瑞盈集團
S·M·T·G

Swing Media
Technology Group Limited

Generating
Continuous Growth

ANNUAL REPORT 2016

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Corporate PROFILE

We are one of Hong Kong's leading manufacturers and suppliers in the data storage industries. Our products include DVD-R, CD-R, stampers and chemical dyes.

Our operations are headquartered in Hong Kong with manufacturing facilities based in Hong Kong and Taiwan. We distribute our products mainly to the PRC and various parts of Asia.

On 1st February 2002, our shares were listed on SGX-SESDAQ and were subsequently upgraded to the Main Board of the SGX-ST on 8th March 2004.

With our strategy of investing in our plant, property and equipment, as well as upgrading of production lines, the Group earned another year of increased sales and net profit.

We will look for new ways to diversify our earnings and increase profitability to improve shareholder wealth and value.

Chairman's MESSAGE

"The Group has turned in another profitable year with net profit increasing 4.2% to HK$69.6 million. Group sales stayed above the HK$1.0 billion level, rising 1.3% to HK$1.1 billion."

Dear Fellow Shareholders,

The Group has turned in another profitable year with net profit increasing 4.2% to HK$69.6 million. Group sales stayed above the HK$1.0 billion level, rising 1.3% to HK$1.1 billion.

Group basic earnings per Ordinary Share was 200.65 HK cents. The Group had a net asset backing of HK$38.9 per Ordinary Share.

Performance

Group sales continued to be buoyed by the DVD-R segment which recorded sales of HK$660.0 million, accounting for 59.3% of total sales. Leasing income rose 5.9% to HK$154.8 million with the increase due mainly to more machineries being located in Taiwan. Trading income also rose, by 4.0% to HK$264.4 million while CD-R sales declined by a marginal 3.0% to HK$33.9 million.

Direct cost of sales increased in tandem with sales, by 1.3% to HK$1.0 billion. Group general and administrative expenses remained relatively unchanged at HK$30.0 million. Finance costs fell 21.1% to HK$10.0 million as the Group enjoyed lower interest rates on its banking facilities.

The Group has continued to strengthen its financial standing with total assets increasing by HK$144.5 million, primarily due to increases in property, plant and equipment from the upgrading of production lines and other current assets. Trade receivables and inventories declined as the Group improved the management of its assets.

The Group generated a positive HK$111.1 million net operating cash flow for the financial year.

Dividends

The Board of Directors proposes to pay a dividend of One Singapore cent per Ordinary Share for the financial year ended 31 March 2016.

Outlook and Prospects

The global business outlook remains soft primarily due to weaknesses in major economies. This has affected demand for a wide spectrum of products and services.

The data storage media industry, with its commodity-like characteristics, has weathered the economic conditions better. To a certain extent, it has also benefitted from the slowdown as people seek cheaper alternative sources of entertainment.

Internally, the Group has also actively taken steps to boost its financial standing and position itself for growth. In June 2016, the Company successfully placed out 6,241,460 new shares to raise approximately S$3.3 million to increase its working capital to fund existing business operations. In addition, this share placement will bring on board, some new strong shareholders.

Management will continue to actively seek investment opportunities in businesses which will enhance the Company's profitability and shareholder wealth.

Barring unforeseen circumstances, the Group expects to remain profitable this financial year.

Acknowledgement

We would like to thank all our shareholders and other stakeholders such as customers, business associates and staff for your support this past year.

I also wish to extend my gratitude to my fellow directors for their guidance and commitment and, look forward to their continued leadership in the coming year.

Hui Yan Sui William

Chairman

Operating and Financial REVIEW

"Management will also actively seek avenues to increase the Group's profitability and collective shareholder wealth. Management will not hesitate to think out-of-the-box for opportunities to grow the Company, leveraging on its experience in corporate planning and operations."

The core business of the Group was stable during the year. Group sales increased slightly by 1.3% to HK$1,113.1 million while pretax profit rose 4.8% to HK$72.7 million. Net profit attributable to ordinary shareholders increased 4.2% to HK$69.6 million. Profit from operations increased by 0.8% to HK$82.7 million, which was maintained at the same level as the previous year.

General and administrative expenses were relatively unchanged at HK$30.0 million despite a HK$4.5 million loss from written-off property, plant and equipment. Since the previous year, more production lines have been re-located to the Taiwan factory and this was reflected in the increase in leasing income from machineries. Finance cost dropped 21.1% to HK$10.0 million due to lower interest rates on its banking facilities.

DVD-R sales remained the biggest contributor to Group sales at HK$660.0 million. CD-R sales declined 3.0% to HK$33.9 million. But, income from the leasing of machineries rose 5.9% to HK$154.8 million and, trading income increased 4.0% to HK$264.3 million.

Group total assets increased by HK$144.5 million to HK$1,811.0 million primarily due to increases in property, plant and equipment and other current assets. The nett increase in property, plant and equipment of HK$38.3 million was mainly from the upgrading and replacement parts of existing production lines in the Hong Kong and Taiwan factories. The majority of the increase in other current assets was for the machines purchased to enhance production, which are currently testing and will be converted to fixed assets eventually. Trade receivables reduced by 7.3% to HK$319.7 million and inventories dropped by 2.1% to HK$290.3 million. Both reductions have enhanced the cashflow of the Group. Group bank borrowings increased by 15.6% to HK$258.3 million.

Group operating cashflow remained positive at HK$111.1 million.

Segmental Performance by Product

Sales of DVD-R were maintained at a steady level of HK$660.0 million and remained the biggest business segment of the Group, accounting for 59.3% of total sales. However, due to higher production cost, the segmental profit for DVD-Rs dropped 7.4% to HK$28.6 million. Leasing income rose 5.9% to HK$154.8 million with segmental profit rising 19.5% to HK$52.7 million because more production lines have been put and upgraded in the Taiwan factory. Trading sales rose 4.0% to HK$264.4 million but segmental profit dropped 35.5% to HK$9.9 million due to increase in the costs of resins and auxillary products such as chemical dyes, stampers and targets. CD-R sales fell 3.0% to HK$33.9 million as the Group continued to de-emphasize this lower-margined product.

Segmental Performance by Geographical Region

Geographically, sales in the PRC rose 6.7% to HK$702.5 million which accounted for 63.1% of total sales. Sales to the rest of Asia declined 6.8% to HK$410.6 million.

The Group did not book in sales from other regions.

Outlook and Prospects

Despite weaknesses in many aspects of the global economy, the core data storage media business of the Group remains stable. DVD-Rs, plastic resins, stampers, targets and chemical dyes have constant demand and this will support our core operations. Keenly aware of the competitive pressures of business, management will continuously improve the Group's operational efficiency and financial position.

Management will also actively seek avenues to increase the Group's profitability and collective shareholder wealth. Management will not hesitate to think out-of-the-box for opportunities to grow the Company, leveraging on its experience in corporate planning and operations. Where necessary, the Company will also form strategic alliances to acquire the necessary expertise to ensure success in new ventures.

Barring unforeseen circumstances, we expect to remain profitable this financial year.

Hui Yan Moon
CEO

Board of DIRECTORS

Mr Hui Yan Sui William
Executive Director / Chairman

Mr Hui Yan Moon
Executive Director /
Chief Executive Officer

Mr Chan Hon Chung Johnny
Executive Director /
Chief Financial Officer /
Joint Company Secretary

Mr Yuen Shu Tong
Independent
Non-Executive Director

Mr Lau Yiu Nam Eric
Lead Independent
Non-Executive Director

Mr Yu Yeung Hoi Stephen
Independent
Non-Executive Director

Mr Lim Kok Hui
Independent
Non-Executive Director

Mr Wong Heng Hwai
Independent
Non-Executive Director

Mr Hui Yan Sui William,

Executive Director / Chairman

Mr William Hui has founded our manufacturing business in 1986 and has 29 years of experience in the data storage industry. Mr Hui is active in the marketing aspects of the business and is instrumental in securing most of the customers for our Group. He has been and will continue to be responsible for charting the strategic growth and direction of our business. Prior to establishing Yat Lung Industrial Limited in 1986, he worked as a marketing officer in Beautiful Star Magnetic Limited from 1984 to 1986. Mr Hui is currently an executive committee member (youth group) of Eastern District Industrialists Association, a committee member of the Hong Kong Fujian Charitable Education Fund Limited and the honorary chairman of the Hong Kong Basketball Association.

Mr Hui Yan Moon,

Executive Director / Chief Executive Officer

Mr Hui is appointed as the Chief Executive Director ("CEO") of our Group on 19 May 2003. His responsibilities include overseeing operations, finance and administrative functions and marketing activities of our Group. He joined our Group in 1995 after graduation and over the years, Mr Hui set up our Group's finance and administrative operations. He was also responsible for setting up our manufacturing facility in Hong Kong. He holds a Bachelor degree (first class honours) in Business Administration from Baruch College, City University of New York in 1995 and was awarded a scholarship by the New York State Society of Certified Public Accountants. Mr Hui has also obtained the Executive Master degree of Business Administration from Tsinghua University, China in 2007.

Mr Chan Hon Chung Johnny,

Executive Director / Chief Financial Officer /
Joint Company Secretary

Mr Chan was appointed as Executive Director on 1 September 2004. Mr Chan is also the Chief Financial Officer and Joint Company Secretary of our Group since 19th May 2003. Mr Chan is responsible for the financial and administrative matters as well as the secretarial work of our Group. Mr Chan joined our Group in January 2003. Before joining the Group, Mr Chan has been working in banking industry for 14 years including international and local banks like ABN AMRO Bank, Standard Chartered Bank and The Bank of East Asia. Mr Chan holds a Bachelor of Science degree in Finance from Brigham Young University, USA and a Master degree in Professional Accounting from the Hong Kong Polytechnic University.

Mr Yuen Shu Tong,

Independent Non-Executive Director

Mr Yuen is a professional accountant by training and a certified public accountant. He is a fellow member of the Association of Chartered Certified Accountants, U.K. and Master of Business Administration, University of Hong Kong. Mr Yuen has more than 40 years' experience in financial accounting, business management and public accountant practice, specialized in financial institutions and insurance. He is the Managing Director of Union Power HK CPA Limited specialized in assurance and business advisory services.

Mr Lau Yiu Nam Eric,

Lead Independent Non-Executive Director

Mr Lau was admitted as a barrister in England and Australia. Mr Lau returned to Hong Kong in 1983 and was employed in the Attorney General's Chambers as Crown Counsel before he went into private practice in 1996. Currently, Mr Lau is the Head of his Chambers in Hong Kong which comprised of over 16 barristers practicing in commercial and civil litigation.

Mr Yu Yeung Hoi Stephen,

Independent Non-Executive Director

Mr Yu was appointed as Independent Director on 21 June 2010. Mr Yu has worked for few multi-national companies responsible for the trading of electronic products, electronic component, parts and raw materials for over ten years. At present Mr Yu is the CEO of Zhan Jiang Shi Zhong Xin Energy Co., Ltd. with main business in the energy and resources trading in PRC. Mr Yu holds a Higher Diploma of Manufacturing Engineering from City University of Hong Kong.

Mr. Lim Kok Hui,

Independent Non-Executive Director

Mr Lim was appointed as Independent Director on 21 March 2011. He was Managing Director of a manufacturing company listed in Singapore for 13 years. He is currently CEO of Oriental Group Ltd. Mr. Lim graduated from National University of Singapore with a Honour Degree in Real Estate.

