,033
TOTAL ASSETS		399,828	310,519	300,275	244,465
LIABILITIES					
Current liabilities					
Trade and other payables	13	22,984	13,025	17,452	3,446
Due to a subsidiary (non-trade)	12	-	-	28,816	33,951
Due to an associate (non-trade)	12	695	-	-	-
Lease obligations	14	-	156	-	-
Short-term borrowing	15	6,000	6,000	6,000	6,000
Income tax payable		2,911	2,897	-	-
		32,590	22,078	52,268	43,397
Non-current liability					
Deferred tax liabilities	16	3,252	3,237	-	-
TOTAL LIABILITIES		35,842	25,315	52,268	43,397
NET ASSETS		363,986	285,204	248,007	201,068

The accompanying notes are an integral part of the financial statements.

BALANCE **SHEETS**

AS AT 31 MARCH 2015

(Amounts in thousands Hong Kong dollar "$'000")

	Note	Group		Company	
		2015	2014	2015	2014
		$'000	$'000	$'000	$'000
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	17	7,541	191,476	7,541	191,476
Share premium	18	393,291	337,117	393,291	337,117
Contributed surplus	19	16,456	43,348	16,456	43,348
Translation reserve	20	32,714	32,838	-	-
Statutory reserve	21	5,863	5,863	-	-
Revaluation reserve	22	98	98	-	-
Share-based capital reserve	23	-	9,028	-	9,028
Other deficit	24	(49,466)	(49,466)	-	-
Accumulated losses	25	(42,511)	(285,098)	(169,281)	(379,901)
TOTAL EQUITY		363,986	285,204	248,007	201,068

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

(Amounts in thousands Hong Kong dollar "$'000")

	Note	2015 $'000	2014 $'000
Revenue	26	13,050	16,963
Other income	27	3,398	3,147
Personnel expenses	28	(9,325)	(18,786)
Depreciation of plant and equipment	4	(364)	(407)
Amortisation of intangible assets	5	(558)	(744)
Impairment of:			
- intangible asset	5	(2,232)	-
- investment in associates	7	(3,245)	(2,923)
Cost of purchases		(10,746)	(13,643)
Subcontracting fees		(515)	(743)
Other expenses	29	(23,196)	(48,988)
Finance costs – interest expense		(739)	(373)
Share of loss of associates	7	(8,039)	(20,566)
Loss before tax	30	(42,511)	(87,063)
Income tax	31	-	(1,162)
Loss for the year		(42,511)	(88,225)
Other comprehensive (loss) / income:			
Items that may be reclassified subsequently to profit or loss			
- Currency translation difference arising from consolidation	20	(193)	397
- Share of translation reserve of associates	20	69	466
Other comprehensive (loss) / income for the year, net of tax		(124)	863
Total comprehensive loss for the year		(42,635)	(87,362)
Loss per share (cents)			
Basic	32(i)	(0.84)	(2.68)
Diluted	32(ii)	(0.84)	(2.68)

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

(Amounts in thousands Hong Kong dollar "$'000")

2015
Group

	Attributable to equity holders of the Company									
	Share capital	Share premium	Contributed surplus	Translation reserve	Statutory reserve	Revaluation reserve	Share-based capital reserve	Other deficit	Accumulated losses	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at 1 April 2014	191,476	337,117	43,348	32,838	5,863	98	9,028	(49,466)	(285,098)	285,204
Loss for the year	-	-	-	-	-	-	-	-	(42,511)	(42,511)
Other comprehensive loss, net of tax	-	-	-	(124)	-	-	-	-	-	(124)
Total comprehensive loss	-	-	-	(124)	-	-	-	-	(42,511)	(42,635)
Contribution by and distributions to owners										
Issuance of shares	74,121	58,561	-	-	-	-	-	-	-	132,682
Performance shares allotted	150	8,878	-	-	-	-	(9,028)	-	-	-
Share issuance expense	-	(11,265)	-	-	-	-	-	-	-	(11,265)
Capital reorganisation (Note 17)	(258,206)	-	258,206	-	-	-	-	-	-	-
Write off of accumulated losses (Note 25)	-	-	(285,098)	-	-	-	-	-	285,098	-
Total contributions by and distributions to owners	(183,935)	56,174	(26,892)	-	-	-	(9,028)	-	285,098	121,417
Balance as at 31 March 2015	7,541	393,291	16,456	32,714	5,863	98	-	(49,466)	(42,511)	363,986

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

(Amounts in thousands Hong Kong dollar "$'000")

2014
Group

	Attributable to equity holders of the Company									
	Share capital	Share premium	Contributed surplus	Translation reserve	Statutory reserve	Revaluation reserve	Share-based capital reserve	Other deficit	Accumulated losses	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at 1 April 2013	126,191	271,548	43,348	31,975	5,863	1,561	-	(49,466)	(198,336)	232,684
Loss for the year	-	-	-	-	-	-	-	-	(88,225)	(88,225)
Other comprehensive income, net of tax	-	-	-	863	-	-	-	-	-	863
Transfer to accumulated losses, upon disposal	-	-	-	-	-	(1,463)	-	-	1,463	-
Total comprehensive loss	-	-	-	863	-	(1,463)	-	-	(86,762)	(87,362)
<u>Contribution by and distributions to owners</u>										
Issuance of shares	65,285	74,860	-	-	-	-	-	-	-	140,145
Share issuance expense	-	(9,291)	-	-	-	-	-	-	-	(9,291)
Performance share plan expenses	-	-	-	-	-	-	9,028	-	-	9,028
Total contributions by and distributions to owners	65,285	65,569	-	-	-	-	9,028	-	-	139,882
Balance as at 31 March 2014	191,476	337,117	43,348	32,838	5,863	98	9,028	(49,466)	(285,098)	285,204

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF **CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015
(Amounts in thousands Hong Kong dollar "$'000")

	Note	2015 $'000	2014 $'000
Cash flows from operating activities			
Loss before tax		(42,511)	(87,063)
Adjustments:			
Depreciation of plant and equipment	4	364	407
Amortisation of intangible assets	5	558	744
Share of loss of associates	7	8,039	20,566
Loss / (Gain) on disposal of plant and equipment		121	(23)
Gain on disposal of non-current assets held for sale		-	(2,858)
Impairment on intangible asset	5	2,232	-
Impairment of investment in associates	7	3,245	2,923
Interest expense		739	373
Interest income		(3,067)	(18)
Performance share plan expense		-	9,028
Plant and equipment written off		26	-
Operating loss before working capital changes		(30,254)	(55,921)
Trade and other receivables		(10,368)	(9,173)
Trade and other payables		(2,486)	(4,900)
Due from an associate (non-trade)		(2,188)	132
Cash used in operations		(45,296)	(69,862)
Interest paid		(19)	(193)
Interest income received		7	18
Net cash used in operating activities		(45,308)	(70,037)
Cash flows from investing activities			
Proceeds from disposal of plant and equipment		379	115
Proceeds / Deposits received from disposal of non-current assets held for sale		-	1,622
Purchase of plant and equipment		(44)	(1,356)
Additional investment in an associate	7	-	(12,598)
Deposit paid for a proposed acquisition	10	(45,000)	-
Refund of deposit for acquisition of equipment	11	9,614	-
Refund of prepayment for software development costs	11	9,186	-
Convertible loan granted to a third party	11	-	(50,050)
Advances to shareholders of an associate (secured)	11	-	(24,700)
Earnest deposits to shareholders of an associate (unsecured)	11	(1,000)	-
Net cash used in investing activities		(26,865)	(86,967)

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015
(Amounts in thousands Hong Kong dollar "$'000")

	Note	2015 $'000	2014 $'000
Cash flows from financing activities			
Proceeds from issuance of new shares	17	71,842	138,373
Share issue expenses paid		(2,475)	(7,519)
Repayment of lease obligations		(156)	(94)
Advance from an associate (non-trade)		695	-
Short-term borrowing from a third party	15	-	6,000
Net cash generated from financing activities		69,906	136,760
Net decrease in cash and bank balances		(2,267)	(20,244)
Cash and bank balances at beginning of the year		10,178	30,008
Effects of exchange rate changes in cash and bank balances		3	414
Cash and bank balances at end of the year		7,914	10,178

The accompanying notes are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

(Amounts in thousands Hong Kong dollar "$'000" unless otherwise stated)

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL INFORMATION

Armarda Group Limited (the "Company") is a limited liability company domiciled and incorporated in Bermuda and is listed on the Catalist Market of the Singapore Exchange Securities Trading Limited. The address of the Company's registered office is Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are shown in Note 6 to the financial statements.

The financial statements for the financial year ended 31 March 2015 were authorised for issue in accordance with a resolution of the Board of Directors on 19 June 2015.

2. BASIS OF PREPARATION

The Group registered a net loss of $42,511,000 (2014: $88,225,000) and negative operating cash flows of $45,308,000 (2014: $70,037,000) for the financial year ended 31 March 2015. The Group scaled down its core business and continued its business restructuring exercise to invest in other business opportunities.

The Group's associate, China Satellite Mobile Communications Group Limited and its subsidiaries (collectively "China Satellite Group"), which was acquired during 2013 to be a major profit contributor of the Group continued to report weak financial results. During the year, China Satellite Group recorded revenue of $7,306,000 (2014: $9,376,000) and operating losses of $14,168,000 (2014: $21,117,000). In order to improve the Group's financial performance by diversifying its business opportunities in various IT related areas, the Board of Directors of the Company has approved the investment in Guiyang Zhongdian Gaoxin Digital Technologies Limited ("Guiyang Tech") as disclosed in Note 10 to the financial statements.

The ability of the Group to achieve profitability and generate positive operating cash flows in the foreseeable future is largely dependent on the following factors:

(i) increase in positive future contributions by China Satellite Group, and

(ii) successful outcome of the proposed acquisition in Guiyang Tech and its subsequent positive contribution to the Group's profit and cash flows.

The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below and are drawn up in accordance with the International Financial Reporting Standards ("IFRS"). The financial statements are presented in Hong Kong dollar ("$") and all values are rounded to the nearest thousand ("$'000") as indicated.

The preparation of the financial statements in conformity with IFRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. Critical accounting estimates and assumptions used that are significant to the financial statements and areas involving a higher degree of judgement or complexity, are disclosed in Note 3.

(Amounts in thousands Hong Kong dollar "$'000" unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES

Adoption of new and revised standards

On 1 April 2014, the Group adopted the new or amended IFRS and Interpretations of IFRS ("INT IFRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective IFRS and INT IFRS. The adoption of these new or amended IFRS and INT IFRS did not result in substantial changes to the Group's and Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendment to IAS 19 *Defined Benefit Plans: Employee Contributions*	1 July 2014
Amendment to IFRS 2 *Share-based Payment*	1 July 2014*
Amendment to IFRS 3 *Business Combinations*	1 July 2014^
Amendment to IFRS 8 *Operating Segments*	1 July 2014
Amendment to IAS 16 *Property, Plant and Equipment*	1 July 2014
Amendment to IAS 24 *Related Party Disclosures*	1 July 2014
Amendment to IAS 38 *Intangible Assets*	1 July 2014
Amendment to IFRS 13 *Fair Value Measurement*	1 July 2014
Amendment to IAS 40 *Investment Property*	1 July 2014
IFRS 14 *Regulatory Deferral Accounts*	1 January 2016
Amendments to IAS 27: *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to IAS 16 and IAS 38: *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to IAS 16 and IAS 41: *Agriculture: Bearer Plants*	1 January 2016
Amendments to IFRS 11: *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Amendments to IFRS 10 and IAS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	1 January 2016
Amendment to IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*	1 January 2016
Amendment to IFRS 7 *Financial Instruments: Disclosures*	1 January 2016
Amendment to IAS 19 *Employee Benefits*	1 January 2016
Amendment to IAS 34 *Interim Financial Reporting*	1 January 2016
Amendments to IFRS 10, IFRS 12 and IAS 28 *Investment Entities: Applying the Consolidation Exception*	1 January 2016
Amendments to IAS 1 *Disclosure Initiative*	1 January 2016
IFRS 15 *Revenue from Contracts with Customers*	1 January 2017
IFRS 9 (2014) *Financial Instruments*	1 January 2018

* *The amendment applies prospectively to share-based payment transactions with a grant date on or after 1 July 2014*

^ *The amendment applies prospectively to business combination for which the acquisition date is on or after 1 July 2014*

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Standards issued but not yet effective (Continued)

Except for Amendment to IFRS 2, Amendment to IFRS 8, Amendments to IAS 27, Amendments to IFRS 10 and IAS 28, Amendments to IAS 1, IFRS 15 and IFRS 9 (2014), the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of these amendments or these new standards are described below.

Amendment to IFRS 2 *Share-based Payment*

The amendment changes the definition of 'vesting conditions' and 'market conditions'. In addition, it also defines and clarifies certain aspects of 'performance condition' and 'service condition', such as performance target in a group situation.

The Group will apply these amendments to the future grants of share-based payments from 1 July 2014 onwards.

Amendment to IFRS 8 *Operating Segments*

The amendment requires an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'. The amendment also clarifies that a reconciliation of the total segment assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Group when implemented in next financial year.

Amendments to IAS 27: *Equity Method in Separate Financial Statements*

The amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements using the equity method as described in IAS 28 *Investments in Associates and Joint Ventures*, in addition to measurement at cost and in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*. The accounting option must be applied by category of investments.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred.

The Company currently presents its investments in subsidiaries and associates in separate financial statements at cost and will review this policy consequent to this amendment which is effective from 1 January 2016 onwards.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Standards issued but not yet effective (Continued)

Amendments to IFRS 10 and IAS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments set out that, on a sale or contribution of assets to a joint venture or associate or on a loss of control when joint control or significant influence is retained in a transaction involving an associate or a joint venture, the extent of any gain or loss recognised depends on whether the assets or subsidiary constitute a business, as defined in IFRS 3 Business Combinations. When the assets or subsidiary constitute a business, any gain or loss is recognised in full; otherwise, the entity's share of the gain or loss is eliminated. The Group will apply these amendments prospectively to any such transaction occurring in annual periods beginning on or after 1 January 2016.

