

## SWING MEDIA TECHNOLOGY GROUP LIMITED

(Incorporated in Bermuda)  
(Company Registration No. 30254)

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### PROPOSED PLACEMENT OF 8,549,997 NEW ORDINARY SHARES IN THE CAPITAL OF SWING MEDIA TECHNOLOGY GROUP LIMITED (THE "PLACEMENT")

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#### 1. INTRODUCTION

The Board of Directors of Swing Media Technology Group Limited (the "**Company**") wishes to announce that the Company had on 23 January 2017 entered into placement agreements (each, a "**Placement Agreement**" and collectively, the "**Placement Agreements**") with the Placees (as defined in Paragraph 7), pursuant to which the Company proposes to issue up to an aggregate of 8,549,997 new ordinary shares in the capital of the Company (the "**Placement Shares**") at a placement price of S\$0.60 per Placement Share (the "**Placement Price**").

The Placement Price represents a premium of 3.44% to the volume weighted average price of S\$0.58 for the trades done on the Official List of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the full market day on 19 January 2017, the last trading day preceding the day on which the Placement Agreements were signed.

The Placement Shares when issued will rank in all respects *pari passu* with the existing issued shares and be free from all pre-emption rights, charges, liens and other encumbrances and with all rights and benefits attaching thereto save that they will not rank for any dividend, rights, allotments or other distributions, the Record Date of which falls on or before the completion of the Placement. For the purposes of this announcement, "**Record Date**" means the date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of shares.

No placement agent has been appointed in respect of the proposed Placement. Therefore, no commission or referral fees will be paid to any party.

#### 2. CONDITIONS PRECEDENT TO THE PLACEMENT

Completion of the Placement is conditional upon:

- (a) the in-principal approval ("**AIP**") for the Placement having been obtained (on terms and conditions acceptable to the Company and each Placee, each acting reasonably) and not being revoked or amended as at the completion date;
- (b) any conditions attached to the AIP which is required to be fulfilled on or before the completion date, having been fulfilled on or before that date to the satisfaction of the SGX-ST unless waived by the SGX-ST;
- (c) the Company or each Placee not in breach of any of the undertakings and covenants given in this Agreement as at the completion date, and if any of such undertakings and covenants are required to be fulfilled on or before the completion date, such undertakings and covenants shall have been fulfilled prior to completion date; and
- (d) the Company having obtained SGX-ST's approval for the issuance and allotment, listing and quotation of the Placement Shares and the Placement.

In respect of the condition precedent set out in paragraph 2(a) above, the Company will be submitting an additional listing application to the SGX-ST for the AIP. The Company will make the necessary announcement once the AIP has been obtained from the SGX-ST.

#### 3. RATIONALE FOR PLACEMENT

The Directors are of the opinion that after taking into consideration the present bank facilities and net proceeds of the Placement, the working capital available to the Group is sufficient to meet its present requirements.

The Company is proposing to undertake the Placement as it will result in an injection of funds into the Company and the Company will be able to (i) increase its working capital in order to further fund its existing business operations, and (ii) expand its business by way of potential mergers and/or acquisitions and/or joint ventures.

#### 4. MANDATE FOR THE ISSUE OF THE PLACEMENT SHARES

- 4.1 The Placement Shares will be issued pursuant to the general mandate given by the shareholders of the Company at the annual general meeting of the Company held on 29 July 2016 for the Company to issue shares and convertible securities.
- 4.2 As at the date of this Announcement, there are 44,736,012 shares in the capital of the Company (the “Shares”).
- 4.3 The aggregate of 8,549,997 Placement Shares, when allotted and issued in full, will represent approximately 19.11% of the Company’s existing and paid-up capital of 44,736,012 Shares as at the date of this announcement, and approximately 16.05% of the enlarged issued and paid-up share capital of 53,286,009 Shares upon completion of the Placement (assuming that no further Shares are issued on or prior to the completion of the Placement). Accordingly, the proposed issuance of the Placement Shares to be issued will fall within the limit of the general mandate.