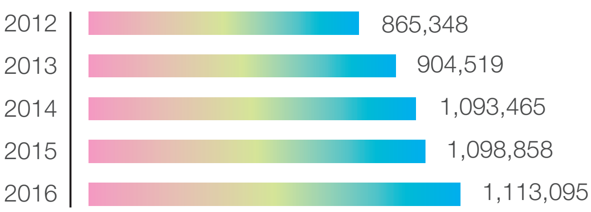
Mr. Wong Heng Hwai,

Independent Non-Executive Director

Mr Lim was appointed as Independent Director on 29 July 2012. He has 20 years of investment related experience, having worked for established financial institutions in the Middle East, Singapore, and Hong Kong. He currently manages a corporate finance advisory firm. Mr. Wong holds the Chartered Financial Analyst designation.

Financial HIGHLIGHTS

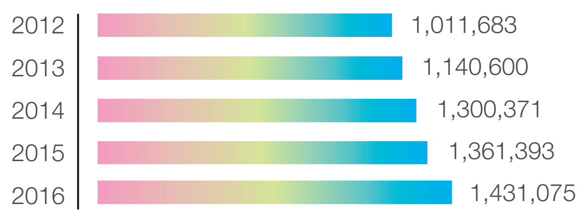
TURNOVER
(HK Cents)



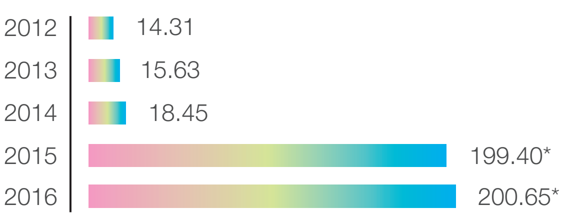
PROFIT BEFORETAX
(HK Cents)

TOTAL ASSETS
(HK Cents)

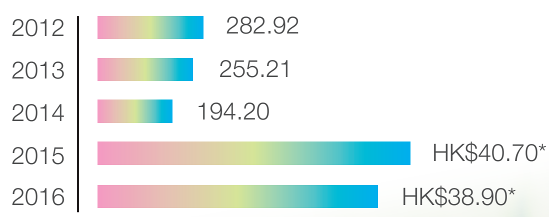
SHAREHOLDER'S EQUITY
(HK Cents)



BASIC EARNING PER SHARE
(HK Cents)



NET TANGIBLE ASSETS PER SHARE
(HK Cents)



*Adjusted for the consolidation of an ordinary share for every 20 existing issued ordinary shares completed on 4 September 2015 - for comparison purpose only.

Swing Media Technology Group Limited (Bermuda)

- **Yat Lung Industrial Ltd (BVI)** 100%
  - Swing Media Industrial Limited (HK) 100%
  - Swing Technology Limited (HK) 100%
- **Smart East Industrial Limited (BVI)** 100%
- **Swing Studio Ltd (BVI)** 100%
  - Swing Studio Entertainment Limited (HK) 100%
    - Swing Media Technology Limited (Taiwan) 100%

Corporate INFORMATION

Board of Directors

Hui Yan Sui William	(Executive Director/Chairman)
Hui Yan Moon	(Executive Director/Chief Executive Officer)
Chan Hon Chung Johnny	(Executive Director/Chief Financial Officer/Joint Company Secretary)
Yuen Shu Tong	(Independent Non-Executive Director)
Lau Yiu Nam Eric	(Lead Independent Non-Executive Director)
Yu Yeung Hoi Stephen	(Independent Non-Executive Director)
Lim Kok Hui	(Independent Non-Executive Director)
Wong Heng Hwai	(Independent Non-Executive Director)

Joint Company Secretaries

Chan Hon Chung Johnny
Chan Lai Yin

Audit Committee

Yuen Shu Tong (Chairman)
Lau Yiu Nam Eric
Lim Kok Hui

Remuneration Committee

Lau Yiu Nam Eric (Chairman)
Yuen Shu Tong
Lim Kok Hui

Nominating Committee

Lau Yiu Nam Eric (Chairman)
Yuen Shu Tong
Wong Heng Hwai

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Fax: (1441) 292 4720

Head Office

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N.T. Hong Kong
Tel: (852) 2558 4203
Fax: (852) 2897 2041

Share Registrar

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

Singapore Share Transfer Agent

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Tel: (65) 6536 5355
Fax: (65) 6536 1360

Auditors

Mazars LLP
135 Cecil Street
#10-01 MYP Plaza
Singapore 069536

Audit Partner-in-charge

Lai Keng Wei
(Appointed since financial year ended 31 March 2013)

The Board of Directors (the "Board") and management of Swing Media Technology Group Limited (the "Company") are committed to continuously maintaining a high standard of corporate governance in order to safeguard the interests of its shareholders and enhance long-term shareholders' value. The Company conforms to the principles set out in the Code of Corporate Governance 2012 (the "Code") The Board is pleased to report on the compliance of the Company with reference to the Code (except otherwise stated).

Board OF DIRECTORS

Principle 1 : The Board's Conduct of Affairs
Principle 2 : Board Composition and Guidance
Principle 6 : Access to Information

The Board leads and controls the operation and affairs of the Group. The members of the Board as at 31 March 2016 are as follows:

Mr Hui Yan Sui William (Executive Director / Chairman)
Mr Hui Yan Moon (Executive Director / Chief Executive Officer)
Mr Chan Hon Chung Johnny (Executive Director / Chief Financial Officer / Joint Company Secretary)
Mr Lau Yiu Nam Eric (Lead Independent Non-Executive Director)
Mr Yuen Shu Tong (Independent Non-Executive Director)
Mr Yu Yeung Hoi Stephen (Independent Non-Executive Director)
Mr Lim Kok Hui (Independent Non-Executive Director)
Mr Wong Heng Hwai (Independent Non-Executive Director)

The Board comprises eight Directors of whom three are Executive Directors. There is a strong and independent element in the Board with independent directors forming at least half of the Board where the Chairman and Chief Executive officer are immediate family members to exercise independent judgement on corporate affairs and provide management with a diverse and objective perspective on issues. The independence of each Director is reviewed by the Nominating Committee. The Nominating Committee adopts the definition of what constitutes an Independent Director from the Code.

The Board is responsible for long-term succession of the Company and considering sustainability issues relating to the environment and social factors as part of the strategic formulation of the Group and also to set the Company's values and standards and provide guidance to Management to ensure that the Company's obligations to its shareholders and the public are met. The Board works closely with management who oversees the management of business and affairs of the Company. The management remains accountable to the Board. All Directors objectively make decisions at all times as fiduciaries in the interests of the Company.

The Board has identified and formalised in writing matters reserved for Board approval. Some of the matters reserved for the Board are review and approval of periodic financial results announcements and annual audited financial statements, declaration of dividends and other returns to shareholders, major corporate policies on key areas of operation, including corporate or financial restructuring and share issuances, mergers and acquisitions, material acquisitions and disposals, approval of transactions involving interested person transactions and appointment of new Directors. This would provide clear directions to Management on matters that must be approved by the Board.

The Board Committees, namely, Audit Committee, Nominating Committee and Remuneration Committee were formed to assist the Board in the execution of its responsibilities. The Board Committees would report to the Board with their recommendations. The ultimate responsibility for final decision on all matters, however, lies with the entire Board. Further information regarding the function of the respective Board Committees is set out in the later part of the report.

Corporate Governance

Newly appointed directors are given an orientation on the Group's business strategies and operations, strategic directions and policies, key business risks and corporate governance practices as well as their statutory responsibilities as a director to ensure that new Directors have an insight of the Group. Upon appointment, the new Director will also be provided with formal letters, setting out their duties and obligations. The Directors are briefed and updated on the business of the Group through regular presentations and meetings. They are updated on major events of the Group. 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. Save for the service contracts of executive directors, the non-executive directors do not have a formal letter of appointment.

Directors are encouraged to participate in relevant training programmes. From time to time, the Company disseminates information to Board members for their selection on appropriate seminars/workshops, in particular changes to listing and company regulations, corporate governance practices, financial reporting standard changes, risk management, conducted by the Singapore Institute of Directors, SGX and other established bodies. The Company funds all relevant training programmes for Board members. During the financial year, a number of directors have attended relevant training programmes and non-executive directors have the opportunity to visit the Group's overseas offices to review operations and provide strategic guidance.

The Board meets at least twice a year and additional meetings are held whenever necessary. The Company's Bye-laws allows a Board meeting to be conducted by way of tele-conference and video-conference. When a physical Board meeting is not possible, timely communication with members of the Board can be achieved through electronic means.

Minutes of all Board Committees and Board meetings are circulated to members for review and confirmation. These minutes could also enable Directors to be kept abreast of matters discussed at such meetings. Besides Board meetings, the Board exercises control on matters that require Board's deliberation and approval through the circulation of Directors' resolution(s). The number of Board and Board Committee meetings held in the financial year ended 31 March 2016, as well as the attendance of every Board member at those meetings is presented below:

	Board	**Audit Committee**	**Remuneration Committee**	**Nominating Committee**
No. of Meetings held	2	2	1	1
Name & Attendance of Directors				
Hui Yan Sui William	2	–	–	–
Hui Yan Moon	2	–	–	–
Chan Hon Chung Johnny	2	–	–	–
Lau Yiu Nam Eric	2	2	1	1
Yuen Shu Tong	2	2	1	1
Yu Yeung Hoi Stephen	2	–	–	–
Lim Kok Hui	2	2	1	–
Wong Heng Hwai	2	–	–	1

The Executive Directors have collectively more than 20 years of industry experience. The Non-Executive Directors are well established in their respective professions. These include experiences in manufacturing, marketing, trading, banking, account finance, law and management. Key information regarding the Directors' academic and professional qualifications and other appointments is set out on pages 8 and 9 to the annual report.

The Board considers its current size to be adequate for effective decision making and it believes that the experience, skills and expertise of the Board members in areas such as accounting, legal and business would contribute to the Group's primary objective of being a successful player in the data storage industry. The Board is of the view that the effective blend of skills, experiences and knowledge remains a priority so as not to compromise on capabilities without discriminating against race, religion, gender or age although the Board has no policy regarding Board diversity. No individual or small group of individuals dominates the Board's decision-making process. The Board will continue to review the size of the Board on an ongoing basis.

The Board believes that there is a good balance of power and authority as all critical committees are chaired by the independent directors.

Non-executive directors review the performance of management. To facilitate a more effective check on management, non-executive directors are encouraged to meet regularly without management present.

For the purpose of evaluating the true independence of directors who have served beyond nine years from the date of their first appointment, the Nominating Committee had set out the criteria for the basis for the evaluation. The evaluation criteria included participation and contribution through quality discussion, rigorous enquiring on the Management's performance, familiarity to the Directors and Management team, past records background and performance as well as level of commitment to the Company's affairs to determine whether such directors have acted, and are likely to continue to act, in the best interests of the shareholders. Using these criteria as a basis for its decision, the Nominating Committee had conducted a rigorous evaluation on Mr Yuen Shu Tong ("Mr Yuen") and Mr Lau Yiu Nam Eric ("Mr Lau") who have served beyond 9 years from the date of appointment. The Board considers each of the Directors brings a high level of experience and understanding about the Company and its industry, experience and knowledge which is ultimately beneficial to the Company and its members. The independence of the Directors concerned was not in any way affected or impaired by the length of service. The Board is satisfied that Mr Yuen and Mr Lau have remained independent in their judgement and can continue to discharge their duties objectively. No Nominating Committee member is involved in deliberation in respect of his independence.