Amendments to IAS 1 *Disclosure Initiative*

IAS 1 *Presentation of Financial Statements* is amended as part of the initiatives by the standard-setters to improve presentation and disclosure in financial reports. The amendments clarify materiality guidance in IAS 1 and clarify on aggregating and disaggregating line items on the balance sheet and statement of comprehensive income, including added guidance on presenting sub-totals. The amendments also give examples on systematic ordering or grouping of the structure of the notes to financial statements. In addition, following the amendments, the share of Other Comprehensive Income (OCI) of the equity-accounted investments shall be presented separately from the other OCI on the statement of changes in equity. The Group will apply these amendments in 2017.

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 *Revenue from Contracts with Customers* applies to all contracts with customers except for: leases within the scope of IAS 17 *Leases*; financial instruments and other contractual rights or obligations within the scope of IFRS 9 *Financial Instruments*, IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements*, IAS 27 *Separate Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*; insurance contracts within the scope of IFRS 4 *Insurance Contracts*; and non-monetary exchanges between entities in the same line of business to facilitate sales to customers or potential customers. The core principle of IFRS 15 is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In particular, the Group will need to identify the performance obligations in the contract, allocate the transaction price and recognise revenue when (or as) the performance obligation is satisfied. The Group is in the process of assessing the impact of the new standard for the future periods.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Standards issued but not yet effective (Continued)

IFRS 9 (2014) *Financial Instruments*

In July 2014, the International Accounting Standard Board issued the final version of IFRS 9 *Financial Instruments* which reflect all phases of the financial instruments project and replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous version of IFRS 9. IFRS 9 introduces new requirements for classification and measurement, impairment and hedge accounting. The adoption of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities. IFRS 9 also introduces a new expected loss impairment model, and adds detailed guidance on impairment-related presentation and disclosures. IFRS 9 also contains new requirements on hedge accounting, which adopts a more principle-based approach, and allows entities to choose between applying hedge accounting requirements of IFRS 9 or continue to apply the existing hedge accounting requirements in IAS 39 for all hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. The Group is in the process of assessing the impact of the new standard for the future periods.

Group accounting

(i) Subsidiaries

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- had power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Group accounting (Continued)

(i) Subsidiaries (Continued)

(a) Basis of consolidation (Continued)

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company losses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies in line with the Group’s accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group’s ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group’s interests and any non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group losses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(b) Acquisition of business

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement. Acquisition-related costs, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured until it is finally settled within equity.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Group accounting (Continued)

(i) Subsidiaries (Continued)

(b) Acquisition of business (Continued)

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to recognise them either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets, at the date of acquisition.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

(c) Disposals of subsidiaries or business

The assets and liabilities of the subsidiary, including any goodwill, are derecognised when a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in profit or loss. Subsequently, the retained interest is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(ii) Associates

Associates are those entities over which the Group has significant influence. Significant influence is the power to participate in financial and operating policy decisions of the investee, but is not control or joint control over the policies. The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

Investment in an associate is accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

Investments in associates are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associates represents the excess of the cost of acquisition of the associate over the Group's share of the fair value of the identifiable net assets of the associate and is included in the carrying amount of the investments.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Group accounting (Continued)

(ii) Associates (Continued)

In applying the equity method of accounting, the Group's share of its associates' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associates are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of associates have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Investments in associates are derecognised when the Group losses significant influence. Any retained interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained investment at the date when significant influence is lost and its fair value is recognised in profit or loss.

Gains and losses arising from partial disposals or dilutions in investment in associate in which significant influence are retained are recognised in profit or loss.

Subsidiaries and associates

Investments in subsidiaries and associates are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of investments in subsidiaries and associates, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

Currency translation

(i) Functional and presentation currency

The individual financial statements of each entity are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Hong Kong dollar, which is the functional currency of the Company.

(ii) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Currency translation (Continued)

(ii) Transactions and balances (Continued)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity in the consolidated financial statements. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(iii) Translation of the Group's financial statements

The assets and liabilities of foreign operations are translated into Hong Kong dollar at the rate of exchange ruling at the balance sheet date and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associate or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Plant and equipment

All items of plant and equipment are initially recorded at cost. The cost of an item of plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of an item of plant and equipment including subsequent expenditure is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. When significant parts of plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance expenses are recognised in profit or loss when incurred.

After initial recognition, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Plant and equipment (Continued)

All items of plant and equipment are depreciated using the straight-line method to write-off the cost of the assets less estimated residual value over their estimated useful lives as follows:-

	Useful lives (Years)	Estimated residual value as a percentage of cost (%)
Leasehold improvements	Shorter of 5 years or the lease term	-
Motor vehicles	5	5% to 10%
Furniture, fixtures, computer and other equipment	5	5% to 10%

The residual value, estimated useful life and depreciation method are reviewed, and adjusted as appropriate, at each balance sheet date to ensure that the amount, method and period of depreciation are consistent with the expected pattern of economic benefits from items of plant and equipment. Fully depreciated assets are retained in the financial statements until they are no longer in use.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on retirement or disposal is determined as the difference between any sales proceeds and the carrying amounts of the asset and is recognised in the profit or loss within "Other income (expenses)".

Intangible assets

(i) Goodwill

Goodwill on acquisitions of subsidiaries and businesses represents the excess of (i) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the net identifiable assets acquired.

Goodwill on associates is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiaries and associates include the carrying amount of goodwill relating to the entity sold.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquirer are assigned to those units.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets (Continued)

(i) Goodwill (Continued)

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operation are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in this Note.

(ii) Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost, which includes the purchase price and other directly attributable cost of preparing the asset for its intended use. The cost of intangible assets acquired in a business combination is their fair values at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets (Continued)

(ii) Other intangible assets (Continued)

The estimated useful lives are as follows:

	Useful lives (Years)
Customer relationship	10
Exclusive distributorship rights	2

Amortisation methods and useful lives are reviewed at each reporting date and adjusted as appropriate.

Other assets

Other assets represent deposit for acquisition of an investment and transferable life memberships of golf club which are stated at cost less impairment losses.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely dependent on those from other assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecasts calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth years.

Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets (Continued)

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. This increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the profit and loss.

Financial assets

(i) Initial recognition and measurement

Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition. Financial assets are initially recognised at fair value plus, in the case of financial assets classified as held-to-maturity, directly attributable transaction costs.

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and for held-to-maturity investments, re-evaluates this designation at every balance sheet date. As at balance sheet date, the Group did not have any financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets.

(ii) Subsequent measurement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables comprise cash and bank balances, trade and other receivables, including amount due from an associate.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest rate method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(iii) Derecognition

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of the assets within the period generally established by regulation or convention in the marketplace concerned.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

(i) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset. To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(ii) Financial assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs. As at the balance sheet date, the Group did not have any financial liabilities in the category of financial liabilities at fair value through profit or loss.

(ii) Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when liabilities are derecognised, and through the amortisation process.

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

Leases – The Group as lessee

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Finance leases, which transfers to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased item or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred. Capitalised lease assets are depreciated over the shorter of the estimated useful life of the asset or the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased item are classified as operating leases. Operating lease payments are recognised as an expense in the profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provisions

A provision is recognised when the Group has a present obligation, legal or constructive, as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recorded at fair value, net of transaction costs and subsequently carried for at amortised costs using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings which are due to be settled within twelve months after the balance sheet date are included in current borrowings in the balance sheet even though the original term was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the balance sheet date and before the financial statements are authorised for issue.

Borrowing costs

All borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Share capital and share premium

Proceeds from issuance of ordinary shares are classified as share capital (nominal value) and share premium in equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against share premium.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and sales taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

Revenue from sale of goods is recognised upon the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Revenue from services is recognised over the period in which the services are rendered.

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the effective interest rates applicable.

Employees' benefits

(i) Retirement benefits

The Group participates in the national schemes as defined by the laws of the countries in which it has operations.

Hong Kong

The subsidiaries, incorporated and operating in Hong Kong are required to contribute to the mandatory provident fund scheme, a defined contribution pension scheme, as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance and are charged to the profit or loss in the year in which they fall due.

People's Republic of China ("PRC")

The subsidiary, incorporated and operating in the PRC, is required to provide certain retirement plan contribution to their employees under the existing PRC regulations. Contributions are provided at rates stipulated by the PRC regulations and are managed by government agencies, which are responsible for administering these amounts for the subsidiary's employees.

Obligations for contributions to defined contribution retirement plans are recognised as an expense in the period in which the related service is performed.

(ii) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability as a result of services rendered by employees up to the balance sheet date.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employees' benefits (Continued)

(iii) Share-based compensation

Performance shares

The performance share plans of the Group are accounted for either as equity-settled share-based payments or cash-settled share-based payments. Equity-settled share-based payments are measured at fair value at the date of grant, whereas cash-settled share-based payments are measured at current fair value at the end of each reporting period. The performance share expense is recognised in the profit or loss on a straight-line basis over the vesting period.

At the end of reporting period, the Group revises its estimates of the number of performance shares that the participants are expected to receive based on non-market vesting conditions. The difference is charged or credited to the income statement, with a corresponding adjustment to equity or liability for equity-settled and cash-settled share-based payments respectively.

Share-based payments transactions with parties other than employees

When the Group enters into equity-settled share-based payment transactions with parties other than employees, the Group measures the goods and services received, and the corresponding increase in equity, directly at the fair value of the goods or services received, unless the fair value cannot be estimated reliably. If the Group cannot estimate reliably the fair value of the goods or services received, the corresponding increase in equity shall be measured by reference to the fair value of the equity instruments granted, measured at the date the Group obtains the goods or the counter party renders service.

Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using tax rates and tax laws that have been substantively enacted by the balance sheet date in the countries where the Group operates and generates taxable income. Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow deferred tax assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and the Company if that person:

  (i) Has control or joint control over the Company;
  (ii) Has significant influence over the Company; or
  (iii) Is a member of the key management personnel of the Group or the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

  (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  (iii) Both entities are joint ventures of the same third party.
  (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company.
  (vi) The entity is controlled or jointly controlled by a person identified in (a);
  (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker responsible for allocating resources and assessing performance of the operating segments.

Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next 5 to 10 years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash-generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

The carrying amount and further details of the key assumptions and the sensitivity analysis for the impairment assessment of associates are disclosed in Note 7 to the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Critical accounting estimates, assumptions and judgements (Continued)

(i) Critical accounting estimates and assumptions (Continued)

(b) Impairment of loans and receivables

Management reviews its loans and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management makes judgement as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recorded as an expense. In determining this, management uses estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience. The carrying amount of the Group's loan and receivables at the balance sheet date and the relevant basis of management's estimates are disclosed in Notes 11, 12 and 37(iii) to the financial statements.

(c) Income tax

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group has not recognised any additional tax liability on these uncertain tax positions. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's deferred tax liabilities as at 31 March 2015 are disclosed in Note 16.

The Group has unrecognised tax losses and capital allowances carried forward amounting to $94,409,000 and $356,000 respectively (2014: $78,412,000 and $356,000 respectively) (Note 16). Tax losses, amounting to $4,747,000 (2013: Nil), relate to a subsidiary in PRC which will expire in 2020. Tax losses and capital allowances, that do not expire, amounting to $89,662,000 and $356,000 respectively (2014: $78,412,000 and $356,000 respectively) relate to subsidiaries in Singapore and Hong Kong, with histories of losses, may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither temporary taxable differences nor any tax planning opportunities available that could support the recognition of any of these losses or capital allowances as deferred tax assets. If the Group was able to recognise all unrecognised tax losses and capital allowances, loss for the year would decrease by approximately $16,065,000 and $60,000 respectively (2014: $13,022,000 and $60,000 respectively).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Critical accounting estimates, assumptions and judgements (Continued)

(ii) Critical judgements in applying the entity's accounting policies

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

(a) Significant influence over an associate

The Group has determined that it does not control, but has significant influence over China Satellite Group as its associate, based on an evaluation under IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*.

The Group holds 45% (2014: 45%) of the voting rights of China Satellite Group and the remaining 55% (2014: 55%) is held by 11 individual shareholders, each holding 1.1% to 9.1% (2014: 1.1% to 9.1%) individually. On 30 September 2014, the Company entered into individual sales and purchase agreements with 10 out of 11 shareholders to acquire an additional 45.95% equity interest, after which China Satellite Group will become a subsidiary of the Company. The total purchase consideration amounted to approximately S$11,800,000 (equivalent to $72,000,000), shall be satisfied by a combination of 1,069,381,820 new issued ordinary shares of the Company and cash consideration of $45,950,000. The Group has granted interest-free advances and earnest deposits totaling $43,800,000 (2014: $24,700,000) to the 10 (2014: 5) shareholders which will be offset against the purchase consideration upon completion of the acquisition (Note 11[(iii)(iv)]), or repayable in January 2016 if the acquisition of additional equity interest was not completed by then. As at the balance sheet date and the date of this report, the completion of the acquisition is subject to the satisfaction of certain significant conditions precedent set out in the sales and purchases agreements which is substantially beyond the control of the Group.

Notwithstanding that the Group is the single largest shareholder, the management has determined that the Group is not able to exercise control over China Satellite Group as a result of:

(i) a contractual agreement was entered into on 31 January 2014 among the 11 individual shareholders to act in concert during shareholders' meetings, which has been renewed on 29 September 2014; and

(ii) the current board composition of China Satellite Group. As at 31 March 2015, there are 2 directors in office, comprising a representative from the Group and another representative from the 11 individual shareholders (who is also appointed as the chairman of China Satellite Group). According to the memorandum and articles of association of China Satellite Group, the chairman is entitled to a second or casting vote in case of an equality in votes during board meetings. Accordingly, management concluded that the 11 individual shareholders control China Satellite Group.

The carrying amount of the investment in China Satellite Group is disclosed in Note 7.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Critical accounting estimates, assumptions and judgements (Continued)

(ii) Critical judgements in applying the entity's accounting policies

(b) Convertible loan

Fair value of derivative

As disclosed in Note 11(ii) to the financial statements, the Company granted a loan to a third party individual with a conversion option to convert the loan into 40.1% (2014: 41.9%) effective equity shares in a company ("PRC Company") via a special purpose entity owned by the third party individual. As the conversion option is not transferrable and is currently not exercisable as the telecommunication industry is restricted only to domestic PRC enterprises, management concluded that the conversion option has no intrinsic value and does not give rise to substantive potential rights and power over the special purpose entity. The carrying amount of the loan is disclosed in Note 11(ii).