#### 5. FINANCIAL EFFECTS

- 5.1 As at the date of this Announcement, the issued and paid up capital of the Company is HK\$69,700,000 divided into 44,736,012 Shares. When allotted and issued in full, the Placement will increase the existing issued and paid-up share capital of the Company by approximately HK\$13,252,000 to HK\$82,952,000, divided into 53,286,009 Shares.
- 5.2 The financial effects of the Proposed Placement on the Group are prepared based on the audited accounts of the Group for the financial year ended 31 March 2016 and the following assumptions:
- (i) for purposes of computing the effect of the Placement on the net tangible asset (“NTA”) per Share of the Group, it is assumed that the Placement had been completed on 31 March 2016; and
  - (ii) for purposes of computing the effect of the Placement on the equity per Share (“EPS”) of the Group, it is assumed that the Placement had been completed on 1 April 2015.

	Before the allotment and issue of the Placement Shares	After allotment and issue of the Placement Shares <sup>(1)</sup>
Earnings attributable to Shareholders (HK\$'000)	69,552	69,552
EPS (HK cents)	200.65	130.53
Number of Shares for calculating EPS	36,827,886	53,286,009
NTA as at 31 March 2016 (HK\$'000)	1,431,075	1,458,615 <sup>(2)</sup>
NTA per Share (HK\$)	38.9	27.4
Number of Shares for calculating NTA per Share	36,827,886	53,286,009

**Note:**

- (1) Since the financial year ended 31 March 2015, the Company had undergone (i) a share consolidation exercise where every twenty (20) existing Shares held by Shareholders as at 5.00 p.m. on 4 September 2015 were

consolidated into one (1) Consolidated Share and (ii) a bonus issue pursuant to which the Company had issued 3,348,000 bonus shares.

(2) Based on an exchange rate of S\$1: HK\$5.40 as at 19 January 2017.

## 6. USE OF PROCEEDS

When allotted and issued in full, the estimated net proceeds from the Placement after deducting expenses incurred in connection with the Placement is expected to amount to approximately S\$5,100,000. The Company intends to utilise the net proceeds in the following proportions:

Use of net proceeds	Proportion (%)	Amount of net proceeds (S\$)
Working capital	20	1,000,000
Potential mergers and/or acquisitions and/or joint ventures	80	4,100,000

The Company will make an announcement as to the use of the proceeds from the Placement as and when such proceeds are materially disbursed and whether such a use is in accordance with the stated use. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation.

Pending the deployment of the proceeds from the Placement, such proceeds may be placed as deposits with financial institutions or invested in short term money markets or debt instruments or for any other purposes on a short term basis as the Directors may deem fit, from time to time.

## 7. INFORMATION ON THE PLACEEES

The details of the Placees are as follows:

Name of Placee	Number of Placement Shares subscribed for
Choy Hung Yuen	1,833,333
Choi Hang Fai	1,666,666
Charlton Global Limited	1,666,666
Sino Charm International Limited	1,666,666
Century Great Investment Limited	833,333
Lai Wing Keung	583,333
Mak Kwok Leung	300,000

Save for Charlton Global Limited and Sino Charm International Limited, none of the Placees hold any shares in the issued share capital of the Company as at the date of this announcement.

Each Placee's subscription of the Placement Shares is for investment purposes only, and each Placee has no intention of influencing the management of, or exercising control over, the Company. Accordingly, none of the Placees intends to acquire additional shares in the Company such that their shareholding in the Company shall reach 15 per cent. or more of the enlarged issued and paid-up share capital of the Company.

Both Century Great Investment Limited and Choi Hang Fai are discretionary account clients managed by Look's Asset Management Limited ("LAM") based in Hong Kong. Neither LAM nor any third party will be receiving any introducer fees. LAM has no connection with the Company, its substantial shareholders or its directors.

## 8. GENERAL

None of the Placement Shares will be placed to any person or groups of as set out under Rule 812 of the Listing Manual of the SGX-ST.

None of the Placement Shares will be placed with the Directors or substantial shareholders of the Company or any of their respective related parties.

Save for their existing shareholding interests in the Company, none of the Directors of the Company have any interest, direct or indirect in the Placement.

The Placement would not result in any transfer of controlling interest in the Company.

## 9. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Placement, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in the announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the announcement in its proper form and context.

## 10. TRADING CAUTION

**Shareholders are advised to exercise caution in trading their Shares. The Placement is subject to certain conditions. There is no certainty or assurance as at the date of this announcement that the Placement will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.**

**By Order of the Board**

**Johnny Chan Hon Chung**  
**Director / Company Secretary**

Date: 23 January 2017