The Directors will be provided with management reports containing complete, adequate and timely information, and documents containing relevant background or explanatory information required to support the decision making process. The Directors are provided with reports pertaining to the Group's financial, operational and corporate matters prior to each Board meeting.

The Independent Non-Executive Directors constructively challenge, review and monitor the performance of Management. They meet without the presence of Management, as and when required.

The Board has separate and independent access to senior management and the company secretaries at all times. The company secretaries administer, attend and prepare minutes of Board meetings, assist the Chairman in ensuring that (i) Board procedures are properly 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 Companies Act and the Listing Manual of SGX-ST, are complied with.

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

Principle 3 : Chairman and Chief Executive Officer

The Board recognises the Code's recommendation that the Chairman and Chief Executive Officer ("CEO") should be separate persons to ensure that there is an appropriate balance of power and authority, and that accountability and independent decision-making are not compromised. The Chairman is Mr Hui Yan Sui William and the CEO is Mr Hui Yan Moon. Apart from setting the business strategies and directions for the Group, the Chairman schedules and chairs Board meetings, and controls the quality, quantity and timeliness of information supplied to the Board. The CEO manages the day-to-day operations and responsible for the business performance of the Group with Mr Chan Hon Chung Johnny, the Chief Financial Officer, who takes care of the financial and administration matters of the Group. Mr Hui Yan Sui William and Mr Hui Yan Moon are brothers.

Mr. Lau Yiu Nam Eric has been appointed as the lead independent director of the Company and he is available to shareholders where they have concerns which contact through the normal channels of the Chairman or CEO has failed to resolve or for which such contact is inappropriate.

Principle 4 : Board Membership
Principle 5 : Board Performance

The Nominating Committee was set up on 14 January 2002 and comprises three Directors, all of the members including the Chairman of the Nominating Committee, are Independent Directors. In addition, the Chairman is not, or not directly associated with any substantial shareholders of the Company. Mr Lau Yiu Nam Eric, the lead Independent Director, is a member of the Nominating Committee.

The current members are as follows:

Mr Lau Yiu Nam Eric (Chairman)	(Independent Non-Executive Director)
Mr Yuen Shu Tong	(Independent Non-Executive Director)
Mr Wong Heng Hwai	(Independent Non-Executive Director)

The Board has approved the written terms of reference of the Nominating Committee, which sets out the objectives and authority of the Nominating Committee. The Nominating Committee performs the following primary functions:

(a) Review, assess and make recommendations to the Board on all candidates nominated (whether by the Board, shareholders or otherwise) for appointment to the Board, taking into account the candidate's track record, age, experience, capabilities and other relevant factors;

(b) Identify and nominate candidates for the approval of the Board to fill vacancies in the Board as and when they arise;

(c) Review all candidates nominated for appointment as the Company's president, chief executive officer, deputy president, deputy chief executive officer, chief financial officer or other officer by whatever name called who has responsibilities and functions similar to any of the said officers;

(d) Put in place plans for succession, in particular, of the Chairman of the Board and Chief executive officer of the Company; and

(e) Review and recommend to the Board training and professional development programs for the Board.

PARTICULARS OF DIRECTORS AS AT 31 MARCH 2016

Name of Director	Date of first appointment	Date of last re-election	Nature of appointment	Membership of Board committees	Directorship/ chairmanship both present and those held over the preceding three years in other listed company
Hui Yan Sui William	26 March 2001	Not applicable	Executive Director / Chairman	None	Executive Director and Chairman of Innocom Technology Holdings Inc.
Hui Yan Moon	19 May 2003	29 July 2013	Executive Director / Chief Executive Officer	None	Independent Director of Golden Wheel Tiandi Holdings Company Limited

Name of Director	Date of first appointment	Date of last re-election	Nature of appointment	Membership of Board committees	Directorship/ chairmanship both present and those held over the preceding three years in other listed company
Chan Hon Chung Johnny	1 September 2004	29 July 2014	Executive Director (is also acting as Chief Financial Officer and Joint Company Secretary since 19 May 2003)	None	Independent Director of CW Group Holdings Limited
Yuen Shu Tong	9 January 2002	29 July 2014	Independent Non-Executive Director	Chairman of Audit Committee, Member of Remuneration Committee and Nominating Committee	None
Lau Yiu Nam Eric	27 December 2002	29 July 2014	Independent Non-Executive Director (was appointed as Lead Independent Director on 27 July 2010)	Member of Audit Committee, Chairman of Remuneration Committee and Nominating Committee	Independent Director of Innocom Technology Holdings Inc.
Yu Yeung Hoi Stephen	21 June 2010	29 July 2015	Independent Non-Executive Director	None	Executive Director of WLS Holding Ltd.
Lim Kok Hui	21 March 2011	29 July 2015	Independent Non-Executive Director	Member of Audit Committee and Remuneration Committee	None
Wong Heng Hwai	27 July 2012	29 July 2015	Independent Non-Executive Director	Member of Nominating Committee	None

Details of other principal commitments of the Directors have been set out under the Board of Directors section in this Annual Report.

The Nominating Committee considered an independent director as one who has no relationship with the Company, its related companies or its officers that could interfere with the exercise of the Director's independent business judgement, which is in the best interest of the Company. On an annual basis, each Director is required to submit a return as to his independence to the Company Secretary. The independence of Directors are assessed annually by the Nominating Committee. The Nominating Committee shall review the returns and determine whether the Director is to be considered independent.

During the year, the Nominating Committee has reviewed and determined that Mr Mr Yuen Shu Tong, Mr Lau Yiu Nam Eric, Mr Yu Yeung Hoi Stephen, Mr Lim Kok Hui and Mr Wong Heng Hwai are independent directors of the Company.

Corporate Governance

The Independent Directors have confirmed that they do not have any relationship with the Company, its related companies, its 10% shareholders, or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment with a view to the best interests of the Company.

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 and there is accountability for good corporate governance. The Board Committees are chaired by Independent Directors and half of the Board consists of Independent Directors. The Nominating Committee will review Board succession plans for directors, in particular, the Chairman and Chief Executive Officer, in due course.

There was no alternate director who shall bear all the duties and responsibilities of a director.

The Board has a formal process for assessing the effectiveness of the Board as a whole and its Board Committees; assessing the contribution of each individual director to the effectiveness of the Board; and assessing of the contribution by the Chairman for each financial year and submit its report to the Board. This annual evaluation process provides an opportunity to obtain constructive feedback from each Director and to propose changes which may be made to enhance Board effectiveness.

For the year under review, the Nominating Committee evaluated the current Board's performance as a whole, assessment of the Board Committees, assessment on each individual director to the effectiveness of the Board and assessment of the contribution by the Chairman. The assessments were reviewed by the Board and recommendations were discussed with a view to improve the overall effectiveness of the Board.

Factors taken into consideration for the assessment of the Board as a whole includes the contribution to the development of strategies and effective risk management, response to problems and crisis, and the evaluation that underpins the Board's effectiveness in providing timely information. The assessment of the contribution of the Chairman encompasses effective leadership and communication with shareholders and the Board. Meanwhile, the assessment of the contribution by each Director is specifically related to the individual director's duties such as preparedness, contribution and industry and business knowledge and experience which are crucial to the Group's business. Each of the Board Committees is assessed for its effectiveness to address the matters delegated under the Terms of Reference and timely resolution of issues.

Each member of the Nominating Committee shall abstain from voting on any resolution in respect of the assessment of his performance or re-nomination as a director.

The Nominating Committee is of the view that the performance of the Board as a whole has been satisfactory. Each Director continues to contribute effectively to the Board and able to discharge responsibilities in the Board Committees without any issue of time commitment. Results of the performance evaluation were reported to the Board.

The Nominating Committee is of the view that the current Board comprises of persons who as a group possesses the core competency necessary to meet the Company's performance targets.

All directors are required to declare their board representations. The Nominating Committee will consider whether all the directors are able to adequately carry out their duties as directors of the Company, taking into consideration the directors' number of listed Company board representations and other principal commitments. Although the non-executive directors had directorships in other companies which are not in the Group, the Nominating Committee is of the view that such multiple board representations do not hinder them from carrying out their duties as directors. Each of the non-executive director is aware that he should commit sufficient time, attention, resources and expertise to the affairs of the Company. These directors would widen the experience of the Board and give it a broader perspective. Considering the current directors' participation and involvement in various active discussions as well as commitment to the Company's affairs are satisfactory, the Board agreed not to determine maximum number of listed Company board representations which any director may held.

Pursuant to the Company's Bye-laws, newly appointed Directors must submit themselves for re-election at the next following Annual General Meeting of the Company. The Bye-laws also require one third of the Directors (except the Managing Director and the Chairman) to retire by rotation at every Annual General Meeting. All Directors who are subject to retirement are eligible for re-election at the meeting. The Nominating Committee recommended to the Board that Mr Hui Yan Moon, Mr Yu Shu Tong and Mr Lau Yiu Nam Eric, be nominated for re-appointment at the forthcoming Annual General Meeting. In making their recommendations, the Nominating Committee evaluates such director's contribution and performance, such as his attendance at meetings of the Board or Board Committees, where applicable, participation, preparedness, candour and any special contributions. The Board has concurred with the NC's recommendation.

Where new appointments are required, the Nominating Committee will consider recommendations for new directors, review their qualifications and meet with such candidates before a decision is made on a selection. In its search and nomination process, the Nominating Committee has at its disposal, search companies, personal contacts and recommendations, to cast its net as wide as possible for the right candidates.

REMUNERATION COMMITTEE

Principle 7 : Procedures for Developing Remuneration Policies
Principle 8 : Level and Mix of Remuneration
Principle 9 : Disclosure on Remuneration

The Remuneration Committee was set up on 14 January 2002 and comprises entirely of Non-Executive Directors, and all being independent of management and free from any business or other relationships. The members of the Remuneration Committee are as follows:

Mr Lau Yiu Nam Eric (Chairman)	(Lead Independent Non-Executive Director)
Mr Yuen Shu Tong	(Independent Non-Executive Director)
Mr Lim Kok Hui	(Independent Non-Executive Director)

The Board has approved the written terms of reference of the Remuneration Committee, which sets out the objectives and authority of the Remuneration Committee.