Classification

During the year, one of the Company's directors is appointed as a director of the PRC Company as a further protective right over the loan. Management has conducted an assessment based on IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* and concluded that the conversion option gives the Company neither control nor significant influence over the PRC Company, on the basis of:

(i) the appointment represents 1 out of 7 in the board composition of the PRC Company; and

(ii) the legal representative, general manager and 3 directors of the PRC Company are appointed by the dominant shareholder of the PRC Company who is a government-owned enterprise.

Consequently, the Company classifies the convertible loan in the category of loans and receivables. The carrying amount and terms of convertible loan is disclosed in Note 11(ii).

(Amounts in thousands Hong Kong dollar "$'000" unless otherwise stated)

4. PLANT AND EQUIPMENT

Group	Leasehold improvements	Motor vehicles	Furniture, fixtures, computer and other equipment	Total
	$'000	$'000	$'000	$'000
Cost				
As at 1 April 2013	296	1,280	13,829	15,405
Additions	-	1,161	195	1,356
Disposals	-	(457)	(469)	(926)
Written off	-	-	(3,455)	(3,455)
Currency translation differences	-	4	174	178
As at 31 March 2014	296	1,988	10,274	12,558
As at 1 April 2014	296	1,988	10,274	12,558
Additions	-	-	44	44
Disposals	-	(1,026)	(392)	(1,418)
Written off	(296)	-	(9,393)	(9,689)
Currency translation differences	-	2	10	12
As at 31 March 2015	-	964	543	1,507
Accumulated depreciation				
As at 1 April 2013	296	938	13,596	14,830
Charge for the year	-	303	104	407
Disposals	-	(412)	(422)	(834)
Written off	-	-	(3,455)	(3,455)
Currency translation differences	-	5	171	176
As at 31 March 2014	296	834	9,994	11,124
As at 1 April 2014	296	834	9,994	11,124
Charge for the year	-	280	84	364
Disposals	-	(565)	(353)	(918)
Written off	(296)	-	(9,367)	(9,663)
Currency translation differences	-	2	9	11
As at 31 March 2015	-	551	367	918
Net carrying amount				
As at 31 March 2015	-	413	176	589
As at 31 March 2014	-	1,154	280	1,434

Assets held under finance leases

During the year, a motor vehicle held under finance lease was disposed to a third party and the remaining finance lease obligation has been fully repaid (Note 14). As at year-end, there was no asset held under finance lease.

(Amounts in thousands Hong Kong dollar "$'000" unless otherwise stated)

5. INTANGIBLE ASSETS

Group	Customer relationship	Exclusive distributorship rights	Total
	$'000	$'000	$'000
Cost			
As at 1 April 2013 and 31 March 2014	40,859	98,293	139,152
As at 1 April 2014	40,859	98,293	139,152
Written off during the year	-	(98,293)	(98,293)
As at 31 March 2015	40,859	-	40,859
Accumulated amortisation and impairment loss			
As at 1 April 2013	37,325	98,293	135,618
Charge for the year	744	-	744
As at 31 March 2014	38,069	98,293	136,362
As at 1 April 2014	38,069	98,293	136,362
Charge for the year	558	-	558
Impairment loss	2,232	-	2,232
Written off during the year	-	(98,293)	(98,293)
As at 31 March 2015	40,859	-	40,859
Net carrying amount			
As at 31 March 2015	-	-	-
As at 31 March 2014	2,790	-	2,790

(a) *Customer relationship*

The intangible asset of customer relationship, arising from the acquisition of Brilliant Time Limited in 2008, is fully impaired as at 31 March 2015 as management plan to substantially downsize the operations due to a further decline in customer's orders.

(b) *Exclusive distributorship rights*

The exclusive distributorship rights represents the value of the rights identified when China RFID Limited ("CRL") was acquired in 2009 which relates to the right to trade radio frequency identification chip ("RFID chips") in the PRC. CRL is in the chain of the distribution of RFID chips in the PRC. CRL entered into an agreement for a 3-year exclusive distributorship rights to sell RFID chips to its sole customer ("Sole Customer") from 8 September 2009. The Sole Customer has, on the other hand, entered into an agreement with the ultimate customer - a PRC government authority ("Ultimate Customer"), for a 2-year exclusive distributorship rights on chips procurement for the e-passport and other e-travel documents.

The agreement signed between the Sole Customer and the Ultimate Customer was for a 2-year period, and expired on September 2011. The exclusive distributorship rights were fully amortised in the financial period ended 31 March 2012. During the year, the exclusive distributorship rights were written off as the agreement lapsed without renewal in January 2015.

(Amounts in thousands Hong Kong dollar "$'000" unless otherwise stated)

6. SUBSIDIARIES

	Company 2015 $'000	Company 2014 $'000
Unquoted equity shares, at cost	67,633	67,633
Impairment loss (Note A)	(67,633)	(67,633)
	-	-

Details of the Group's subsidiaries as at 31 March 2015 are as follows:

Name of companies	Principal activities	Country of incorporation and place of business	Proportion of ownership interest (%) 2015 %	Proportion of ownership interest (%) 2014 %
Held by the Company				
Armarda Holdings Limited ("AHL") [(i)]	Investment holding	BVI, Hong Kong	100	100
Held by AHL				
Armarda Technology Services Limited [(i)]	Provision of IT consulting and IT support services	BVI, Hong Kong	100	100
Armarda International Inc [(i)]	Investment holding	BVI, Hong Kong	100	100
Armarda eAccess Technology Limited [(i)]	Investment holding	BVI, Hong Kong	100	100
Armarda Technology Singapore Pte Ltd [(ii)]	Liaison office	Singapore	100	100
Brilliant Time Limited ("BTL") [(i)]	Provision of IT consulting and IT support services	BVI, Hong Kong	100	100
China RFID Limited ("CRL") [(i)]	Trading of RFID chips	BVI, Hong Kong	100	100
Held by Armarda Technology Services Limited				
Armarda Technology (Hong Kong) Limited ("ATHK") [(iii) (iv)]	Provision of IT consulting and IT support services	Hong Kong	100	100
Held by ATHK				
Armarda Technology (Zhuhai) Limited [(iii) (iv)]	Provision of IT consulting and IT support services	PRC	100	100

(i) Not required to be audited under the laws of the British Virgin Islands ("BVI"), their country of incorporation. Reviewed by Crowe Horwath First Trust LLP for the purpose of expressing an opinion on the consolidated financial statements.

(ii) Audited by Crowe Horwath First Trust LLP.

(iii) Statutory audit performed by Crowe Horwath (Hong Kong) CPA Limited and Zhuhai Huaqi Certified Public Accountants in Hong Kong and PRC respectively.

(iv) Reviewed by Crowe Horwath First Trust LLP for purpose of expressing an opinion on the consolidated financial statements.

Note A - Impairment testing of investments in subsidiaries

Certain subsidiaries continue to sustain losses during the financial year. The carrying amount of the investments in subsidiaries was fully impaired since financial year 2010.

(Amounts in thousands Hong Kong dollar "$'000" unless otherwise stated)

7. ASSOCIATES

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
At beginning of the year	175,323	185,748	169,432	156,834
Additional capital injection	-	12,598	-	12,598
Share of loss	(8,039)	(20,566)	-	-
Share of translation reserve (Note 20)	69	466	-	-
Impairment loss	(3,245)	(2,923)	-	-
At end of the year	164,108	175,323	169,432	169,432
Representing:				
Goodwill	160,548	160,548		
Share of net assets	3,560	14,775		
	164,108	175,323		

The movement in accumulated impairment loss is as follows:

	Group	
	2015	2014
	$'000	$'000
At beginning of the year	2,923	-
Impairment loss charged to profit or loss	3,245	2,923
At end of the year	6,168	2,923

The above impairment loss relate to Fesco E-HR Service (Beijing) Co., Ltd.

(Amounts in thousands Hong Kong dollar "$'000" unless otherwise stated)

7. ASSOCIATES (Continued)

Details of the Group's associates as at 31 March 2015 are as follows:

Name of companies	Principal activities	Country of incorporation and place of business	Proportion of the Group's effective interest (%) 2015 %	2014 %
Held by the Company				
China Satellite Mobile Communications Group Limited ("CSMCG") [(i)]	Investment holding	BVI	45	45
Held by CSMCG				
China Mobile Satellite Communication Group Ltd ("CMSCG") [(ii) (iv)]	Provision of mobile satellite communication services and distribution of satellite phones	Hong Kong	45	45
Held by CMSCG				
Suraya Network Technology (Shanghai) Co., Ltd [(ii) (iii)]	Provision of mobile satellite communication services and distribution of satellite phones	PRC	45	45
Held by a subsidiary, ATHK				
Fesco E-HR Service (Beijing) Co., Ltd ("Fesco E-HR") [(ii) (iii)]	Provision of IT consulting, IT support services, technical trainings and human resources services	PRC	45	45

(i) Not required to be audited under the laws of the British Virgin Islands ("BVI"). Reviewed by Crowe Horwath First Trust LLP for the purpose of expressing an opinion on the consolidated financial statements.

(ii) Reviewed by Crowe Horwath First Trust LLP for purpose of expressing an opinion on the consolidated financial statements.

(iii) Statutory audit performed by Shanghai Dragon Certified Public Accountants and Beijing Zheng Ze Tong Certified Public Accountants respectively.

(iv) Statutory audit performed by Crowe Horwath (Hong Kong) CPA Limited.

Development of China Satellite Group

The Group holds 45% (2014: 45%) of the voting rights in China Satellite Group. On 30 September 2014, the Company entered into individual sales and purchase agreements with 10 out of 11 shareholders to acquire an additional 45.95% equity interest, after which China Satellite Group will become a subsidiary of the Company. The total purchase consideration amounted to approximately S$11,800,000 (equivalent to $72,000,000), shall be satisfied by a combination of 1,069,381,820 new issued ordinary shares of the Company and cash consideration of $45,950,000. The Group has granted interest-free advances and earnest deposits totaling $43,800,000 (2014: $24,700,000) to the 10 (2014: 5) shareholders which will be offset against the purchase consideration upon completion of the acquisition (Note 11[(iii)(iv)]), repayable in January 2016. As at the balance sheet date and the date of this report, the completion of the acquisition is subject to the satisfaction of certain significant conditions precedent set out in the sales and purchases agreements which is substantially beyond the control of the Group.

The judgement relating to the significant influence over this associate is disclosed in Note 3.

7. ASSOCIATES (Continued)

Impairment testing for China Satellite Group

During the year, management performed an impairment review for the investment in China Satellite Group as the associate reported net losses of $14,168,000 (2014: $21,117,000) for the year. The recoverable amount of the investment in China Satellite Group was estimated to be higher than its carrying amount and no impairment was required. The recoverable amount was determined using value-in-use calculations based on a 10-year cash flow projection from financial budgets approved by management. The pre-tax discount rate applied to the cash flow projection and the forecasted growth rate used to extrapolate cash flow projections beyond the 10-year period are 30% and 0% (2014: 30% and 0%) respectively.

The calculation of the value-in-use is most sensitive to the following assumption:

Number of users: Number of users is based on a market analysis performed by an independent information and measurement company, taking into consideration of, *interalia*, the current operating capacity of existing satellites in the PRC and management's estimate of China Satellite Group's projected market share of 10% [(1)] (2014: 10%) by year 2022 in the mobile satellite industry.

(1) Management has performed a sensitivity analysis of the number of users and concluded that no impairment charge is required as a reduction of up to 66% (2014: 62%) in the estimated market share, i.e. 66% (2014: 62%), would still result in the recoverable amount exceeding the carrying amount of the investment as at 31 March 2015.

Impairment testing for Fesco E-HR

The recoverable amount of the investment in Fesco E-HR has been determined using value-in-use calculations based on a 5-year cash flow projection from financial budgets approved by management. A terminal value, which is the present value of all future cash flows, assuming a perpetual constant growth rate, is also applied in the fifth year. The pre-tax discount rate applied to the cash flow projection is 14% (2014: 14%) and the forecasted growth rate used to extrapolate cash flow projections beyond the 5-year period is 5% (2014: 5%). During the year, an impairment loss of $3,245,000 (2014: $2,923,000) is recognised in the profit or loss included in "Provision of IT services" segment as the recoverable amount is below the carrying amount of the investment.

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of the investment:

Revenue growth rate: Revenue growth rate in the 5-year budgets are based on future increase in management fees income of 10% - 15% for every 3 years, as agreed by the majority shareholder of Fesco E-HR.

Discount rate: Discount rate reflects the weighted average cost of capital of Fesco E-HR, representing the current market assessment of the risks specific to Fesco E-HR.

(Amounts in thousands Hong Kong dollar "$'000" unless otherwise stated)

7. ASSOCIATES (Continued)

If Fesco E-HR's revenue growth rate and discount rate adopted in the cash flow projection is to deviate by 1% respectively, the Group's loss for the year will increase / (decrease) by:

	Effect of +1% change to profit and loss	Effect of -1% change to profit and loss
	$'000	$'000
2015		
Change in revenue growth rate	(1,315)	1,422
Change in discount rate	1,115	(1,265)

	Effect of +1% change to profit and loss	Effect of -1% change to profit and loss
	$'000	$'000
2014		
Change in revenue growth rate	(2,491)	1,179
Change in discount rate	1,097	(2,838)

The summarised financial information of the associates, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	Fesco E-HR		China Satellite Group	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Current assets	27,663	14,210 [b]	11,724	14,741
Non-current assets	9,932	27,098	1,017	1,325
Current liabilities	5,293	5,622	24,754	11,427
Non-current liabilities	-	-	5,166	7,493
Revenue	41,704	39,276	7,306	9,376
Net loss for the year	(3,696) [a]	(24,756) [b]	(14,168)	(20,946)
Other comprehensive income	153	1,036	-	-
Total comprehensive (loss) / income	(3,543)	(23,720)	(14,168)	(20,946)

(a) Included in Fesco E-HR's net loss for the year is an impairment loss of Fesco E-HR's investments in associates of $4,188,000 due to their continuing loss making positions.