The primary duties of the Remuneration Committee are as follow:

(a) Review and recommend to the Board a general framework of remuneration for the Board and the key management personnel (the chief executive officer and other persons having authority and responsibility for planning, directing and controlling the activities of the Company). The review also includes the following persons:-

   (i) Executive Director

   (ii) Non-executive and Non-independent Director

   (iii) Independent Director

   (iv) Key Management Personnel (who are not also Directors)

   (v) Employees who are immediate family members of a Director or Chief Executive Officer;

(b) Determine specific remuneration packages for each executive director (cover all aspects of remuneration, including without limitation, director's fees, salaries, allowances, bonuses, options and benefits-in-kind);

(c) Make recommendations in consultation with the Chairman of the Board and submit the same for endorsement by the entire Board;

(d) Propose, for approval by the Board, appropriate and meaningful measures for assessing the executive Directors' performance;

(e) Determine the specific remuneration package (including but not limited to director's fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits-in-kind) for each Director and key management personnel;

(f) Consider what compensation commitments the Directors' contracts of service, if any, would entail in the event of early termination;

(g) Consider whether executive Directors and key management personnel should be eligible for benefits under long-term incentive schemes;

(h) Administer the Company's share option scheme, including without limitation, to:-

    (i) identify those eligible Directors and employees of the Company and its subsidiary companies to whom options should be granted;

    (ii) the timing for grant of options;

    (iii) the number of shares over which options are to be granted;

    (iv) the exercise price at which options are to be granted; and

(i) Consider and make recommendations to the Board concerning the disclosure of details of the Company's remuneration policy, level and mix of remuneration and procedure for setting remuneration, and the details of the specific remuneration packages of the Directors and key management personnel of the Company, in addition (if appropriate) to those required by law or by the Code.

All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonus, options and benefit in kind will be reviewed by the Remuneration Committee. Each member of the Remuneration Committee will abstain from voting on any resolution in respect of his remuneration package.

In carrying out the above responsibilities, the Remuneration Committee may obtain independent external legal and other professional advice as it deems necessary. The expenses of such advice will be borne by the Company.

As part of its review, the Remuneration Committee will ensure that the remuneration package of employees related to Executive Directors and controlling shareholders of the Group are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities.

The aim of the Remuneration Committee is to motivate and retain such executives and ensure that the Group is able to attract the best talent in the market in order to maximize shareholders' value.

In setting remuneration packages, the Remuneration Committee takes into consideration the pay and employment conditions within the industry and in comparable companies. As part of its review, the Remuneration Committee ensures that the performance-related elements of remuneration form a significant part of the total remuneration package of the Executive Directors and is designed to align the Directors' interest with those of shareholders and promote long-term success of the Company and link rewards to corporate and individual performance.

The Company currently does not have any contractual provisions allowing the Company to reclaim incentives from Executive Directors and key management personnel in exceptional cases of wrong doings.

The following table shows a breakdown of the remuneration of the Directors and key management personnel for the financial year ended 31 March 2016:

Remuneration Bands	Salary %	Performance Bonus %	Directors' Fees %	Others %	Total %
__Directors__					
Between HK$1,500,000 and HK$3,000,000 (equivalent to approximately between S$250,000 to S$500,000)					
Mr Hui Yan Sui William	100	–	–	–	100
Below HK$1,500,000 (equivalent to approximately below S$250,000)					
Mr Hui Yan Moon	100	–	–	–	100
Mr Chan Hon Chung Johnny	100	–	–	–	100
Mr Yuen Shu Tong	–	–	100	–	100
Mr Lau Yiu Nam Eric	–	–	100	–	100
Mr Yu Yeung Hoi Stephen	–	–	100	–	100
Mr Lim Kok Hui	–	–	100	–	100
Mr Wong Heng Hwai	–	–	100	–	100
__Key Management Personnel__					
Below HK$1,375,000 (equivalent to approximately below S$250,000)					
Mr Tsay Yuan Yuh	100	–	–	–	100
Ms Chang Jou Ying	100	–	–	–	100
Mr Ng Leung Fuk	100	–	–	–	100

All Executive Directors have service agreements with the Company. Their compensation consists of salary and bonus. All Executive Directors are also entitled to performance awards that are dependent on the performance of the Group. None of them received Director's fee.

Independent Directors are paid a basic fee for sitting on any of the Board Committees. Save for Directors' fees, which have to be approved by shareholders at every AGM, independent directors do not receive any remuneration from the Company.

For competitive reason, the Company is not disclosing each individual Director's remuneration but the remuneration of each Director was disclosed in bands of HK$1,500,000 (equivalent to S$250,000). The remuneration of the Directors was disclosed in percentage according to remuneration component.

The Company disclosed the remuneration of only 3 key management personnel, as there were only 3 key management personnel (who are not directors or the CEO) with authority and responsibility for planning, directing and controlling the activities of the Company. Accordingly, the Company disclosed the remuneration of the 3 key management personnel in this report in bands of HK$1,500,000 (equivalent to S$250,000) with a breakdown of salary and performance bonus in percentage terms, without aggregate of total remuneration paid to the 3 key management personnel to maintain confidentiality of staff remuneration and prevent poaching of key management personnel in a highly competitive industry.

Corporate Governance

There are no employees who are immediate family members of a Director or the CEO and whose remuneration exceeded S$50,000 during the financial year ended 31 March 2016.

The Remuneration Committee also administers the Company's share option scheme.

The Company has a share option scheme known as Swing Employee Share Option Scheme (the "ESOS") which was approved by shareholders of the Company. However, the existing ESOS Scheme had expired. The Board proposed to adopt a new ESOS Scheme at a Special General Meeting to be held soon.

AUDIT COMMITTEE

Principle 12 : Audit Committee

The Audit Committee comprises three Directors all of whom, including the Chairman of the Audit Committee, are Independent Directors. The current Audit Committee members are as follows:

Mr Yuen Shu Tong (Chairman)	(Independent Non-Executive Director)
Mr Lau Yiu Nam Eric	(Lead Independent Non-Executive Director)
Mr Lim Kok Hui	(Independent Non-Executive Director)

The members of the Audit Committee, have expertise or experience in financial management and are qualified to discharge the Audit Committee's responsibilities.

The Board has reviewed and updated the written terms of reference of the Audit Committee, which sets out the objectives and authority. The Audit Committee performs the following primary functions:

(a) Review significant financial reporting issues and judgments so as to ensure integrity of financial statements of the Company and announcements of results relating to the Company's financial performance;

(b) Review and discuss with internal and/ or external auditors their reports on major accounting and control issues observed during the annual audit and review management's implementation of the recommended improvement actions;

(c) Review and report to the Board on the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls and risk management policies and systems established by the management at least annually;

(d) Review the scope external auditors the audit plan, audit report, external auditors' management letter and response from management's and its cost effectiveness, the independence and objectivity of the external auditors annually, nature and extent of non-audit services provided by the external auditors to the Company to ensure that these are provided objective and on a value-for-money basis;

(e) Review the effectiveness of the Company's internal audit function;

(f) Meet with the external auditors, and internal auditors, without the presence of the Company's management, at least annually;

(g) Review and recommend to the Board on the appointment/re-appointment of the external auditors, the audit fee and matters relating to the resignation or dismissal of the auditors and approve the recommendation and terms of engagement of the external auditor;

(h) Review policy and arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or others matters and to ensure that arrangements are in place for the independent investigation of such matters and for appropriate follow up action.

Apart from the functions listed above, the Audit Committee will also commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position.

The Audit Committee ensures that the internal audit function is adequately resourced and has appropriate standing within the Company. The internal audit function could be (i) undertaken by an in-house unit, (ii) outsourced to a reputable accounting or auditing firm or (iii) undertaken by the internal audit staff of the Company's major shareholder, holding company, parent company or controlling enterprise. The Audit Committee at least annually, ensure the adequacy of the internal audit function.

The Audit Committee meets periodically and also holds informal meetings and discussions with the external and internal auditors as well as the management from time to time. The Audit Committee has full discretion to invite any Director or key management personnel to attend its meetings.

The Audit Committee has been given full access to and is provided with the co-operation of the Company's management. In addition, the Audit Committee has independent access to the external auditors annually. The Audit Committee has reasonable resources to enable it to discharge its functions properly.

During the year, the Audit Committee has reviewed the scope and quality of their audits and the independence and objectivity of the external auditors as well as the cost effectiveness. The Audit Committee is satisfied that the Company's auditors are still able to meet the audit requirements and statutory obligation of the Company.

The Audit Committee has reviewed the volume of all audit services provided to the Group by the external auditors, Messrs. Mazars LLP. Please refer to page 57 for details of the audit fees. During the year, there was no non-audit service provided by Messrs. Mazars LLP. The AC is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The Audit Committee recommended the re-appointment of Messrs. Mazars LLP as external auditors at the forthcoming Annual General Meeting. The Audit Committee received update on changes in accounting standards from external auditors periodically.

The Group has appointed suitable accounting firms for its foreign-incorporated subsidiaries. The Company is in compliance with Rule 712 of the Listing Rules of the SGX-ST. The Board and Audit Committee are satisfied that the appointments of different accounting firms for its Singapore-incorporated subsidiary and foreign-incorporated subsidiaries would not compromise the standard and effectiveness of the audit of the Group. The Company is in compliance with Rule 712, 715 and 716 of the Listing Rules of the SGX-ST.

The Audit Committee had established a whistle blowing policy and had appointed, Mr Lau Yiu Nam Eric, the lead Independent Non-Executive Director of the Company, as person for whistle blowing report of the Company, Such arrangement is to provide a channel to report any suspicious of non-compliance with regulations, policies and fraud, etc, to the appropriate authority for resolution, without any prejudicial implications for employees in the Group. Mr Lau Yiu Nam Eric is vested with the power and authority to receive, investigate and enforce appropriate action when any such whistle blowing report is brought to their attention.

Principle 10 : Accountability

The Board is accountable to the shareholders and the management is accountable to the Board. The Board is provided with management accounts and such explanation and information to assess the Group's performance and make informed decisions.

The Company provides a balanced and understandable assessment of the Company's performance through half-yearly results reporting. The Company will continue to provide an assessment of the Group's position and prospects on a half-yearly basis.

The Board takes adequate steps to ensure compliance with legislative and regulatory requirements.

Corporate Governance

Principle 11 : Risk Management and Internal Controls
Principle 13 : Internal Audit

The Board, with the assistance of its Audit Committee, assesses the effectiveness of the system of internal controls of the Group by considering reviews performed by management, the independent external auditors and the internal assessment report outsourced and performed by an independent audit firm.

The Board recognizes that it is responsible for the overall internal control framework, but admits that no cost effective internal control system will prevent all irregularities and errors, as a system is designed to manage rather the eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

Based on the regular reviews performed by management and the Company's Board Committees and the Board on the effectiveness of all internal controls, addressing financial, operation and compliance risks and the work performed by the internal and external auditors throughout the year and up to the date of this report, the Board, with the concurrence of the Audit Committee are of the opinion that the Group's internal controls, addressing financial, operation and compliance risks and those related to information technology controls and risk management systems, were adequate as at 31 March 2016. The internal controls mechanism is further strengthened with the existence of periodic audit checks by independent internal auditors and external auditors.

The Board received assurance in writing from the Chief Executive Director, Mr Hui Yan Moon and Chief Financial Officer, Mr Chan Hon Chung Johnny, that the financial records have been properly maintained and financial statements of the Company give a true and fair view of the Company's operations and finance. The assurance from Mr Hui Yan Moon and Mr Chan Hon Chung Johnny also includes effectiveness of the Company's risk management and internal Control systems.

The internal audit function of the Company is outsourced to Messrs. Albert Wong & Co. The internal auditor's primary line of reporting is to the Audit Committee Chairman although the internal auditor also reports administratively to the Chief Executive Officer.

The Audit Committee has reviewed the internal audit program, the scope and results of internal audit procedures and is satisfied that the internal audit function is adequately resourced and has appropriate standing within the Group.