(b) Included in Fesco E-HR's balance sheet are interest-free advances to certain third parties ("Borrowers"), amounting to $30,632,000. The management, having evaluated the Group's effective credit exposure of $30,632,000, taking into account, *interalia*, the credibility, financial standing and commitment to the repayment of monies of the Borrowers, has provided allowance for impairment loss amounting to $20,568,000 in the books of Fesco E-HR and the share of impairment loss in proportion to the 45% equity interest held by the Group amounting to $9,256,000 has been included in the 'Share of loss of associates' in the consolidated statement of comprehensive income.

(Amounts in thousands Hong Kong dollar "$'000" unless otherwise stated)

7. ASSOCIATES (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in associates recognised in the consolidated financial statements:

	Group	
	2015	2014
	$'000	$'000
Fesco E-HR		
Net assets	32,302	35,686
Proportion of the Group's ownership interest	45%	45%
Share of net assets	14,536	16,059
Goodwill at acquisition	2,923	2,923
Impairment loss	(6,168)	(2,923)
	11,291	16,059
China Satellite Group		
Net assets	(17,179)	(2,854)
Proportion of the Group's ownership interest	45%	45%
Share of net assets	(7,731)	(1,284)
Goodwill at acquisition	160,548	160,548
	152,817	159,264
Total carrying amount	164,108	175,323

8. DUE FROM SUBSIDIARIES (NON-TRADE)

	Company	
	2015	2014
	$'000	$'000
Due from subsidiaries	343,051	284,545
Less: Impairment loss	(343,051)	(284,545)
	-	-

The movement in accumulated impairment loss is as follows:

	Company	
	2015	2014
	$'000	$'000
At beginning of the year	284,545	176,022
Impairment loss charged to profit or loss	58,506	108,523
At end of the year	343,051	284,545

(Amounts in thousands Hong Kong dollar "$'000" unless otherwise stated)

8. DUE FROM SUBSIDIARIES (NON-TRADE) (Continued)

Amounts due from subsidiaries are unsecured with no fixed terms of repayment. The Company expects that these amounts will not be repaid within one year. All balances due from subsidiaries are interest-free.

The subsidiaries remained dormant or continued to sustain losses during the financial year. Accordingly, the amounts due from these subsidiaries were fully impaired.

9. OTHER INVESTMENT

	Group	
	2015	2014
	$'000	$'000
Available-for-sale financial asset, at cost	-	13,801
Less: Impairment loss	-	(13,801)
	-	-

The movement in accumulated impairment loss is as follows:

	Group	
	2015	2014
	$'000	$'000
Balance at beginning of the year	13,801	13,006
Written off during the year	(13,801)	-
Currency translation difference	-	795
Balance at end of the year	-	13,801

Available-for-sale financial asset represents the Group's authorisation to use a software system and capital advances to a third party ("Third Party"). In return, the Group is entitled to share 28% of the Third Party's advertising revenue for 15 years, commencing from 2010.

As the advertising operations declined significantly, full impairment has been recognised by the end of previous financial year as it is not probable that the investment will be recoverable. During financial year ended 31 March 2015, the management wrote off the investment as the Third Party has ceased the relevant operations.

(Amounts in thousands Hong Kong dollar "$'000" unless otherwise stated)

10. OTHER ASSETS

	Group	
	2015	2014
	$'000	$'000
Golf club membership	1,003	998
Deposit for a proposed acquisition [i]	82,000	-
	83,003	998

[i] On 13 March 2015, the Group entered into a sale and purchase agreement with 4 individual vendors (the "Vendors") to acquire 90% equity interest in SinoCloud 01 Limited, with the intention to hold 63% effective interest in Guiyang Zhongdian Gaoxin Digital Technologies Limited ("Guiyang Tech") through a variable interest entity ("VIE") arrangement (the "Proposed Acquisition"). Guiyang Tech is principally involved in a business of internet data centre, cloud computing and big data services. The total purchase consideration for the Proposed Acquisition is capped at approximately $137,941,000 (the "Consideration"), but is subject to a downward adjustment of not more than 20% of the Consideration based on a valuation by an independent valuer to be engaged by the Group. The Consideration is to be satisfied by a combination of 2,000,000,000 new ordinary shares of the Company at an agreed price of S$0.005 (equivalent to $0.028) each and non-share consideration of $82,000,000.

As at 31 March 2015, the Group has paid a deposit of $82,000,000 ("the Deposit") to the Vendors, of which $45,000,000 was satisfied by cash payment, and the remaining $37,000,000 was satisfied by an assignment of receivables in favour of the Vendors ("Debt Assignment"), comprising other receivable of $25,000,000 (Note 11[i]) and convertible loan of $12,000,000 (Note 11[ii]). In accordance with a deposit arrangement agreement entered into by the Group and the Vendors on 13 March 2015, the Deposit is secured by a right to purchase 38.5% effective interest in Guiyang Tech owned by the Vendors. The right can be exercised by the Group in the event that the Deposit is not refunded within 3 days of termination of the Proposed Acquisition and/or occurrence of other breaches on the part of the Vendors.

As at 31 March 2015 and the date of this report, the completion of the acquisition is subject to the satisfaction of certain significant conditions precedent set out in the sales and purchases agreements, including the approval from shareholders of the Company and the establishment of the VIE arrangement. The Proposed Acquisition will be terminated if these conditions are not fulfilled or waived by 13 September 2015, or such later date as agreed by both parties.

(Amounts in thousands Hong Kong dollar "$'000" unless otherwise stated)

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Trade receivables	1,319	5,742	-	-
Other receivables [(i)]	13,889	35,135	3,060	-
Prepayments	385	472	283	279
Deposits	701	5,759	-	-
Convertible loan receivable [(ii)]	72,000	50,050	72,000	50,050
Advances to third parties (secured) [(iii)]	24,700	24,700	24,700	24,700
Earnest deposits to third parties (unsecured) [(iv)]	19,100	-	19,100	-
Due from a director of a subsidiary (non-trade) [(v)]	312	-	-	-
	132,406	121,858	119,143	75,029
Less: Allowance for impairment loss	(3,652)	(3,634)	-	-
	128,754	118,224	119,143	75,029

(i) Included in the balance is a loan amounting to $5,510,000 (2014: $7,363,423) due from a third party for working capital in connection with its future collaboration with China Satellite Group's business. This loan is interest-free, unsecured and repayable on 31 March 2016 (2014: 31 March 2015).

The Group provided interest-free advances to a third party for the purpose of developing telecommunication equipment in relation to China Satellite Group's business. The advances amounting to $25,000,000 were partially settled by way of Debt Assignment as disclosed in Note 10. As at 31 March 2015, remaining advances amounting to $808,000 (2013: $4,530,000) are unsecured and repayable within 12 months.

In 2014, other receivables included refundable deposit for acquisition of equipment and refundable prepayment for software development amounting to $9,614,000 and $9,186,000 respectively. The deposit and prepayment were refunded in full during current financial year.

(ii) During the previous financial year, the Company granted a convertible loan ("Loan") of $50,050,000 to a third party individual ("Shareholder") to acquire 41.9% effective equity interest in a company ("PRC Company"), via a wholly-owned special purpose entity ("SPV") owned by the Shareholder. During the financial year, there was an additional advances amounting to $33,950,000 in line with the pro-rata capital injection of all shareholders in the PRC Company. The Loan was subsequently partially settled by way of Debt Assignment of $12,000,000 during the year as disclosed in Note 10, and consequentially the SPV's effective interest in the PRC Company was reduced.

The remaining Loan amounting to $72,000,000 (2014: $50,050,000) as at 31 March 2015 is repayable on 25 March 2016 (2014: 25 March 2015). Interest, which is charged at 4.2% (2014: Nil) per annum, is repayable on the repayment date of the principal sum or upon conversion of the principal sum, is included in other receivables until then. The Loan is secured by a conversion option, at the Company's discretion, to convert the Loan into 94.5% equity interest in the SPV, which gives rise to 40.1% (2014: 41.9%) effective interest in the PRC Company, subject to the PRC regulatory authority officially approves foreign invested enterprises to invest in the restricted telecommunication industry.

11. TRADE AND OTHER RECEIVABLES (Continued)

(ii) Management assessed and concluded that as the conversion option is not transferrable and is currently not exercisable since the telecommunication industry is restricted only to domestic PRC enterprises, the conversion option has no intrinsic value and thus, the Group has no potential voting rights over the SPV or the PRC Company. During the financial year, one of the Company's directors is appointed as a director of the PRC Company as a further protective right over the Loan. The Group assessed and concluded that there is no significant influence over the PRC Company as the appointment represents 1 out of 7 in the board composition of the PRC Company, and the legal representative, general manager and 3 directors of the PRC Company are appointed by the dominant shareholder of the PRC Company which is a government-owned enterprise. As a result, the management concluded that the Loan arrangement does not give rise to significant influence over the PRC Company, and has classified the Loan as a financial asset, expected to be recovered within the next 12 months.

(iii) The Company extended interest-free advances amounting to $24,700,000 (2014: $24,700,000) to 5 shareholders of China Satellite Group. The advances are secured by 25.19% (2014: 25.19%) equity interest in China Satellite Group and will be offset against the purchase consideration of the proposed acquisition of additional equity interest in China Satellite Group as disclosed in Note 7, or repayable on 31 January 2016 in the event that the proposed acquisition is not completed by then (2014: 31 January 2015).

(iv) During the year, the Company granted interest-free earnest deposits amounting to $19,100,000 (2014: Nil) to another 5 shareholders of China Satellite Group. These earnest deposits will be offset against the purchase consideration of the proposed acquisition of additional equity interest of 20.76% (2014: Nil) in China Satellite Group as disclosed in Note 7, or repayable on 23 January 2016 in the event that the proposed acquisition is not completed by then. For the purpose of consolidated statement of cash flows, the Group has paid $1,000,000 in cash and the remaining $18,100,000 was paid directly by the Company's shareholders in a new shares issuance by placement as disclosed in Note 17 (ii).

(v) The non-trade balance is interest-free, unsecured and repayable on demand.

12. DUE FROM / (TO) AN ASSOCIATE (NON-TRADE) DUE TO A SUBSIDIARY (NON-TRADE)

These balances are interest-free, unsecured and repayable on demand.

(Amounts in thousands Hong Kong dollar "$'000" unless otherwise stated)

13. TRADE AND OTHER PAYABLES

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Trade payables	153	1,968	-	-
Other payables (i)	21,018	4,438	15,327	2,466
Accrued operating expenses	659	5,990	2,125	980
Deposits	-	629	-	-
Due to a director (non-trade) (ii)	1,154	-	-	-
	22,984	13,025	17,452	3,446

(i) Included in the balance is financial guarantee recognised as a financial liability, amounting to US$1,500,000 (equivalent to approximately $11,700,000). In 2014, the Company provided an unconditional and irrecoverable financial guarantee to a mobile satellite communication service provider ("Service Provider") of its associate, China Satellite Group, to indemnify the Service Provider against all losses and default from China Satellite Group, in the event that the associate is unable to meet its obligation of at least 10,000,000 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 31 March 2015, China Satellite Group owed an amount of US$1,500,000 (equivalent to approximately $11,700,000) to the Service Provider in connection with the airtime commitment. In view of this, the financial guarantee is recognised as a liability owing by the Group to the Service Provider as at 31 March 2015, which is treated as a corresponding loan to the associate included in amount due from an associate (Note 12).

(ii) Amount due to a director is interest-free, unsecured and repayable on demand.

14. LEASE OBLIGATIONS

Group	Minimum lease payments	Interest	Present value of payments
	$'000	$'000	$'000
2014			
Current portion:			
- Not later than 1 year	176	(20)	156

During the year, a motor vehicle held under finance lease (Note 4) was disposed to a third party and the remaining finance lease obligation has been fully repaid. As at 31 March 2015, the Group and the Company have no finance lease obligations.

15. SHORT-TERM BORROWING

Borrowing from a third party is guaranteed by a director of the Company. It bears interest at 12% (2014: 12%) per annum. During the current year, the repayment has been extended for a year to be 15 August 2015.

(Amounts in thousands Hong Kong dollar "$'000" unless otherwise stated)

16. DEFERRED TAX LIABILITIES

	Group	
	2015	2014
	$'000	$'000
At beginning of the year	3,237	2,037
Recognised in the profit or loss (Note 31)	-	1,162
Currency translation difference	15	38
At end of the year	3,252	3,237

The components and movement of deferred tax liabilities during the financial year are as follows:

Group	Trade receivables	Asset revaluation of investment property / non-current asset held for sale	Others	Total
	$'000	$'000	$'000	$'000
2015				
At beginning of the year	3,101	-	136	3,237
Currency translation difference	14	-	1	15
At end of the year	3,115	-	137	3,252
2014				
At beginning of the year	1,372	652	13	2,037
Recognised in the profit or loss	1,704	(662)	120	1,162
Currency translation difference	25	10	3	38
At end of the year	3,101	-	136	3,237

The Group has unused tax losses and capital allowances carried forward amounting to $94,409,000 and $356,000 respectively (2014: $78,412,000 and $356,000 respectively). No deferred tax asset is recognised due to uncertainty of its recoverability. The use of these balances is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies in the Group operate. Tax losses, amounting to $4,747,000 (2013: Nil), relate to a subsidiary in PRC which will expire in 2020. Tax losses and capital allowances, that do not expire, amounting to $89,662,000 and $356,000 respectively (2014: $78,412,000 and $356,000 respectively) relate to subsidiaries in Singapore and Hong Kong, with histories of losses, may not be used to offset taxable income elsewhere in the Group.

(Amounts in thousands Hong Kong dollar "$'000" unless otherwise stated)

17. SHARE CAPITAL

	2015			2014	
Group and Company	Number of ordinary shares of $0.05 each	Number of ordinary shares of $0.001 each	$'000	Number of ordinary shares of $0.05 each	$'000
Authorised					
At beginning of the year	10,000,000,000	-	500,000	10,000,000,000	500,000
Capital reorganisation (i)	(10,000,000,000)	10,000,000,000	(400,000)	-	-
Increase (i)	-	90,000,000,000	-	-	-
At end of the year	-	100,000,000,000	100,000	10,000,000,000	500,000
Issued and fully paid					
At beginning of the year	3,829,523,474	-	191,476	2,523,823,474	126,191
Issued for cash (ii)	1,440,000,000	-	72,000	1,292,700,000	64,635
Issued for share based payment (iii)	-	-	-	13,000,000	650
Capital reorganisation (i)	(5,269,523,474)	5,269,523,474	(258,206)	-	-
Performance share allotted (iv)	-	150,000,000	150	-	-
Issued for cash (ii)	-	2,121,290,000	2,121	-	-
At end of the year	-	7,540,813,474	7,541	3,829,523,474	191,476

As at 31 March 2015, the ordinary shares of the Company carry par value of $0.001 each. The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The newly issued shares rank *pari passu* in all respects with previously issued shares.

(i) Capital Reorganisation

Pursuant to special resolutions passed in a special general meeting on 7 November 2014, the shareholders approved the followings:

(a) the par value of all shares in the authorised share capital of the Company be reduced from $0.05 each to $0.001 each, resulting in the reduction of the authorised share capital of the Company from $500,000,000 divided into 10,000,000,000 shares of par value $0.05 each to $10,000,000 divided into 10,000,000,000 shares of par value $0.001 each;

(b) the Company's authorised share capital be increased from $10,000,000 divided into 10,000,000,000 shares of par value $0.001 each to $100,000,000 divided into 100,000,000,000 shares of par value $0.001 each by the creation of 90,000,000,000 shares of par value $0.001, each rank *pari passu* in all respects with the existing shares;

(c) the issued and paid up share capital of the Company be reduced from $263,476,174 divided into 5,269,523,474 ordinary shares of par value $0.05 each in the issued share capital of the Company to $5,269,523 divided into 5,269,523,474 shares of par value $0.001 each by cancelling the paid-up capital of the Company to the extent of $0.049 on each issued share of par value $0.05 amounting to $258,206,650 such that the par value of each of the issued shares be reduced from $0.05 to $0.001; and

17. SHARE CAPITAL (Continued)

(i) Capital Reorganisation (Continued)

(d) the credit amount of $258,206,650 arising from this capital reduction exercise is credited to the contributed surplus account of the Company, resulting the total credit amount of $301,554,650 in the contributed surplus account of the Company of which $285,098,000 be applied to set off the accumulated losses in its entirety.

(ii) 2015

On 25 July 2014, the Company issued 1,440,000,000 new ordinary shares of $0.05 each by way of placement at an issue price of $0.05 for each placement share.

On 17 February 2015, the Company issued 2,121,290,000 new ordinary shares of $0.001 each by way of placement at an issue price of S$0.005 (equivalent to $0.0279) for each placement share.

The net proceeds from the above shares issuance amounted to approximately $71,842,000, after deducting the following direct payments from the shareholders to third parties on behalf of the Company:

(a) issue costs of $8,790,000;
(b) additional convertible loan of $33,950,000 (Note 11(iii));
(c) interest-free earnest deposits of $18,100,000 (Note 11(iv))

2014

On 30 April 2013, the Company issued an aggregate of 715,700,000 new ordinary shares of $0.05 each by way of placement of 410,000,000 new ordinary shares at an issue price of S$0.0217 (equivalent to $0.136) for each placement share and an offer for subscription with eight independent investors of 305,700,000 new ordinary shares at an issue price of S$0.0217 for each subscription share.

On 8 January 2014, the Company issued 577,000,000 new ordinary shares of $0.05 each by way of placement at an issue price of S$0.0115 (equivalent to $0.07) for each placement share.

The net proceeds from the shares issued after deducting issue costs, amounted to $130,854,000.

(iii) On 23 July 2013, the Company issued 13,000,000 new ordinary shares of $0.05 each to Asian Corporate Advisors Pte. Ltd. at an issue price of S$0.0217 (equivalent to $0.136) each in relation to, *interalia,* the professional work and services for placement and subscription of 715,700,000 ordinary shares in note (i) above.

(iv) As disclosed in the annual report of the previous financial year, pursuant to the Armada Group Limited Performance Share Plan ("Armada PSP") approved by shareholders in July 2013, the Company granted 150 million performance shares (with a weighted average share price of S$0.0123) to eligible employees in December 2013 provided certain prescribed performance target are met by 31 March 2014. All these performance shares granted has been vested during the previous financial year by fulfillment of the relevant performance target, and accordingly 150 million of new ordinary shares have been issued and allotted on 17 February 2015.

The maximum shares to be issued under the Armada PSP are 15% of the Company's issued shares from time to time (excluding treasury shares) on the day preceding the grant date. There are no new grants under the Armada PSP during the current financial year.

(Amounts in thousands Hong Kong dollar "$'000" unless otherwise stated)

18. SHARE PREMIUM

	Group and Company	
	2015	2014
	$'000	$'000
At beginning of the year	337,117	271,548
Issuance of new ordinary shares:		
- for cash (Note 17 (ii))	58,561	73,738
- for performance share allotted	8,878	-
- for share-based payment (Note 17 (iii))	-	1,122
Less: Share issue cost (a)	(11,265)	(9,291)
At end of the year	393,291	337,117

(a) In prior year, an amount of $1,772,000 was satisfied by share-based payment transaction by issuing 13,000,000 new ordinary shares to the Company's financial advisor (Note 17 (iii)). In current year, all share issue costs were settled by cash.

19. CONTRIBUTED SURPLUS

Group and Company	2015
	$'000
Capital Reorganisation 2010 (i)	
Arising from Capital Reduction	84,696
Less: Offset against accumulated loss	(41,348)
At beginning of the year	43,348
Capital Reorganisation 2015 (ii)	
Arising from Capital Reduction	258,206
Less: Offset against accumulated loss (Note 25)	(285,098)
At end of the year	16,456

(i) By a special resolution passed on 30 April 2010, the authorised share capital of the Company was changed from 900,000,000 shares at par value of $0.20 each to 3,600,000,000 shares at par value of $0.05 each. The issued and paid up share capital of the Company was reduced from $112,928,000 (564,640,474 shares at par value of $0.20 each) to $28,232,000 (564,640,474 shares at par value of $0.05 each). As a result of the capital reduction, the difference of $84,696,000 arising from the capital reorganisation was credited to the contributed surplus account of which $41,348,000 was utilised in 2010 to set off against the accumulated losses.

(ii) By a special resolution passed on 7 November 2014, the authorised share capital of the Company was changed from 10,000,000,000 shares of par value of $0.05 each to 100,000,000,000 shares of par value of $0.001 each (Note 17). The issued and paid up share capital of the Company was reduced from $263,476,174 (5,269,523,474 shares at par value of $0.05 each) to $5,269,524 (5,269,523,474 shares at par value of $0.001 each). As a result of the capital reduction, the difference of $258,206,650 arising from the capital reorganisation was credited to the contributed surplus account, resulting in a total amount of $301,554,650 in the contributed surplus account, of which approximately $285,098,000 was utilised to set off against accumulated losses (Note 25).

(Amounts in thousands Hong Kong dollar "$'000" unless otherwise stated)

20. TRANSLATION RESERVE

	Group	
	2015	2014
	$'000	$'000
At beginning of the year	32,838	31,975
Net currency translation difference of financial statements of foreign subsidiaries	(193)	397
Share of translation reserve of associates (Note 7)	69	466
At end of the year	32,714	32,838

21. STATUTORY RESERVE

In accordance with the Foreign Enterprise Law of the PRC, the subsidiary, being a wholly foreign-owned enterprise (WFOE) is required to make contributions to a statutory reserve fund. At least 10 per cent of the statutory after-tax profits as determined in accordance with the applicable PRC accounting standards and regulations is required to be allocated to the reserve fund. If the cumulative total of the statutory reserve fund reaches 50% of the subsidiary's registered capital, the enterprise will not be required to make any additional contribution.

The reserve fund may be used to offset accumulated losses or increase the registered capital of the subsidiary, subject to approval from the relevant PRC authorities and is not available for dividend distribution to the shareholders. The PRC enterprise is prohibited from distributing dividends unless the losses (if any) of previous years have been made up.

These non-distributable reserves represent amounts set aside in compliance with the local laws in the PRC where the subsidiary operates. The subsidiary is considered a foreign investment enterprise and the percentage of appropriation from the net profit for the year to the various reserve funds are determined by the Board of Directors of the subsidiary.

22. REVALUATION RESERVE

	Group	
	2015	2014
	$'000	$'000
At beginning of the year	98	1,561
Less: Transfer of revaluation reserve upon disposal of non-current assets held for sale to accumulated losses (Note 25)	-	(1,463)
At end of the year	98	98

(Amounts in thousands Hong Kong dollar "$'000" unless otherwise stated)

23. SHARE-BASED CAPITAL RESERVE

	Group and Company	
	2015	2014
	$'000	$'000
At beginning of the year	9,028	-
Performance share plan (Notes 17 and 28)	-	9,028
Performance share allotted (Notes 17 and 28)	(9,028)	-
At end of the year	-	9,028

Upon fulfilment of vesting conditions and allotment of shares, the related balance previously recognised in the Share-based Capital Reserve has been credited to the Share Capital account at par value with the remaining credited to Share Premium account.

24. OTHER DEFICIT

Other deficit arises from the acquisition of non-controlling interest of CRL completed on 22 June 2011 and BTL on 8 January 2009. The Group recognised any premiums or discounts on purchase of equity instruments from non-controlling interest of these subsidiaries subsequent to obtaining control.

25. ACCUMULATED LOSSES

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
At beginning of the year	(285,098)	(198,336)	(379,901)	(229,814)
Loss for the year	(42,511)	(88,225)	(74,478)	(150,087)
Transfer of revaluation reserve upon disposal of non-current assets held for sale (Note 22)	-	1,463	-	-
Write off of accumulated losses against contributed surplus (Note 19)	285,098	-	285,098	-
At end of the year	(42,511)	(285,098)	(169,281)	(379,901)

26. REVENUE

	Group	
	2015	2014
	$'000	$'000
Sale of equipment and electronic chips	12,267	15,725
Rendering of IT services	783	1,238
	13,050	16,963

(Amounts in thousands Hong Kong dollar "$'000" unless otherwise stated)

27. OTHER INCOME

	Group	
	2015	2014
	$'000	$'000
Foreign exchange gain, net	330	-
Gain on disposal of plant and equipment	-	23
Gain on disposal of non-current assets held for sale [(i)]	-	2,858
Interest income on convertible loan	3,067	-
Other interest income	-	18
Others	1	248
	3,398	3,147

(i) In March 2013, a subsidiary entered into sale and purchase agreements with 2 third parties to dispose its two levels of office space in a commercial building in Zhuhai, PRC, included in plant and equipment, and investment property respectively. The disposal is aligned with the Group's plan to downsize its core business.

During the financial year ended 31 March 2014, a gain on disposal of $2,858,000 has been recognised in the profit or loss and the corresponding revaluation reserve (Note 22) has been transferred to accumulated losses upon derecognition of the non-current assets held for sale. The disposal has been completed and the legal titles of the properties transferred to the respective buyers.

28. PERSONNEL EXPENSES

	Group	
	2015	2014
	$'000	$'000
Salaries and allowances	8,713	8,974
Performance share plan (Note 17 and 23)	-	9,028
Contributions to defined contribution retirement plans	362	385
Other welfare and benefits	250	399
	9,325	18,786

Personnel expenses include directors' remuneration as disclosed in Note 30 and 33.

(Amounts in thousands Hong Kong dollar "$'000" unless otherwise stated)

29. OTHER EXPENSES

	Group	
	2015	2014
	$'000	$'000
Cancellation fees [(i)]	-	6,523
Entertainment expenses	1,006	3,663
Foreign exchange loss, net	-	961
Loss on disposal of plant and equipment	121	-
Marketing expenses	362	382
Operating lease expenses	2,010	2,524
Professional fees paid / payable by cash [(ii)]	13,449	25,423
Travelling expenses	1,363	3,354
Audit fees	1,349	1,548
Others	3,536	4,610
	23,196	48,988

(i) In prior year, cancellation fees mainly arose due to the cancellation of management's plans to establish a customer service & call support centre and software development for a prepaid card top-up and client account management system, both in relation to the mobile satellite communication operation of China Satellite Group.

(ii) Included in the professional fees are consultancy fees amounting to $10,379,000 (2014: $14,561,000) paid or payable to third parties to coordinate the process to obtain PRC regulatory approvals / licences and to perform business development, for the mobile satellite communication business in PRC for China Satellite Group.

30. LOSS BEFORE TAX

This is determined after charging the following:

	Group	
	2015	2014
	$'000	$'000
Directors' remuneration		
- directors of the Company	1,020	7,208
- directors of subsidiaries	1,655	1,801
Directors' fees		
- directors of the Company	866	827
Audit fees		
- auditors of the Company	1,206	822
- other auditors	128	710
Non-audit fees		
- auditors of the Company	15	16

(Amounts in thousands Hong Kong dollar "$'000" unless otherwise stated)

31. INCOME TAX

Major components of income tax expense for the year ended were:

	Group	
	2015	2014
	$'000	$'000
Deferred tax (Note 16)		
- current year	-	1,162

The reconciliation of the income tax expense and the product of accounting loss multiplied by the applicable rate is as follows:

	Group	
	2015	2014
	$'000	$'000
Accounting loss	(42,511)	(87,063)
Tax at the applicable tax rate of 16.5% (2014: 16.5%)	(7,014)	(14,365)
Tax effect of		
- different tax rates in other countries	(1,237)	(990)
- losses incurred in tax free jurisdiction	2,582	9,878
- expenses not deducted for tax purposes	1,300	1,011
- unutilised tax losses not recognised	3,043	2,235
- share of loss of associate	1,326	3,393
Tax expense	-	1,162

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, 1966, 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, at least until year 2035.

Hong Kong

The Group's profits derived in Hong Kong are subject to Hong Kong statutory tax at 16.5% (2014: 16.5%). No tax provision for Hong Kong profits was made, as there was no assessable profit derived in Hong Kong in the current and preceding years.