The internal auditors, Messrs. Albert Wong & Co., meets the standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

Principle 14 : Shareholder Rights

The Board treats all shareholders fairly and equitably and facilitates the exercise of shareholders' rights.

The Board is accountable to the shareholders and recognise its obligation to provide timely and fair disclosure of material information to shareholders, investors and public.

The Board allows all shareholders to exercise its voting rights by participation and voting at general meetings. Shareholders were informed about the voting procedures that govern general meetings of shareholders. The Company's Bye-law allows a member of the Company to appoint one or two proxies to attend and vote at general meetings.

Principle 15 : Communication with Shareholders

The Group is committed to maintaining high standards of corporate disclosure and transparency. The Company provides information to its shareholders via SGXNET announcements, news releases, media and analyst briefings of its half-year and full year results. Such information is also available on the Company's website http://www.swinggroup.com.

The Company engaged a Public & Investor Relations firm. The Company communicates with its investors on a regular basis and attends to their queries.

General meetings have always been the principal forum for dialogue with shareholders. At these meetings, shareholders are able to engage the Board and the Management on the Group's business activities, financial performance and other business-related matters. These meetings allow the Company to gather views or inputs and address shareholders' concern.

The Board does not have a concrete dividend policy at present. The form, frequency and amount of dividends declared each year will take into consideration of the Group's profit growth, cash position, positive cash flow generated from operators, projected capital requirements for business growth and other factors as the Board may deem appropriate. The Board has declared a first and final tax exempt (1 tier) dividend of 1 Singapore cent per ordinary share for the financial year ended 31 March 2016.

The Company ensures that price-sensitive information is publicly released, and is announced on an immediate basis where required under the Listing Manual of the SGX-ST. Where an immediate announcement is not possible, the announcement is made as soon as possible to ensure that shareholders and the public have a fair access to the information.

Principle 16 : Conduct of Shareholder Meetings

The Annual General Meeting of the Company is a principal forum for dialogue and interaction with all shareholders. All shareholders of the Company will receive the Annual Report and the notice of the Annual General Meeting. The notice is also advertised in a local newspaper and made available on SGXNET. The Company encourages shareholders' participation at Annual General Meetings to ensure a high level of accountability and to stay informed of the Company's strategy and goals. Shareholder who is a relevant intermediary (as defined in the Companies Act, Cap. 50) can appoint more than 2 proxies to attend the AGM. All shareholders are given the opportunity to voice their views and to direct queries regarding the Group to Directors. Minutes of general meetings include substantial and relevant queries or comments from shareholders relating to the agenda of the meeting and responses from the Board and Management. These minutes would be available to shareholders upon their request.

The chairpersons of each of the Board Committees are present and available to address such questions at the Annual General Meeting. The external auditors are also present to address shareholders' queries about the conduct of the audit and the preparation and content of the auditors' report.

The Company ensures that there are separate resolutions at general meetings on each distinct issue.

All resolutions were put to vote by poll at the Annual General Meeting held on 29 July 2015. Detailed results of the poll was announced via SGXNET.

MATERIAL CONTRACTS

Save for the Service Agreements between the executive directors and the Company, there were no material contracts of the Company or its subsidiaries involving the interest of the CEO or any Director or controlling shareholders subsisting at the end of the financial year ended 31 March 2016.

RISK MANAGEMENT

The Company does not have a Risk Management Committee. However, the Group is continually reviewing and improving the business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The management also reviews all significant control policies and procedures and highlights all significant matters to the Directors and the Audit Committee.

Corporate Governance

INTERESTED PERSON TRANSACTIONS

The Company has established procedures and policy to ensure that all transactions with interested persons are reported on a timely manner to the Audit Committee 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.

There is no interested person transaction during the financial year.

DEALINGS IN SECURITIES

The Group has put in place an internal code on dealings in securities with respect to dealings in securities by the Directors and its executive officers. The Company, Directors, management and officers of the Group who have access to price-sensitive, financial or confidential information are not permitted to deal in the Company's shares on short-term consideration or during the period commencing one month prior to the announcement of the Company's half-yearly and full year results and ending on the date of announcement of the relevant results, or when they are in possession of unpublished price-sensitive information on the Group. Directors and executive officers are also required to observe insider trading laws at all time even when dealing in securities within the permitted trading hours.

USE OF FUND RAISING PROCEEDS

The details of the fund raising exercises undertaken by the Company for the financial year ended 31 March 2016 are set out below:

Announcement made on 12 June 2015	• The Board of Directors has announced that the Bonds Issue completion has been taken place. Pursuant to the Bond Subscription Agreement, the company has issued S$6,000,000 in aggregate principal amount of 6 percent convertible bonds on the day. As at the date of this report, the company has not utilised the funds raised for general working capital purposes.

The amount of cash raised from issues of securities during the market in the financial year has not been utilised as at the date of this report.

Report of the Directors

The directors of the Company present their report to the members together with the audited financial statements of the Group for the financial year ended 31 March 2016, the statement of financial position and statement of changes in equity of the Company for the financial year then ended.

1. Directors

The directors of the Company in office at the date of this statement are:

Executive Directors

Hui Yan Sui William	(Chairman)
Hui Yan Moon	(Chief Executive Officer)
Chan Hon Chung Johnny	(Chief Financial Officer)

Independent Directors

Lau Yiu Nam Eric
Yuen Shu Tong
Yu Yeung Hoi Stephen
Lim Kok Hui
Wong Heng Hwai

2. Arrangements to enable directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects were, or one of the objects was, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, except as disclosed in paragraphs 4 and 6 below.

3. Share consolidation

During the year 2015, the Company proposed a share consolidation of every twenty (20) existing issued ordinary shares in the capital of the Company into one (1) Consolidated Share, fractional entitlements to be disregarded. The share consolidation was approved by shareholders at the Extraordinary Meeting held on 16 August 2015 and became effective on 4 September 2015.

As a result of the share consolidation, the number of ordinary shares and share options and their exercise prices were adjusted accordingly.

After the completion of share consolidation on 4 September 2015, the ordinary shares and share options have been restated on the basis of the Company's share consolidation.

4. Directors' interests in shares or debentures

According to the register of directors' shareholdings kept by the Company, the directors of the Company holding office at the end of the financial year had no interest in the shares or debentures of the Company and its related corporations except as stated below:

No. of ordinary shares	Holding registered in the name of director			Holdings in which a director is deemed to have an interest		
	At 1 April 2015#	At 31 March 2016	At 21 April 2016	At 1 April 2015#	At 31 March 2016	At 21 April 2016
Directors						
Ordinary shares						
Hui Yan Sui William	–	–	–	2,621,939[(a)]	2,884,128[(b)]	2,884,128[(b)]
Hui Yan Moon	4,760	5,236	5,236	6,251,801[(c)]	7,098,901[(d)]	7,098,901[(d)]
Chan Hon Chung Johnny	185,383	203,921	203,921	–	–	–

The Company completed the consolidation of its ordinary shares on a 20:1 basis on 4 September 2015. The number of shares at the beginning of the year above have been adjusted for the consolidation of shares for comparison purposes.

(a) Mr Hui Yan Sui William is deemed to be interested in 2,621,939 shares in which 2,515 shares are held by United Partner Investment Limited, 64,078 shares are held by his father, Mr Hui Shu Pei, 85,437 shares are held by his wife, Ms Hue Poh Leng and 2,469,909 shares are held by RHB Securities Singapore Pte Ltd as nominee of United Partner Investment Limited.

(b) Mr Hui Yan Sui William is deemed to be interested in 2,884,128 shares in which 2,766 shares are held by United Partner Investment Limited, 70,484 shares are held by his father, Mr Hui Shu Pei, 93,979 shares are held by his wife, Ms Hue Poh Leng and 2,716,899 shares are held by RHB Securities Singapore Pte Ltd as nominee of United Partner Investment Limited.

(c) Mr Hui Yan Moon is deemed to be interested in 6,251,801 shares in which 2,515 shares are held by United Partner Investment Limited, 64,078 shares are held by his father, Mr Hui Shu Pei, 2,469,909 shares are held by RHB Securities Singapore Pte Ltd as nominee of United Partner Investment Limited, 1,202,279 shares are held by RHB Securities Singapore Pte Ltd as nominee of Mr Hui Yan Moon, 561,111 shares are held by Hong Leong Finance Nominees Pte Ltd and 1,951,909 shares are held by Mayban Nominees (Singapore) Private Limited.

(d) Mr Hui Yan Moon is deemed to be interested in 7,098,901 shares in which 2,766 shares are held by United Partner Investment Limited, 70,484 shares are held by his father, Mr Hui Shu Pei, 2,716,899 shares are held by RHB Securities Singapore Pte Ltd as nominee of United Partner Investment Limited, 1,544,431 shares are held by RHB Securities Singapore Pte Ltd as nominee of Mr Hui Yan Moon, and 2,764,321 shares are held by Mayban Nominees (Singapore) Private Limited.

Except as disclosed elsewhere in this report, no director who held office at the end of the financial year had interests in shares or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment, if later, or at the end of the financial year.

5. Directors' contractual benefits

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit which is required to be disclosed by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for salaries 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.

6. Share options

On 8 January 2002, the shareholders of the Company approved a share options scheme known as the Equity-Settled Share Option Scheme ("ESOS"). The ESOS will provide eligible participants, such as the executive directors and employees of the Group who are not controlling shareholders or their associates, with an opportunity to participate in the equity of the Group. The aggregate number of shares over which options may be granted on any date shall not exceed 15% of the issued shares of the Group on the day preceding the date of the relevant grant. The number of options to be granted to the eligible participants, exercise price, exercise period and the timing of such grant are to be determined at the absolute discretion of the Remuneration Committee.

The ESOS is administered by the Remuneration Committee whose members are:

Lau Yiu Nam Eric (Chairman)
Yuen Shu Tong
Lim Kok Hui

A member of the Remuneration Committee who is also a participant of the ESOS must not be involved in its deliberation in respect of the options granted or to be granted to him.

During the financial year ended 31 March 2016, no director/employee was granted new share options. 2,000 share options were expired. As at 31 March 2016, the outstanding share options after adjusting for the consolidation of shares for comparison purpose are 431,000 as follows:

Date of grant	Vesting period	Exercise period	Exercise price	Beginning of year, number of outstanding options	Number of options expired during the year	Number of options forfeited during the year	End of year, number of outstanding options
			S$	('000)	('000)	('000)	('000)
25 May 2005	25 May 2005 – 24 May 2006	25 May 2006 – 24 May 2015	8.000	2	(2)	–	–
25 May 2006	25 May 2006 – 24 May 2008	25 May 2006 – 24 May 2016	7.000	29	–	–	29
26 May 2008	26 May 2008 – 25 May 2009	26 May 2009 – 25 May 2018	8.000	24	–	–	24
26 May 2008	26 May 2008 – 25 May 2010	26 May 2010 – 25 May 2018	6.500	45	–	–	45
26 May 2011	26 May 2011 – 25 May 2012	26 May 2012 – 25 May 2021	3.500	86	–	–	86
26 May 2011	26 May 2011 – 25 May 2013	26 May 2013 – 25 May 2021	3.200	247	–	–	247
				433	(2)	–	431

6. Share options (Continued)

Details of share options granted to a director and employees pursuant to the ESOS, after adjusting for the consolidation of shares for comparison purpose, are as follows:

Name of participant	Options granted during financial year under review	Aggregate options at the beginning of financial year under review	Aggregate options forfeited/ expired during the financial year ended review	Aggregate options exercised during the financial year ended review	Aggregate options outstanding as at end of financial year under review
	('000)	('000)	('000)	('000)	('000)
Director:					
Chan Hon Chung Johnny	–	48	–	–	48
Employee:					
Tsay Yuan Yuh	–	117	–	–	117
Chang Jou Ying	–	97	–	–	97
Ng Leung Fuk	–	49	–	–	49
Other below 5%	–	122	(2)	–	120
Total	–	433	(2)	–	431

Since the commencement of the ESOS till the end of the financial year:

- No options have been granted to the controlling shareholders of the Company and their associates;
- No participant other than the mentioned above has received 5% or more of the total options available under the plans; and
- No options have been granted at discount.