PRC

The subsidiary is subject to PRC income tax of 25% (2014: 25%) and withholding tax of 5% (2014: 5%) respectively. No tax provision was made, as it has been recording accumulated losses from financial year ended 31 December 2008 onwards.

(Amounts in thousands Hong Kong dollar "$'000" unless otherwise stated)

31. INCOME TAX (Continued)

Singapore

No Singapore income tax was payable in respect of the Group's operations in Singapore, as such operations sustained losses for tax purposes during the current and preceding years.

BVI

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

32. LOSS PER SHARE

(i) Basic loss per share

Basic loss per share is calculated by dividing the net loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year (Note 17):

	Group	
	2015	2014
Net loss attributable to equity holders of the Company ($'000)	(42,511)	(88,225)
Weighted average number of ordinary shares outstanding for basic loss per share ('000)	5,083,401	3,290,847
Basic loss per share (cents)	(0.84)	(2.68)

(ii) Diluted loss per share

For the purpose of calculating diluted loss per share, loss attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. There are no dilutive potential ordinary shares issued and/or granted at current year end.

In prior year, performance shares (Note 17) have not been included in the calculation of diluted loss per share because their conversion to ordinary shares would decrease loss per share, as a result, they are not treated as dilutive potential ordinary shares.

Other than the convertible bonds issued subsequent to the balance sheet date (Note 36), there have been no transactions involving ordinary shares or potential ordinary shares subsequent to balance sheet date and before the authorisation of these financial statements that would have changed significantly.

(Amounts in thousands Hong Kong dollar "$'000" unless otherwise stated)

33. RELATED PARTY INFORMATION

Some of the arrangements with related parties (as defined in Note 3 above) and the effects of these bases determined between the parties are reflected elsewhere in this report. Transactions between the Company and its subsidiaries, which are related companies of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related companies are disclosed below.

	Group	
	2015	2014
	$'000	$'000
Loan to an associate relating to financial guarantee contract with Service Provider (Note 13(i))	11,700	-
Payment made on behalf of an associate	5,291	13,323
Received on behalf of an associate	3,103	11,205
Advance obtained from an associate	695	-
Motor vehicle sold to a director of a subsidiary	265	-
Guarantee issued by a director in connection with short-term borrowing (Note 15)	6,000	6,000

Key management personnel compensation		
Directors of the Company		
- Salary and related costs	1,020	1,308
- Performance share expenses	-	5,900
- Directors' fee	866	827
Directors of subsidiaries		
- Salary and related costs	1,620	1,771
- Pension contributions	35	30
Other key management personnel		
- Salary and related costs	1,260	1,094
- Pension contributions	18	15
- Performance share expenses	-	1,264
	4,819	12,209
Categories of total compensation:		
- Short-term employment benefits	4,766	5,000
- Post-employment benefits	53	45
- Share-based payments	-	7,164
	4,819	12,209

The remuneration of directors and key management is determined by the remuneration committee having regard to the performance of individuals and market trends.

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. All directors and certain managers are considered key management personnel.

(Amounts in thousands Hong Kong dollar "$'000" unless otherwise stated)

34. NON-CANCELLABLE OPERATING LEASE COMMITMENTS

The Group leases certain buildings and motor vehicles under non-cancellable operating lease agreements. The future aggregate minimum leases payments under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities are as follows:

	Group	
	2015	2014
	$'000	$'000
Not later than one year	107	1,731
Later than one year but not later than five years	160	840
	267	2,571

35. SEGMENT INFORMATION

The Group has 3 reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's CEO (the chief operating decision maker) reviews internal management reports on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- Segment 1: Provision of IT services: Provision of IT consultancy services (including similar services carried out through investment in an associate – Fesco E-HR)
- Segment 2: Trading of IT equipment: Trading of IT equipment and RFID chips
- Segment 3: Mobile satellite services: Provision of mobile satellite communication services and distribution of satellite phones (carried out through investment in an associate – China Satellite Group)

Other business operations include investment holding and is categorised as "All other segments".

Information regarding the results of each reportable segment is included below. Performance is measured based on segment results as included in the internal management reports that are reviewed by the Group's CEO. All other segments' items include the followings:

- Revenue comprise mainly interest income.
- Expenses comprise mainly head office expenses.
- Assets comprise mainly corporate assets (primarily the Company's headquarters), convertible loan receivable and deposit paid for a proposed acquisition.

In the previous financial year, mobile satellite services were grouped under "All other segments". It has been disclosed separately for financial year ended 31 March 2015. The comparative information presented has been restated to reflect the change in composition during the financial year.

(Amounts in thousands Hong Kong dollar "$'000" unless otherwise stated)

35. SEGMENT INFORMATION (Continued)

Business segments

2015	Provision of IT services	Trading of IT equipment	Mobile satellite services	All other segments	Total Group
	$'000	$'000	$'000	$'000	$'000
Revenue (including other income)	783	12,267	-	3,067	16,117
Segment loss	(5,483)	(8,415)	(16,593)	(11,281)	(41,772)
Finance costs					(739)
Loss before tax					(42,511)
Income tax					-
Loss for the year					(42,511)
Segment assets	11,226	14,750	217,587	156,265	399,828
Segment liabilities	-	521	12,395	16,763	29,679
Unallocated liabilities					
- Income tax payable					2,911
- Deferred tax liabilities					3,252
					6,163
Consolidated total liabilities					35,842
Other segment items					
Capital expenditure	-	36	-	8	44
Depreciation of plant and equipment	-	232	-	132	364
Amortisation of intangible assets	168	390	-	-	558
Impairment of intangible assets	670	1,562	-	-	2,232
Impairment of investment in an associate	3,245	-	-	-	3,245
Share of loss of associates	1,663	-	6,376	-	8,039

(Amounts in thousands Hong Kong dollar "$'000" unless otherwise stated)

35. SEGMENT INFORMATION (Continued)

Business segments (Continued)

2014 (Restated)	Provision of IT services	Trading of IT equipment	Mobile Satellite Services	All other segments	Total Group
	$'000	$'000	$'000	$'000	$'000
Revenue (including other income)	1,238	15,725	-	3,147	20,110
Segment loss	(13,820)	(11,065)	(24,175)	(37,630)	(86,690)
Finance costs					(373)
Loss before tax					(87,063)
Income tax					(1,162)
Loss for the year					(88,225)
Segment assets	16,814	21,103	192,899	79,703	310,519
Segment liabilities	260	2,488	-	16,433	19,181
Unallocated liabilities					
- Income tax payable					2,897
- Deferred tax liabilities					3,237
					6,134
Consolidated total liabilities					25,315
Other segment items					
Capital expenditure	-	773	-	583	1,356
Depreciation of plant and equipment	-	281	-	126	407
Amortisation of intangible assets	248	496	-	-	744
Impairment of investment in an associate	2,923	-	-	-	2,923
Performance share expense	-	-	-	9,028	9,028
Share of loss of associates	11,140	-	9,426	-	20,566
Gain on disposal of non-current assets held for sale	-	-	-	2,858	2,858

(Amounts in thousands Hong Kong dollar "$'000" unless otherwise stated)

35. SEGMENT INFORMATION (Continued)

Business segments (Continued)

The Group has neither balances nor transactions between segments for the financial year ended 31 March 2015 and 2014.

Reconciliations of reportable segment revenues

	2015 $'000	2014 $'000
Total revenue for reportable segments	16,117	20,110
Less: Income from all other segments included as other income (Note 27)	(3,067)	(3,147)
Consolidated revenue	13,050	16,963

Geographical information

The Group's two business segments operate in two main geographic areas:

- Hong Kong and People's Republic of China ("PRC") - The operations in this area are principally the provision of IT services and trading of IT equipment.
- Singapore - The operations in this area include investment holding, treasury functions and provision of administrative and management services.

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Hong Kong	6,190	5,066	549	894
PRC	10,258	15,044	247,151	179,651
	16,448	20,110	247,700	180,545

Revenues of approximately $4,650,000 (2014: $7,425,000) are derived from a single external customer, which are attributable to "Provision of IT services" and "Trading of IT equipment" segment.

Revenues of approximately $5,600,400 (2014: $4,680,000) are derived from a single external customer, which is attributable to "Trading of IT equipment" segment.

Revenues of approximately $2,791,000 (2014: $4,858,000) are derived from a single external customer, which is attributable to "Trading of IT equipment" segment.

Non-current assets information presented above consist of plant and equipment, intangible assets, investments in associates and other assets excluding financial instruments as presented in the consolidated balance sheet.

(Amounts in thousands Hong Kong dollar "$'000" unless otherwise stated)

35. SEGMENT INFORMATION (Continued)

Geographical information (Continued)

Revenue from major products

Revenues from external customers are mainly derived from sale of IT equipment and RFID chips. Breakdown of the revenue are as follows:

	2015	2014
	$'000	$'000
Provision of IT services	783	1,238
Trading of IT equipment:		
- IT equipment	6,667	11,045
- RFID chips	5,600	4,680
Interest income (exclude foreign exchange gain) (Note 27)	3,067	3,147
	16,117	20,110

36. SUBSEQUENT EVENT

On 30 April 2015, the Company issued 12% convertible bonds denominated in Singapore dollar with a nominal value of S$2,256,000 (equivalent to $12,700,000). The bonds are due for repayment two years from the issue date ("Maturity Date") at their nominal value of S$2,256,000. The bondholders may convert all or part of the principal amount of the outstanding bonds, excluding any accrued and unpaid interest, in respect of each bond into new ordinary shares in the capital of the Company, at the rate of S$0.006 per conversion share, at any time within the period commencing seven months from the issue date up until the Maturity Date. The number of shares to be issued upon full conversion amounted to 376,000,000 ordinary shares, subject to adjustment arising from consolidation or subdivision of shares.

37. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include market risk (including foreign exchange risk and interest rate risk), liquidity risk and credit risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is the Group's policy not to trade in derivative contracts.

(Amounts in thousands Hong Kong dollar "$'000" unless otherwise stated)

37. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(i) Market risk

(a) Foreign exchange risk

The Group operates mainly in Hong Kong and PRC and the Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily with respect to Chinese Renminbi and United States dollar.

Currently, the PRC government imposes control over foreign currencies. RMB, the official currency in the PRC, is not freely convertible. Enterprises operating in the PRC can enter into exchange transactions through the People's Bank of China or other authorised financial institutions.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations mainly in China and Singapore. The Group's net investments in China and Singapore are not hedged as currency position in Chinese Renminbi and Singapore dollar are considered to be long term in nature.

Group 2015	Hong Kong dollar $'000	Chinese Renminbi $'000	Singapore dollar $'000	United States dollar $'000	Total $'000
Financial assets					
Trade and other receivables	125,645	1,956	-	768	128,369
Due from an associate (non-trade)	3,760	-	-	11,700	15,460
Cash and bank balances	7,877	28	3	6	7,914
Intra-group receivables	662,373	56,676	3,415	-	722,464
	799,655	58,660	3,418	12,474	874,207
Financial liabilities					
Trade and other payables	3,234	4,992	2,850	11,908	22,984
Short-term borrowing	6,000	-	-	-	6,000
Due to an associate (non-trade)	-	695	-	-	695
Intra-group payables	662,373	56,676	3,415	-	722,464
	671,607	62,363	6,265	11,908	752,143
Net financial assets / (liabilities)	128,048	(3,703)	(2,847)	566	122,064
Less: Net financial assets denominated in the respective entities functional currencies	(109,933)	(27,974)	(3,305)	-	(141,212)
Foreign currency exposure	18,115	(31,677)	(6,152)	566	(19,148)

(Amounts in thousands Hong Kong dollar "$'000" unless otherwise stated)

37. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(i) Market risk (Continued)

(a) Foreign exchange risk (Continued)

Group 2014	Hong Kong dollar $'000	Chinese Renminbi $'000	Singapore dollar $'000	United States dollar $'000	Total $'000
Financial assets					
Trade and other receivables	89,969	24,283	-	3,500	117,752
Due from an associate (non-trade)	1,572	-	-	-	1,572
Cash and bank balances	622	9,326	228	2	10,178
Intra-group receivables	566,220	-	3,511	-	569,731
	658,383	33,609	3,739	3,502	699,233
Financial liabilities					
Trade and other payables	3,089	6,401	1,852	1,683	13,025
Lease obligations	156	-	-	-	156
Short-term borrowing	6,000	-	-	-	6,000
Intra-group payables	566,220	-	3,511	-	569,731
	575,465	6,401	5,363	1,683	588,912
Net financial assets / (liabilities)	82,918	27,208	(1,624)	1,819	110,321
Less: Net financial assets denominated in the respective entities functional currencies	(59,802)	(27,208)	(3,702)	-	(90,712)
Foreign currency exposure	23,116	-	(5,326)	1,819	19,609

(Amounts in thousands Hong Kong dollar "$'000" unless otherwise stated)

37. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(i) Market risk (Continued)

(a) Foreign exchange risk (Continued)

Company 2015	Hong Kong dollar	Singapore dollar	United States dollar	Total
	$'000	$'000	$'000	$'000
Financial assets				
Trade and other receivables	118,860	-	-	118,860
Due from an associate (non-trade)	11,700	-	-	11,700
	130,560	-	-	130,560
Financial liabilities				
Trade and other payables	14,581	2,816	55	17,452
Due to a subsidiary (non-trade)	25,440	3,376	-	28,816
Short-term borrowing	6,000	-	-	6,000
	46,021	6,192	55	52,268
Net financial assets / (liabilities)	84,539	(6,192)	(55)	78,292
Less: Net financial assets denominated in the Company's functional currency	(84,539)	-	-	(84,539)
Foreign currency exposure	-	(6,192)	(55)	(6,247)

Company 2014	Hong Kong dollar	Singapore dollar	United States dollar	Total
	$'000	$'000	$'000	$'000
Financial assets				
Trade and other receivables	74,750	-	-	74,750
Cash and bank balances	4	-	-	4
	74,754	-	-	74,754
Financial liabilities				
Trade and other payables	1,496	1,815	135	3,446
Due to a subsidiary (non-trade)	30,440	3,511	-	33,951
Short-term borrowing	6,000	-	-	6,000
	37,936	5,326	135	43,397
Net financial assets / (liabilities)	36,818	(5,326)	(135)	31,357
Less: Net financial assets denominated in the Company's functional currency	(36,818)	-	-	(36,818)
Foreign currency exposure	-	(5,326)	(135)	(5,461)

(Amounts in thousands Hong Kong dollar "$'000" unless otherwise stated)

37. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(i) Market risk (Continued)

(a) Foreign exchange risk (Continued)

Foreign exchange risk sensitivity

The following table details the sensitivity to a 10% increase and decrease in the Hong Kong dollar against the relevant foreign currencies. 10% represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

If the Hong Kong dollar strengthens by 10% (2014: 10%) against the relevant foreign currency, with all other variables held constant, loss for the year or other comprehensive loss, net of tax will increase / (decrease) by:

Group	Hong Kong dollar *	Chinese Renminbi	Singapore dollar	United States dollar
	$'000	$'000	$'000	$'000
2015				
Loss for the year	-	-	(514)	47
Other comprehensive loss, net of tax	(1,513)	(2,645)	-	-
2014				
Loss for the year	-	-	(445)	152
Other comprehensive loss, net of tax	(1,930)	-	-	-

* Against RMB, the functional currency of a PRC subsidiary

Company	Singapore dollar	United States dollar
	$'000	$'000
2015		
Loss for the year	(517)	(5)
2014		
Loss for the year	(445)	(11)

A 10% weakening of Hong Kong dollar against the relevant foreign currencies at the balance sheet date would have had the equal but opposite effect on the above currencies to the amount shown above, on the basis that all other variables remain constant.

(Amounts in thousands Hong Kong dollar "$'000" unless otherwise stated)

37. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(i) Market risk (Continued)

(b) Interest rate risk

The Group's policy is to obtain the most favourable interest rates available without increasing its foreign currency exposure. The Group constantly monitors its interest rate risk and does not utilise interest rate swap or other arrangements for trading or speculative purposes. As at 31 March 2015, there were no such arrangements, interest rate swap contracts or other derivative instruments outstanding.

Other than the lease obligations, cash and bank balances, amounts due from subsidiaries and borrowing, the Group and the Company do not have financial instruments exposed to interest rate risk as at 31 March 2015. The Group adopts a policy of ensuring that over 90% of its exposure to changes in interest rate on borrowing is on a fixed rate basis. The Group's finance lease obligations are on fixed rate basis for the year presented.

The following table sets out the carrying amount, of the Group's financial instruments, that are exposed to interest rate risk:

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Within 1 year – fixed rates				
Financial asset				
Convertible loan receivable (Note 11(ii))	72,000	50,050	72,000	50,050
Financial liabilities				
Lease obligations (Note 14)	-	156	-	-
Short term borrowing (Note 15)	6,000	6,000	6,000	6,000
Within 1 year – floating rates				
Financial asset				
Cash and bank balances	7,914	10,178	-	4

Interest in financial instruments subject to floating interest rates is repriced regularly. Interests on financial instruments at fixed rates are fixed until the maturity of the instruments. The other financial instruments of the Group that are not included in the above table are not subject to interest rate risks.

As the impact of changes in floating interest rates on the Group's financial instruments is minimal, sensitivity analysis is not prepared.

(Amounts in thousands Hong Kong dollar "$'000" unless otherwise stated)

37. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(ii) Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and bank balances deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations. Management monitors rolling forecasts of the Group's and the Company's liquidity reserve, cash and bank balances on the basis of expected cash flows.

As at 31 March 2015, the Group has cash at bank balances deposited with banks in the PRC denominated in RMB amounting to $28,000 (RMB22,000) (2014: $9,326,000 (RMB7,411,000)). The RMB is not freely convertible into other currencies. Under the PRC's Foreign Exchange Control Regulations and Administration of settlement, sale and payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks that are authorised to conduct currency exchange business.

The following tables detail the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Company can be required to pay.

Group	On demand or not later than 1 year
	$'000
2015	
Non-derivative instruments	
Trade and other payables	22,984
Due to an associate (non-trade)	695
Short-term borrowing	6,272
	29,951
2014	
Non-derivative instruments	
Trade and other payables	13,025
Lease obligations	176
Short-term borrowing	6,272
	19,473

(Amounts in thousands Hong Kong dollar "$'000" unless otherwise stated)

37. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(ii) Liquidity risk (Continued)

Company	On demand or not later than 1 year
	$'000
2015	
Non-derivative instruments	
Trade and other payables	17,452
Due to a subsidiary (non-trade)	28,816
Short-term borrowing	6,272
	52,540
2014	
Non-derivative instruments	
Trade and other payables	3,446
Due to a subsidiary (non-trade)	33,951
Short-term borrowing	6,272
	43,669

(iii) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and arises principally from the Group's trade receivables from customers and other receivables. The Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk.

At the balance sheet date, the Group's significant credit risk exposure to single counterparty or group of counterparties having similar characteristics without collaterals, are analysed as follows:

- Approximately $1,319,000 (2014: $5,742,000) of the Group's trade receivables were due from 2 (2014: 3) major customers who are private limited companies operating in Hong Kong and PRC.

- Approximately $19,100,000 unsecured earnest deposits are paid to 5 individual shareholders of the China Satellite Group as disclosed in Note 11[(iv)].

- Approximately $15,460,000 (2014: $1,572,000) due from an associate (non-trade) mainly pertain to financial guarantee provided to the China Satellite Group as disclosed in Note 13[(i)].

- Approximately $5,510,000 (2014: $7,363,423) loan due from a third party for future collaboration with China Mobile Satellite's business as disclosed in Note 11[(i)].

- Approximately $3,067,000 (2014: Nil) interest income receivable arising from the convertible loan receivable from an individual as disclosed in Note 11[(ii)].

(Amounts in thousands Hong Kong dollar "$'000" unless otherwise stated)

37. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(iii) Credit risk (Continued)

Based on assessments conducted by the management on the fair value of the collaterals as at 31 March 2015, the management expects that any credit risk from convertible loan receivable and advances to third parties (secured) totalling $96,700,000 (2014: $74,750,000) can be fully mitigated by the collaterals as disclosed in Note 11[(ii)] and Note 11[(iii)] respectively. The Group and Company do not hold any other collateral, the maximum exposure to credit risk for each class of financial instrument is the carrying amount of that class of financial instruments presented on the balance sheet.

The credit term granted to trade receivables range from 30 to 60 days (2014: 30 to 60 days) term. No interest is charged on the trade receivables balances.

Cash and bank balances are placed with reputable local financial institutions in Hong Kong, PRC and Singapore. Therefore, credit risk arises mainly from the inability of its customers to make payments when due. The amounts presented in the balance sheets are net of allowances for impairment loss, estimated by management based on prior experience and the current economic environment.

The credit risk for trade and other receivables (excluding prepayments and deposits) based on the information provided to key management is as follows:

	Group	
	2015 $'000	2014 $'000
By geographical areas		
- Hong Kong	3,763	4,745
- People's Republic of China	118,395	99,888
- British Virgin Island	5,510	7,360
	127,668	111,993

The age analysis of trade and other receivables (excluding prepayments and deposits) is as follows:

	Group	
	2015 $'000	2014 $'000
Not past due and not impaired [(i)]	126,551	110,401
Past due but not impaired		
- Past due 0 to 3 months	1,117	1,551
- Past due 3 to 6 months	-	41
	1,117	1,592
Impaired receivables	3,652	3,634
Less: Allowance for impairment loss	(3,652)	(3,634)
	127,668	111,993

(Amounts in thousands Hong Kong dollar "$'000" unless otherwise stated)

37. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(iii) Credit risk (Continued)

(i) Trade and other receivables that are not past due and not impaired are with credit worthy debtors with good payment records with the Group or are fully secured by collaterals.

Included in the balance are other receivables with total carrying amount of approximately $5,039,000 (2014: $27,772,000) which are repayable on demand and not impaired as there has not been a significant change in credit quality and the amounts are still considered recoverable.

The movement in allowance for impairment loss is as follows:

	Group	
	2015	2014
	$'000	$'000
Balance at beginning of the year	3,634	3,569
Translation difference	18	65
Balance at end of the year	3,652	3,634

The amounts that are neither past due nor impaired represents balances owing from companies with good credit standing with the Group and these amounts are deemed fully recoverable.

Included in the Group's receivables are customers with total carrying amount of $1,117,000 (2014: $1,592,000), which are past due but not impaired as there has not been a significant change in credit quality and the amount are still considered recoverable.

Receivables that are individually determined to be impaired at the end of the reporting period represents other receivables outstanding for more than 365 days and are determined to be impaired as the repayment is considered unlikely in view of the financial position of the counter parties. These receivables are not secured by any collateral or credit enhancements.

(iv) Financial instruments by category

The carrying amount of the different categories of financial instruments is as follows:

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Financial assets				
Loans and receivables (including cash and bank balances)	151,743	129,502	130,560	74,754
Financial liabilities				
Financial liabilities at amortised cost	29,679	19,181	52,268	43,397

37. FINANCIAL INSTRUMENTS (Continued)

Capital risk management policies and objectives

The Group manages its capital to ensure that entities within the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes borrowing disclosed in Note 15, net of cash and bank balances, and equity attributable to equity holders of the Company, comprising issued capital, reserves and accumulated losses as disclosed in Notes 17 to 25. The Group's and Company's strategies, which were unchanged from 2014 are to maintain a strong capital base so as to maintain market confidence and to sustain future development of the business.

The Board of Directors reviews the capital structure on an annual basis. As part of this review, the Board considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the Board, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debts.

As disclosed in Note 21, the PRC incorporated subsidiary of the Group is required by the Foreign Enterprise Law of PRC to contribute to and to maintain a non-distributable statutory reserve fund, the utilisation of which is subject to approval of the relevant PRC authorities. This externally imposed capital requirement has been complied with by the above-mentioned subsidiary for the financial year ended 31 March 2015 and 2014.

Except as mentioned above, neither the Company nor any of the subsidiaries are subject to externally imposed capital requirements.

38. FAIR VALUES OF FINANCIAL INSTRUMENTS

(i) Fair value of financial instruments that are carried at fair value on a recurring or non-recurring basis

At balance sheet date, there are no financial instruments in this category.

(ii) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of cash and bank balances, trade and other receivables (including amount due from an associate), trade and other payables (including amount due to a subsidiary and an associate), lease obligations and borrowing are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the balance sheet date.

(iii) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

At balance sheet date, there are no financial instruments in this category.

SHAREHOLDERS' **INFORMATION**

AS AT 19 JUNE 2015

Share Capital

Authorised share capital	- HK$100,000,000
Issued and fully paid-up share capital	- HK$7,540,813.47
No. of ordinary shares (excluding treasury shares)	- 7,540,813,474
No. of treasury shares held	- Nil
Class of shares	- Ordinary shares of HK$0.001 each
Voting rights	- On a show of hands : 1 vote for each shareholder
	- On a poll : 1 vote for each ordinary share

Public Shareholders

Based on information available to the Company as at 19 June 2015, 73.54% of the issued ordinary shares of the Company were held in the hands of public and therefore Rule 723 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited has been complied with.

Analysis Of Shareholdings

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	1	0.03	88	0.00
100 - 1,000	51	1.21	45,998	0.00
1,001 - 10,000	583	13.83	3,582,000	0.05
10,001 - 1,000,000	3,185	75.56	714,772,692	9.48
1,000,001 and above	395	9.37	6,822,412,696	90.47
	4,215	100.00	7,540,813,474	100.00

Top 20 Shareholders

No.	Name	No. of Shares	%
1	DBS Vickers Securities (S) Pte Ltd	1,362,658,547	18.07
2	Lim & Tan Securities Pte Ltd	1,247,734,000	16.55
3	HK INHONTECH Holdings Company Limited	900,000,000	11.94
4	Danny Lai Kong Sang	320,000,000	4.24
5	UOB Kay Hian Pte Ltd	286,828,638	3.80
6	Phillip Securities Pte Ltd	210,380,834	2.79
7	Koh Wee Meng	206,500,000	2.74
8	Raffles Nominees (Pte) Ltd	174,684,000	2.32
9	OCBC Securities Private Ltd	124,042,800	1.64
10	Leong Hong Kah	70,000,000	0.93
11	RHB Securities Singapore Pte Ltd	69,896,000	0.93
12	DBS Nominees Pte Ltd	68,484,251	0.91
13	Tan Eng Chua Edwin	53,286,200	0.71
14	Dai Fang	44,600,000	0.59
15	Yeo Chin Chai	43,000,000	0.57
16	Luk Chung Po	36,000,000	0.48
17	Tu Xiaojing	35,625,000	0.47
18	Low Yoke Hwee	35,000,000	0.46
19	Low Poh Kuan	32,731,000	0.43
20	You Shuidong	30,000,000	0.40
		5,351,451,270	70.97

SHAREHOLDERS' **INFORMATION**

AS AT 19 JUNE 2015

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest		Deemed Interest	
Name of Substantial Shareholders	**Number of Shares**	**%**	**Number of Shares**	**%**
HK INHONTECH Holdings Company Limited	900,000,000	11.94	-	-
Cayman INHONTECH Holdings Co., Ltd.[1]	-	-	900,000,000	11.94
INHONTECH Holdings Co., Ltd.[2]	-	-	900,000,000	11.94
Hongfan Wei[3]	-	-	900,000,000	11.94
Yong Tai Investment Ltd	584,800,000	7.76	-	-
Yuan Limin[4]	-	-	584,800,000	7.76
Chan Andrew Wai Men	414,895,000	5.50	-	-

Notes:

(1) Cayman INHONTECH Holdings Co., Ltd. is deemed to be interested in the 900,000,000 shares held by HK INHONTECH Holdings Company Limited by virtue of Section 7 of the Companies Act (Chapter 50 of Singapore).

(2) INHONTECH Holdings Co., Ltd. is deemed to be interested in the 900,000,000 shares held by HK INHONTECH Holdings Company Limited by virtue of Section 7 of the Companies Act (Chapter 50 of Singapore).

(3) Hongfan Wei is deemed to be interested in the 900,000,000 shares held by HK INHONTECH Holdings Company Limited by virtue of Section 7 of the Companies Act (Chapter 50 of Singapore).