7. Audit Committee

The Audit Committee of the Company comprises three non-executive and independent directors at the date of the report as follows:

Yuen Shu Tong (Chairman)
Lau Yiu Nam Eric
Lim Kok Hui

The Audit Committee has convened two meetings during the financial year with key management and the internal auditors of the Company.

The Audit Committee carried out its duties which included the following:

(i) Review of the audit plan and results of the external audit, including the evaluation of internal accounting controls and its cost effectiveness, and the independence and objectivity of the external auditors, including the review of the extent of non-audit services provided by the external auditors to the Group, if any;

(ii) Review of the audit plans of the internal auditors of the Group and their evaluation of the adequacy of the Group's system of internal accounting controls;

7. Audit Committee (Continued)

(iii) Review of the Group's annual financial statements and the external auditors' report on the annual financial statements of the Group and of the Company before their submission to the board of directors;

(iv) Review of the half-yearly and annual announcements as well as the related press releases on the results of the Group and financial position of the Group and of the Company;

(v) Review of the adequacy of the Group's risk management processes;

(vi) Review of the Group's compliance with legal requirements and regulations, including the related compliance policies and programmes and reports received from regulators, if any;

(vii) Review of interested person transactions in accordance with Singapore Exchange ("SGX") listing rules;

(viii) Nomination of external auditors and approval of their compensation; and

(ix) Submission of report of actions and minutes of the Audit Committee to the board of directors with any recommendations as the Audit Committee deems appropriate.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the directors the nomination of Mazars LLP for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting ("**AGM**") of the Company.

8. Auditors

The auditors, Mazars LLP, have expressed their willingness to accept re-appointment.

On behalf of the directors

Hui Yan Moon
Director

Chan Hon Chung Johnny
Director

Hong Kong
1 July 2016

Statement by Directors

In the opinion of the directors,

(a) the financial statements of the Group, the statement of financial position and the statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2016, and of the financial performance of the Group, changes in equity of the Group and the Company 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 directors

Hui Yan Moon
Director

Chan Hon Chung Johnny
Director

Hong Kong
1 July 2016

Independent' Auditors' Report

To the Members of Swing Media Technology Group Limited
(Incorporated in Bermuda with limited liability)

Report on the Financial Statements

We have audited the accompanying financial statements of Swing Media Technology Group Limited (the "Company") and its subsidiaries (the "Group"), which comprise the statement of financial position of the Group and the Company as at 31 March 2016, and the consolidated statements of profit or loss and other comprehensive income, changes in equity of the Group and the Company and cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out in pages 34 to 87.

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 such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 auditors' 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 auditors consider 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.

Opinion

In our opinion, the financial statements of the Group, the statement of financial position and the statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2016, and the financial performance of the Group, changes in equity of the Group and the Company and cash flows of the Group for the financial year then ended in accordance with International Financial Reporting Standards.

MAZARS LLP
Public Accountants and
Chartered Accountants

Singapore
1 July 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the financial year ended 31 March 2016

	Note	2016	2015
		HK$'000	HK$'000
Revenue	4	**1,113,095**	1,098,858
Cost of sales		**(1,002,721)**	(989,386)
Gross profit		**110,374**	109,472
Other income	5	**2,327**	2,285
General and administrative expenses		**(29,989)**	(29,735)
Finance costs	6	**(9,965)**	(12,634)
Profit before income tax	7	**72,747**	69,388
Income tax expense	8	**(3,195)**	(2,626)
Profit for the year		**69,552**	66,762
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		**130**	537
Total comprehensive income for the year attributable to owners of the Company		**69,682**	67,299
Earnings per share attributable to owners of the parent (cents)			
Basic	9	**200.65**	199.40
Diluted	9	**176.13**	N/A

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

Statements of Financial Position

as at 31 March 2016

	Note	Group 2016 HK$'000	Group 2015 HK$'000	Company 2016 HK$'000	Company 2015 HK$'000
ASSETS					
Non-current assets					
Property, plant and equipment	10	**764,044**	725,753	**–**	–
Investments in subsidiaries	11	**–**	–	**1,010**	10
Total non-current assets		**764,044**	725,753	**1,010**	10
Current assets					
Inventories	12	**290,316**	296,501	**–**	–
Trade receivables	13	**319,690**	345,004	**–**	–
Other current assets	14	**375,910**	218,018	**1,117**	–
Amounts due from subsidiaries	15	**–**	–	**899,151**	881,360
Cash and cash equivalents	16	**61,055**	81,263	**113**	36
Total current assets		**1,046,971**	940,786	**900,381**	881,396
Total assets		**1,811,015**	1,666,539	**901,391**	881,406
EQUITY AND LIABILITIES					
Equity					
Share capital	17	**57,395**	52,186	**57,395**	52,186
Share premium	18	**424,679**	424,679	**424,679**	424,679
Capital reserve	18	**10,622**	10,622	**10,622**	10,622
Contributed surplus	18	**319,931**	319,931	**319,931**	319,931
Foreign currency translation reserve	18	**2,873**	2,743	**–**	–
Share-based compensation reserve	18	**5,196**	5,196	**5,196**	5,196
Retained earnings		**610,379**	546,036	**3,036**	2,766
Total equity		**1,431,075**	1,361,393	**820,859**	815,380
Non-current liabilities					
Obligations under finance leases	19	**27**	253	**–**	–
Borrowings	20	**38,753**	942	**38,753**	942
Deferred tax liabilities	21	**45,600**	43,262	**–**	–
Total non-current liabilities		**84,380**	44,457	**38,753**	942
Current liabilities					
Trade payables	23	**1,338**	959	**–**	–
Other payables and accruals	24	**5,012**	3,807	**3,556**	2,521
Borrowings	20	**253,787**	221,778	**38,005**	62,242
Amounts due to directors	25	**218**	321	**218**	321
Derivative financial instruments	26	**409**	–	**–**	–
Obligations under finance leases	19	**226**	534	**–**	–
Income tax payables		**34,570**	33,290	**–**	–
Total current liabilities		**295,560**	260,689	**41,779**	65,084
Total liabilities		**379,940**	305,146	**80,532**	66,026
Total equity and liabilities		**1,811,015**	1,666,539	**901,391**	881,406

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

Statements of Changes in Equity

for the financial year ended 31 March 2016

<u>Group</u>	Note	Share capital	Share premium	Capital reserve	Contributed surplus	Foreign currency translation reserve	Share-based compensation reserve	Retained earnings	Total equity
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2014		52,186	424,679	10,622	319,931	2,206	5,196	485,551	1,300,371
Profit for the financial year		–	–	–	–	–	–	66,762	66,762
Other comprehensive income:									
Exchange differences on translating foreign operations		–	–	–	–	537	–	–	537
Dividends	27	–	–	–	–	–	–	(6,277)	(6,277)
At 31 March 2015		52,186	424,679	10,622	319,931	2,743	5,196	546,036	1,361,393
At 1 April 2015		52,186	424,679	10,622	319,931	2,743	5,196	546,036	1,361,393
Profit for the financial year		–		–	–	–	–	69,552	69,552
Other comprehensive income:									
Exchange differences on translating foreign operations		–	–	–	–	130	–	–	130
Issue of ordinary shares by bonus issue	17	5,209	–	–	–	–	–	(5,209)	–
At 31 March 2016		57,395	424,679	10,622	319,931	2,873	5,196	610,379	1,431,075

<u>Company</u>	Note	Share capital	Share premium	Capital reserve	Contributed surplus	Share-based compensation reserve	Retained earnings	Total equity
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2014		52,186	424,679	10,622	319,931	5,196	9,037	821,651
Total comprehensive income for the year		–	–	–	–	–	6	6
Dividends	27	–	–	–	–	–	(6,277)	(6,277)
At 31 March 2015		52,186	424,679	10,622	319,931	5,196	2,766	815,380
At 1 April 2015		52,186	424,679	10,622	319,931	5,196	2,766	815,380
Total comprehensive income for the year		–	–	–	–	–	5,479	5,479
Issue of ordinary shares by bonus issue	17	5,209	–	–	–	–	(5,209)	–
At 31 March 2016		57,395	424,679	10,622	319,931	5,196	3,036	820,859

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

Consolidated Statements of Cash Flows

for the financial year ended 31 March 2016

	Note	2016 HK$'000	2015 HK$'000
Operating activities			
Profit before income tax		**72,747**	69,388
Adjustments for:			
Amortisation of convertible bond		**265**	–
Depreciation of property, plant and equipment		**147,781**	158,374
Interest expense	6	**9,965**	12,634
Interest income		**(201)**	(177)
Loss on disposal of property, plant and equipment		**–**	4,682
Property, plant and equipment written off		**4,507**	–
Gain on disposal of subsidiaries	5	**–**	(221)
Fair value loss/(gain) on derivative financial instruments		**409**	(30)
Fair value gain on conversion option derivative of convertible bond		**(1,045)**	–
Operating cash flows before working capital changes		**234,428**	244,650
Movements in working capital:			
Trade receivables		**25,314**	(48,605)
Inventories		**6,185**	(81,137)
Other current assets		**(156,775)**	(48,494)
Trade payables		**379**	(858)
Other payables and accruals		**5,460**	(4,332)
Amounts due to directors		**(103)**	15
Cash generated from operations		**114,888**	61,239
Income taxes paid		**(3,831)**	(8,081)
Net cash generated from operating activities		**111,057**	53,158
Investing activities			
Interest received		**201**	177
Proceeds from disposal of property, plant and equipment		**–**	8,302
Purchase of property, plant and equipment		**(190,579)**	(99,240)
Net cash inflow on disposal of subsidiaries	11	**–**	19
Net cash used in investing activities		**(190,378)**	(90,742)
Financing activities			
Dividends paid		**–**	(6,277)
Proceeds from issuance of convertible bond	22	**34,443**	–
Interest paid		**(10,230)**	(12,634)
Proceeds from borrowings		**877,423**	1,072,696
Repayment of borrowings		**(846,169)**	(1,078,071)
Repayment of obligations under finance leases		**(534)**	(513)
Net cash generated from/(used in) financing activities		**54,933**	(24,799)
Net decrease in cash and cash equivalents		**(24,388)**	(62,383)
Effect of foreign exchange rate changes		**130**	741
Cash and cash equivalents at beginning of the financial year		**81,263**	142,905
Cash and cash equivalents at end of the financial year	16	**57,005**	81,263

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

Notes to the Financial Statements

for the financial year ended 31 March 2016

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

1. General

Swing Media Technology Group Limited (the "Company") was incorporated in Bermuda as an exempted company with limited liability on 26 March 2001. The Company's registered office is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda with its principal place of business at Suite 1902, Tower 2, Nina Tower, 8 Yeung Uk Road, Tsuen Wan, Hong Kong. The Company's shares are listed on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The principal activity of the Company is that of investment holding company. The principal activities of its subsidiaries are disclosed in Note 11 to these financial statements.

The financial statements of the Group, the statement of financial position and the statement of changes in equity of the Company for the financial year ended 31 March 2016 were authorised for issue by the Board of Directors on 1 July 2016.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group, the statement of financial position and the statement of changes in equity of the Company have been drawn up in accordance with International Financial Reporting Standards ("IFRS") issued by International Accounting Standards Board and Interpretations to International Financial Reporting Standards issued by International Financial Reporting Interpretations Committee.

The financial statements of the Group, the statement of financial position and the statement of changes in equity of the Company are prepared on the historical cost basis except as disclosed in the significant accounting policies set out below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The financial statements of the Group, the statement of financial position and the statement of changes in equity of the Company are presented in Hong Kong dollar ("HK$") which is also the functional currency of the Company, and all values presented are rounded to the nearest thousand ("HK$'000"), unless otherwise indicated.

In the current financial year, the Group has adopted all the new and revised IFRS that are relevant to its operations and effective for the current financial year. The adoption of these new/revised IFRS did not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

The Group has not adopted the following IFRS that have been issued but not yet effective which are as follows:

		Effective date (annual periods beginning on or after)
IAS 1	Amendments to IAS 1: Disclosure initiative	1 January 2016
IAS 7	Statement of Cash Flows	1 January 2017
IAS 12	Amendments to IAS 12: Recognition of deferred tax assets for unrealised losses	1 January 2017
IAS 16, 38	Amendments to IAS 16 and IAS 38: Clarification of Acceptance Methods of Depreciation and Amortisation	1 January 2016
IAS 16, 41	Amendments IAS 16 and IAS 41: Agriculture: Bearer Plants	1 January 2016
IAS 27	Amendments to IAS 27: Equity Method in Separate Financial Statements	1 January 2016
IAS 34	Improvement by IFRSs 2014	1 January 2016
IAS 38	Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
IAS 39	Financial Instruments	1 January 2018
IAS 41	Amendments to IAS 16 and IAS 41: Agriculture: Bearer Plants	1 January 2016
IFRS 2	Amendments to IFRS 2: Classifiction and Measurement of Share-based Payment Transactions	1 January 2018
IFRS 5	Non-current assets held for sales and discontinued operations	1 January 2016
IFRS 7	Financial Instruments: Disclosures	1 January 2016
IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 10, 12 and IAS 28	Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities – Applying the Consolidation Exception	1 January 2016
IFRS 10, IAS 28	Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
IFRS 11	Amendments to IFRS 11 Joint Arrangements	1 January 2016
IFRS 14	Regulatory Deferral Accounts issued	1 January 2016
IFRS16	Leases	1 January 2019
Various	Annual Improvements to IFRSs 2012 - 2014	1 January 2016

Consequential amendments were also made to various standards as a result of these new/revised standards.

The Group and the Company have not early adopted any of the above new/revised standards, interpretations and amendments to the existing standards in financial year ended 31 March 2016. Management is in the process of making an assessment of their impact and is not yet in a position to state whether any substantial changes to the Group's and the Company's significant accounting policies and presentation of the financial information will be resulted.

2. Summary of significant accounting policies (Continued)

IFRS 9 Financial Instruments

IFRS 9 supersedes IAS 39 Financial Instruments: Recognition and Measurement with new requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Financial assets are classified into financial assets measured at (i) fair value through profit or loss; (ii) amortised cost; or (iii) fair value through other comprehensive income, depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, or as otherwise designated as such upon initial recognition, if allowed.

The Group has not adopted the following IFRS that have been issued but not yet effective which are as F a i r value gains or losses will be recognised in profit or loss except for certain equity investments, for which the entity will have a choice to recognise the gains and losses in other comprehensive income if the financial assets are measured at fair value through other comprehensive income.

There have been no changes in the de-recognition requirements of financial assets and liabilities, nor the recognition, classification and measurement requirements for financial liabilities from IAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch.

A new forward-looking impairment model based on expected credit losses, which replaces the incurred loss model in IAS 39, determines the recognition of impairment provisions as well as interest revenue. An entity will recognise (at a minimum of) 12 months of expected credit losses in profit or loss for financial assets measured at amortised cost or fair value through other comprehensive income, unless in the circumstance when there is a significant increase in credit risk after initial recognition which requires the entity to recognised lifetime expected credit losses on the affected assets.

The Group does not intend to early adopt IFRS 9. The Group is still assessing the potential impact of IFRS 9 on its financial statements in the initial year of adoption.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction contracts, IAS 18 Revenue, IFRIC 113 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 118 Transfers of Assets from Customers and INT IFRS 31 Revenue – Barter Transactions Involving Advertising Services to report useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.

Entities are required to adopt a five-step model which requires (i) their identification of the contract; (ii) their identification of the performance obligations in the contract; (iii) the determination of; (iv) allocation of the transaction price; and (v) recognition of revenue when (i.e. at a point in time) or as (i.e. over time) each performance obligation is satisfied.

The core principle is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration which the entity expects to be entitled in exchange for those goods or services.

The Group does not intend to early adopt IFRS 15. The Group is still assessing the potential impact of IFRS 15 on its financial statements in the initial year of adoption.

2. Summary of significant accounting policies (Continued)

IFRS 16 Leases

IFRS 16 Leases sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions.

The standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. Assets and liabilities arising from a lease are initially measured on a present value basis, and subsequently, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, IFRS 16 requires enhanced disclosures to be provided by the lessor.

Early adoption is permitted in certain circumstances. The Group expects to adopt IFRS 16 on 1 January 2019 and is currently assessing the impact of the standard upon adoption.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 16.

2.2 Basis of consolidation

The financial statements of the Group comprise the financial statements of the Company and its subsidiaries. Subsidiaries are entities (including structured entities) (i) over which the Group has power and the Group is (ii) able to use such power to (iii) affect its exposure, or rights, to variable returns from then through its involvement with them.

The Group reassesses whether it controls the subsidiaries if facts and circumstances indicate that there are changes to the one or more of the three elements of control.

When the Group has less than a majority of the voting rights of an investee, it still has power over the investee when the voting rights are sufficient, after considering all relevant facts and circumstances, to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers, among others, the extent of its voting rights relative to the size and dispersion of holdings of the other vote holders, currently exercisable substantive potential voting rights held by all parties, rights arising from contractual arrangements and voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intra-group assets and liabilities, equity, income, expenses and cashflows relating to intragroup transactions are eliminated on consolidation.

The financial statements of the subsidiaries used in the preparation of the financial statements are prepared for the same reporting date as that of the Company. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

Non-controlling interests are identified separately from the Group's equity therein. On an acquisition-by-acquisition basis, non-controlling interests may be initially measured either at fair value or at their proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Losses in the subsidiary are attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any differences between the amount by which the non-controlling interests are adjusted to reflect the changes in the relative interests in the subsidiary and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control over a subsidiary, the profit or loss on disposal 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. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments 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 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or joint arrangement entities.

Investments in subsidiaries are carried at cost less any impairment loss that has been recognised in profit or loss.

2.3 Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business Combinations ("IFRS 3") are recognised at their fair values at the acquisition date.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with IFRS 2 *Share-based Payment*; and

2. Summary of significant accounting policies (Continued)

2.3 Business combinations (Continued)

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and is initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

2.4 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of estimated customer returns, rebates and other similar allowances.

<u>Sale of goods</u>

Revenue from the sale of goods is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods; retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; is able to reliably measure the amount of revenue and the costs incurred or to be incurred in respect of the transaction; and assesses that it is probable for the economic benefits associated with the transaction to flow to the entity.

<u>Leasing income</u>

Leasing income is recognised on a straight-line basis over the lease term.

<u>Interest income</u>

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

2.5 Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

2. Summary of significant accounting policies (Continued)

2.6 Retirement benefit costs

The Group has arranged its employees in Hong Kong to join the Mandatory Provident Fund Scheme (the "MPF Scheme"). The MPF Scheme was introduced pursuant to the introduction of Mandatory Provident Fund legislation in Hong Kong. Under the MPF Scheme, the Group and each of the employees make monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. Both the employer's and the employees' contributions are subject to a cap of monthly earnings of HK$30,000 (2015: HK$30,000). For those employees with monthly earnings less than HK$7,100 effective on or after 1 November 2013, employees' contributions are voluntary.

2.7 Employee leave entitlements

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

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

2.8 Income tax

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the financial year.

Deferred tax is recognised on the 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, and are accounted for using the 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.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries, 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.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each financial year 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 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 the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year and based on the tax consequence that will follow from the manner in which the Group expects, at the end of the financial year, to recover or settle the carrying amounts of its assets and liabilities. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

2. Summary of significant accounting policies (Continued)

2.8 Income tax (Continued)

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.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

2.9 Dividends

Equity dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which dividends are approved by shareholders.

2.10 Foreign currency transactions and translations

Foreign currency transactions are translated into the individual entities' respective functional currencies at the exchange rates prevailing on the dates of the transactions. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Hong Kong dollar using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2. Summary of significant accounting policies (Continued)

2.11 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs 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. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Subsequent expenditure relating to property, plant and equipment is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

Depreciation is charged so as to write off the cost of assets, using the straight-line method, on the following bases:

▪ Furniture and fixtures	2 years to 4 years
▪ Tools and machinery	5 years to 10 years
▪ Motor vehicles	4 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss, being the difference between the sales proceeds and the carrying amount of the asset, arising on disposal or retirement of an item of property, plant and equipment is recognised in profit or loss.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

2.12 Impairment of tangible and intangible assets excluding goodwill

The Group reviews the carrying amounts of its tangible and intangible assets as at each reporting date to assess for any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows 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.

An impairment loss for the amount by which the asset's carrying amount exceeds the recoverable amount is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

2. Summary of significant accounting policies (Continued)

2.12 Impairment of tangible and intangible assets excluding goodwill (Continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.13 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

Financial assets

All financial assets are recognised on a trade date - the date on which the Group commits to purchase or sell the asset. They are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss and loans and receivables. The classification depends on the nature and purpose for which these financial assets were acquired and is determined at the time of initial recognition.

Financial asset at fair value through profit or loss (“FVTPL”)

A financial asset is classified as FVTPL if the financial asset is either held for trading or is designated as such upon initial recognition.

A financial asset is classified as held-for-trading if it has been acquired principally for the purpose of selling in the short term; or if it is part of an identified portfolio of financial instruments with a recent actual pattern of short-term profit-taking and which is managed by the Group; or if it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee contract.

A financial asset which is not classified as held-for-trading may be designated as FVTPL upon initial recognition if the financial asset is managed as part of a group of financial instruments, with its performance being evaluated on a fair value basis, in accordance with the Group’s documented risk management or investment strategy, and information about the grouping is provided internally on that basis.

Gains or losses arising from changes in the fair value are recognised in profit or loss. The net gain or loss incorporates any dividend or interest earned on the financial asset.