(4) Yuan Limin is deemed to be interested in the 584,800,000 shares held by Yong Tai Investment Ltd by virtue of Section 7 of the Companies Act (Chapter 50 of Singapore).

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2015 Annual General Meeting of Armarda Group Limited (the "**Company**") will be held at Room 301, Level 3, 32 Maxwell Road #03-01, Singapore 069115 on Monday, 27 July 2015 at 3:00 p.m. (Singapore time) for the following businesses:-

Ordinary Business

1 To receive and adopt the Directors' Report and Audited Financial Statements for the financial year ended 31 March 2015 together with the Auditors' Report thereon. **(Resolution 1)**

2 To re-elect Mr Lee Joo Hai, a director of the Company, who will retire by rotation pursuant to Bye-law 104 of the Bye-Laws of the Company and who, being eligible, will offer himself for re-election. **(Resolution 2)**

See Explanatory Note (i)

3 To re-elect the following directors of the Company, who were appointed as new directors of the Company in the financial year ended 31 March 2015 pursuant to Bye-Law 107(B) of the Bye-laws of the Company:-

(a) Mr Chan Andrew Wai Men **(Resolution 3(a))**

(b) Mr Alexander Shlaen **(Resolution 3(b))**

See Explanatory Note (i)

4 To consider and if thought fit, pass the following ordinary resolutions, with or without modifications:

(a) "That additional directors' fees of S$10,333.33 payable by the Company for the period from 1 February 2015 to 31 March 2015 be approved." **(Resolution 4(a))**

(b) "That directors' fees of S$196,000/- payable by the Company for the financial year ending 31 March 2016 be approved, to be paid quarterly in arrears." **(Resolution 4(b))**

Note: The amount of directors' fees for the financial year ended 31 March 2015, which was approved during the 2014 Annual General Meeting of the Company, was S$134,000/-.

5 To re-appoint Crowe Horwath First Trust LLP as auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company and to authorise the directors of the Company to fix their remuneration. **(Resolution 5)**

Special Business

6 To consider and if thought fit, pass the following as a special resolution, with or without modifications:

Authority to allot and issue shares and make or grant instruments convertible into shares with no sub-limit for non pro rata issues

"That pursuant to Rule 806(2) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual – Section B: Rules of Catalist ("**Catalist Rules**"), authority be and is hereby given to the directors of the Company to:

(a) (i) issue ordinary shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution 6 may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the directors of the Company while the authority conferred by this Resolution 6 was in force,

provided that:

(1) the aggregate number of Shares and Instruments to be issued pursuant to this Resolution 6 (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution 6) does not exceed 100% of the total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (2) below), whether on a pro rata or non pro rata basis;

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST), for the purpose of determining the aggregate number of Shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued Shares and Instruments (excluding treasury shares) shall be based on the total number of issued Shares (excluding treasury shares) at the time of passing this Resolution 6, after adjusting for:-

(a) new Shares arising from the conversion or exercise of any convertible securities or Share options or vesting of Share awards which are outstanding or subsisting at the time of passing this Resolution 6; and

(b) any subsequent bonus issue, consolidation or sub-division of Shares;

(3) in exercising the authority conferred by this Resolution 6, the Company shall comply with the requirements imposed by the SGX-ST from time to time and the provisions of the Catalist Rules for the time being in force (in each case, unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act 1981 of Bermuda (as amended) and otherwise, and the Bye-Laws for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution 6 shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

See Explanatory Note (ii) **(Resolution 6)**

7 **Authority to allot and issue shares and make or grant instruments convertible into shares with a sub-limit for non pro rata issues**

In the event that Resolution 6 is not approved by shareholders of the Company, to consider and if thought fit, pass the following as an ordinary resolution, with or without modifications:

"That pursuant to Rule 806(2) of the Catalist Rules, authority be and is hereby given to the directors of the Company to:-

(a) (i) issue ordinary shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution 7 may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the directors of the Company while the authority conferred by this Resolution 7 was in force,

provided that:-

(1) the aggregate number of Shares and Instruments to be issued pursuant to this Resolution 7 (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution 7) does not exceed 100% of the total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution 7) does not exceed 50% of the total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST, for the purpose of determining the aggregate number of Shares and Instruments that may be issued under sub-paragraph (i) above, the percentage of issued Shares and Instruments (excluding treasury shares) shall be based on the number of issued Shares (excluding treasury shares) at the time of passing this Resolution 7, after adjusting for:-

   (a) new Shares arising from the conversion or exercise of any convertible securities or Share options or vesting of Share awards which are outstanding or subsisting at the time this Resolution 7 is passed; and

   (b) any subsequent bonus issue, consolidation or sub-division of Shares;

(3) in exercising the authority conferred by this Resolution 7, the Company shall comply with the requirements imposed by the SGX-ST from time to time and the provisions of the Catalist Rules for the time being in force (in each case, unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act 1981 of Bermuda (as amended) and otherwise, and the Bye-Laws for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution 7 shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

See Explanatory Note (iii) **(Resolution 7)**

8 **Authority to grant awards and allot and issue shares under the Armarda Group Limited Performance Share Plan**

To consider and if thought fit, pass the following as an ordinary resolution, with or without modifications:-

"That the directors of the Company or a committee of the directors be authorised and empowered to grant awards in accordance with the provisions of the Armarda Group Limited Performance Share Plan (the "**Plan**") and to allot and issue from time to time such number of Shares in the capital of the Company as may be required to be issued pursuant to the vesting of awards under the Plan, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary Shares to be issued pursuant to the Plan and other share scheme which the Company may implement from time to time, shall not exceed fifteen per centum (15%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. For the avoidance of doubt, shareholders' pre-emptive right under Bye-law 10 of the Bye-Laws of the Company does not apply."

See Explanatory Note (iv) **(Resolution 8)**

9 To transact any other business that may be transacted at an Annual General Meeting.

BY ORDER OF THE BOARD

CHU YIN LING, KAREN
COMPANY SECRETARY

Singapore,
2 July 2015

Explanatory Notes

(i) Mr Lee Joo Hai will, upon re-election as a director of the Company, remain as the Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees. The Board considers him to be independent for the purpose of Rule 704(7) of the Catalist Rules.

Mr Chan Andrew Wai Men will, upon re-election as a director of the Company, remain as Executive Chairman.

Mr Alexander Shlaen will, upon re-election as a director of the Company, remain as a member of the Audit, Nominating and Remuneration Committees. The Board considers him to be independent for the purpose of Rule 704(7) of the Catalist Rules.

Detailed information on Mr Lee Joo Hai, Mr Chan Andrew Wai Men and Mr Alexander Shlaen can be found under the sections entitled “Board of Directors”, “Corporate Governance Report” and “Directors’ Report” of the Company’s Annual Report 2015.

(ii) Special Resolution 6 is to empower the directors of the Company, from the date of the passing of Special Resolution 6 to the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier, to issue Shares and to make or grant instruments (such as warrants or debentures) convertible into Shares, and to issue Shares in pursuance of such instruments, up to an aggregate number not exceeding 100% of the total number of issued Shares (excluding treasury shares) whether on a pro rata or non pro rata basis. For the purpose of determining the aggregate number of Shares that may be issued, the percentage of issued Shares shall be based on the number of issued Shares (excluding treasury shares) at the time that Special Resolution 6 is passed, after adjusting for (a) new Shares arising from the conversion or exercise of any convertible securities or Share options or vesting of Share awards which are outstanding or subsisting at the time that Special Resolution 6 is passed, and (b) any subsequent bonus issue, consolidation or sub-division of Shares. In exercising the authority conferred by Special Resolution 6, the Company shall comply with the requirements of the SGX-ST (unless waived by the SGX-ST), all applicable legal requirements and the Company’s Bye-Laws.

(iii) Ordinary Resolution 7 is to empower the directors of the Company, in the event that Special Resolution 6 is not passed, from the date of the passing of Ordinary Resolution 7 to the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier, to issue Shares and to make or grant instruments (such as warrants or debentures) convertible into Shares, and to issue Shares in pursuance of such Instruments, up to an aggregate number not exceeding 100% of the total number of issued Shares (excluding treasury shares) with a sub-limit of 50% of the total number of issued Shares (excluding treasury shares) for issues other than on a pro rata basis to shareholders. For the purpose of determining the aggregate number of Shares that may be issued, the percentage of issued Shares shall be based on the number of issued Shares (excluding treasury shares) at the time that Ordinary Resolution 7 is passed, after adjusting for (a) new Shares arising from the conversion or exercise of any convertible securities or Share options or vesting of Share awards which are outstanding or subsisting at the time that Ordinary Resolution 7 is passed, and (b) any subsequent bonus issue, consolidation or sub-division of Shares. In exercising the authority conferred by Ordinary Resolution 7, the Company shall comply with the requirements of the SGX-ST (unless waived by the SGX-ST), all applicable legal requirements and the Company’s Bye-Laws.

(iv) Ordinary Resolution 8 is to empower the directors of the Company or a committee of the directors to grant awards and to allot and issue Shares pursuant to the Plan provided that the aggregate number of Shares to be issued pursuant to the Plan and other share scheme which the Company may implement from time to time, shall not exceed fifteen per centum (15%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

NOTICE OF
ANNUAL GENERAL MEETING

Notes

(1) A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his/her/its stead. With the exception of The Central Depository (Pte) Limited which may appoint more than two proxies, any member of the Company who is the holder of two or more Shares may appoint not more than two proxies. A proxy need not be a member of the Company.

(2) Where a member of the Company appoints two proxies, he/she shall specify the proportion of his/her shareholding to be represented by each proxy in the instrument appointing the proxies.

(3) If the appointor is a corporation, the instrument appointing the proxy must be executed under seal or the hand of its duly authorised officer or attorney.

(4) The instrument appointing a proxy must be deposited at the office of the Company's Singapore share transfer agent, M & C Services Private Limited at 112 Robinson Road, #05-01, Singapore 068902, not less than 48 hours before the time appointed for holding the Annual General Meeting.

(5) Shareholders of the Company (and their respective proxies) are requested NOT to wear singlets, running shorts and slippers at Maxwell Chambers, the venue of the Annual General Meeting of the Company. Your co-operation in complying with Maxwell Chambers' dress code is greatly appreciated or otherwise, you may be denied entry into the building.

Personal Data Privacy:

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting of the Company and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Annual General Meeting of the Company (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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

This notice has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this notice including the correctness of any of the statements or opinions made, or reports contained in this notice.

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.

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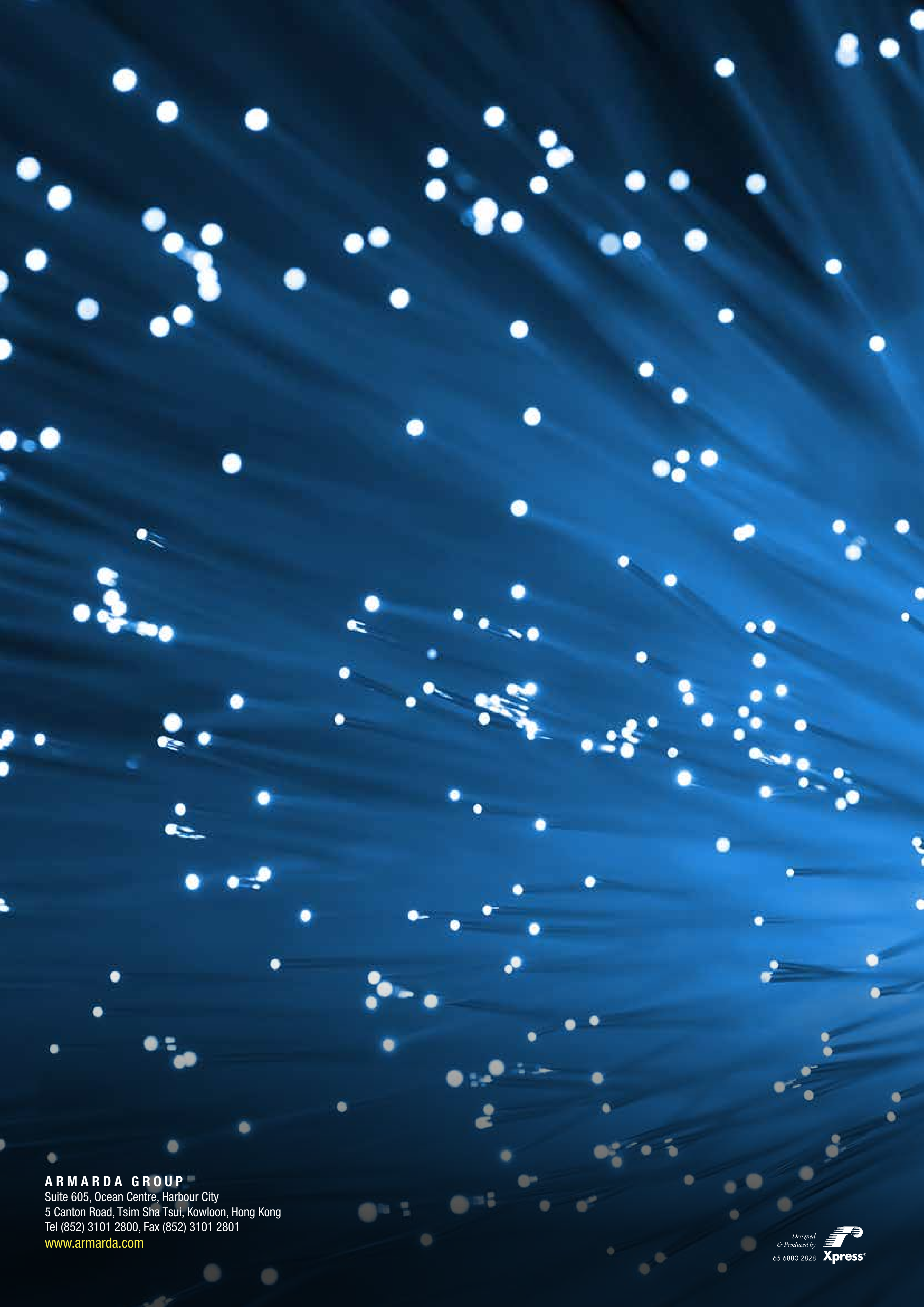

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