2. Summary of significant accounting policies (Continued)

2.13 Financial instruments (Continued)

Financial assets (Continued)

Loans and receivables

The Group's and the Company's loans and receivables comprise trade and other receivables, other current assets (excluding spare parts), amounts due from subsidiaries and cash and cash equivalents.

Such loans and receivables are non-derivatives with fixed or determinable payments that are not quoted in an active market. They are measured at amortised cost, using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than FVTPL, are assessed for indicators of impairment at the end of each financial year. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, other than FVTPL, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amounts of all financial assets are reduced by the impairment loss directly with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

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 loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds receivables.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

2. Summary of significant accounting policies (Continued)

2.13 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Ordinary share capital

Ordinary share capital is classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

Other financial liabilities

Trade payables, other payables and accruals and amounts due to directors

Trade payables, other payables and accruals and amounts due to directors, are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities are classified as at fair value through profit or loss if the financial liability is either held for trading or it is designated as such upon initial recognition.

Borrowings

Except for convertible bond, interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see above).

Financial guarantee contracts

The Company and certain subsidiaries have issued corporate guarantees to banks for borrowings of certain subsidiaries and these guarantees qualify as financial guarantees because the Company is required to reimburse the banks if these subsidiaries breach any repayment terms.

Financial guarantee contract liabilities are measured initially at their fair values plus transaction costs and subsequently at the higher of the amount of obligation under the contract recognised as a provision in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation in accordance with IAS 18 Revenue.

2. Summary of significant accounting policies (Continued)

2.13 Financial instruments (Continued)

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risk such as foreign exchange forward contracts.

Derivatives are initially recognised at their fair values at the date the derivative contract is entered into and are subsequently re-measured to their fair values at the end of each financial year. The method of recognising the resulting gain or loss depends on whether the derivative is designated and effective as a hedging instrument, and if so, the nature of the item being hedged.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

Offsetting of financial instruments

A financial asset and a financial liability shall be offset and the net amount presented in the statement of financial position when and only when an entity:

(a) Currently has a legally enforceable right to set off the recognised amounts; and

(b) Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out basis. The cost of finished goods comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and bank overdrafts which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

2.16 Leases

Finance leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased assets to the lessee. All other leases are classified as operating leases.

2. Summary of significant accounting policies (Continued)

2.16 Leases (Continued)

Lessee

Assets held under finance leases are recognised as assets of the Group at their fair values at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is recognised as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation 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, unless they are directly attributable to the acquisition, construction of production of qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (please see above).

Operating leases

Lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which user benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2.17 Convertible bond

Convertible bond which entitle the holder to convert the bond into equity instrument, other than into a fixed number of equity instrument at a fixed conversion price, are regarded as combined instruments consist of a liability and a derivative component. At the date of issue, the fair value of the derivative component is determined using an option pricing model; and this amount is carried as a derivative liability until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the liability component and is carried as a liability at amortised cost using the effective interest method until extinguished on conversion or redemption. The derivative component is measured at fair value with fair value changes recognised in profit or loss.

Transaction costs are apportioned between the liability and derivative components of the convertible bond based on the allocation of proceeds to the liability and derivative components on initial recognition.

The convertible bond is classified as current in the statement of financial position unless the Company has an unconditional right to defer settlement of liability for at least 12 months after the reporting date.

2. Summary of significant accounting policies (Continued)

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss as they arise.

2.19 Contingencies

A contingent liability is:

(a) 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

(b) a present obligation that arises from past events but is not recognised because:

- (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

- (ii) 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.

Contingencies are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair value can be reliably determined.

2.20 Share-based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of share that will eventually vest and adjusted for the effect of non market-based vesting conditions. At the end of each financial year, the Group revises the estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised over the remaining vesting period with a corresponding adjustment to the equity-settled employee benefits reserve.

2. Summary of significant accounting policies (Continued)

2.20 Share-based payments (Continued)

Fair value is measured using the Black-Scholes pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The transfer of the balance in the share option reserve to share capital or treasury shares upon exercise of the option and the transfer of the balance in the share option reserve to retained profits upon expiry of the option are not mandatory and may be kept as a separate reserve upon expiry or exercise of the option.

2.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors and the chief executive officer who make strategic decisions.

2.22 Related parties

A related party is defined as follows:

(a) The person or a close member of that person's family is related to the Group and 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 or of a parent of 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 is itself such a plan, the sponsoring employers are also 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).

2. Summary of significant accounting policies (Continued)

2.22 Related parties (Continued)

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group and the Company, directly or indirectly, including any director (whether executive or otherwise) of that company.

3. Critical accounting judgements and key sources of estimation uncertainty

The Group made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources in the application of the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors that are considered to be reasonable under the circumstances. Actual results may differ from the estimates.

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.1 Critical judgements made in applying the Group's accounting policies

Determination of functional currency

The Group translates foreign currency items into the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the respective entities, judgement is used by the Group to determine the currency of the primary economic environment in which the respective entities operate. Consideration factors include the currency that mainly influences sales prices of goods and services and the currency of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on the local management's assessment of the economic environment in which the entities operate and the respective entities' process of determining sales prices.

Determination of lease classification

The Group has entered into commercial leases on its property, plant and equipment. The Group evaluated the terms and conditions of the arrangements and assessed that the lease terms do not constitute a substantial portion of the economic life of the leased assets and the minimum lease payments are not substantially all of the fair values of the leased assets. The Group determined that it retains all the significant risk and rewards of ownership of these leased assets and so accounts for these contracts as operating lease.

3.2 Key sources of estimation uncertainty

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.

Allowance of receivables

The Group and the Company make allowance for impairment based on assessment of the recoverability of their receivables comprising trade and other current assets (excluding spare parts), other current assets (excluding spare parts) and amounts due from subsidiaries.

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty (Continued)

Allowance of receivables (Continued)

The provision policy for doubtful debts of the Group and the Company is based on the ageing analysis and management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realisation of these receivables, management considers, among other factors, the creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The carrying amounts of the Group's and Company's trade and other current assets (excluding spare parts) as at 31 March 2016 were HK$660,718,000 (2015: HK$527,606,000) and HK$1,117,000 (2015: Nil) respectively and the Company's amounts due from subsidiaries was HK$896,151,000 (2015: HK$881,360,000).

Depreciation of property, plant and equipment

The Group depreciates its property, plant and equipment over their estimated useful lives after taking into account of their estimated residual values. The estimated useful life reflects management's estimate of the period that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. The residual value reflects management's estimated amount that the Group would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, as if the asset was already of the age and in the condition expected at the end of its useful life. Changes in the expected level of usage and technological developments could affect the economics, useful lives and the residual values of these assets which could then consequentially impact future depreciation charges. The carrying amount of the Group's property, plant and equipment as at 31 March 2016 was HK$764,044,000 (2015: HK$725,753,000).

Inventory valuation method

Inventory is valued at the lower of cost and net realisable value. Management reviews the Group's inventory levels in order to identify slow-moving and obsolete merchandise and identifies items of inventory which have a market price, being the merchandise's selling price quoted from the market of similar items that is lower than its carrying amount. Management then estimates the amount of inventory loss as an allowance on inventory. Changes in demand levels, technological developments and pricing competition could affect the salability and values of the inventory which could then consequentially impact the Group's and Company's results, cash flows and financial position. The carrying amount of the Group's inventories as at 31 March 2016 was HK$290,316,000 (2015: HK$296,501,000).

Provision for income taxes

The Group has exposure to income taxes in several jurisdictions of which a portion of these taxes arose from certain transactions and computations for which ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities of expected tax issues based on its best estimates of the likely taxes 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 positions in the period in which such determination is made. The carrying amount of the Group's current tax payable as at 31 March 2016 was HK$34,570,000 (2015: HK$33,290,000).

Convertible bond

As disclosed in Note 22, the fair value of the convertible bond at the date of issue and reporting date were determined based on retrospective valuations performed by an independent valuer, using valuation techniques. The Company uses its judgements to select a variety of methods and make assumptions that are mainly based on market conditions existing at the respective valuation dates. The Company has applied Binomial Option Pricing Model to determine the fair value of convertible bond.

4. Revenue

	Group 2016 HK$'000	Group 2015 HK$'000
Sales of goods	**958,295**	952,694
Income from leasing of machinery	**154,800**	146,164
Total revenue	**1,113,095**	1,098,858

5. Other income

	Group 2016 HK$'000	Group 2015 HK$'000
Interest income	**201**	177
Foreign exchange gain	**111**	635
Fair value gain on financial liabilities measured at fair value through profit or loss	**–**	30
Gain on disposal of subsidiaries (Note 11)	**–**	221
Gain on disposal of financial assets/(liabilities) measured at fair value through profit or loss	**969**	1,221
Fair value gain on conversion option derivative of convertible bond	**1,045**	–
Others	**1**	1
	2,327	2,285

6. Finance costs

	Group 2016 HK$'000	Group 2015 HK$'000
Interest expenses on:		
- Bank borrowings	**8,323**	12,590
- Finance leases	**22**	44
- Convertible bond	**1,620**	–
	9,965	12,634

7. Profit before income tax

The following charges were included in the determination of profit before income tax:

	Group 2016 HK$'000	Group 2015 HK$'000
Auditors' remuneration		
- Auditors of the Company	**779**	801
- Other auditors	**29**	30
Depreciation of property, plant and equipment	**147,781**	158,374
Directors' remuneration		
- Directors' fees	**476**	494
- Directors' remuneration	**4,044**	4,044
- Director's retirement benefits scheme contributions	**47**	48
Loss on disposal of property, plant and equipment	**–**	4,682
Operating lease charges in respect of land and buildings	**2,437**	3,343
Property, plant and equipment written off	**4,507**	–
Staff costs excluding directors' remuneration		
- Salaries, wages and allowances	**3,484**	4,416
- Retirement benefit scheme contributions	**137**	189
Fair value loss on derivative financial instruments	**409**	–
Interest on late payment of income tax	**4,254**	–

8. Income tax expense

	Group 2016 HK$'000	Group 2015 HK$'000
Current income tax		
- Current	**749**	4,657
- Under/(Over) provision in prior years	**16**	(106)
Total current income tax	**765**	4,551
Deferred income tax		
- Current	**2,430**	(1,925)
Total income tax expense	**3,195**	2,626

8. Income tax expense (Continued)

Reconciliation of effective tax rate is as follows:

	Group	
	2016	2015
	HK$'000	HK$'000
Profit before income tax	**72,747**	69,388
Income tax at statutory rate	**12,003**	11,449
Add/(less):		
Tax effect of income that is not taxable	**(41,163)**	(27,235)
Tax effect of expenses that are not deductible	**27,839**	19,230
Tax effect of utilisation of tax losses previously not recognised	**(233)**	(1,029)
Tax effect of tax losses not recognised	**4,733**	–
Effect of different tax rates of subsidiaries	**–**	317
Under/(Over) provision of income tax in prior years	**16**	(106)
Total income tax expense	**3,195**	2,626

No deferred tax asset has been recognised in respect of the unutilised tax losses of approximately HK$34,726,000 (2015: HK$7,453,000) due to the unpredictability of future profit streams. These tax losses have no expiry date.

The Company is registered as an exempted company in Bermuda. Further, the Company has received an undertaking from the Minister of Finance (Bermuda) providing that it will not be subject to any tax or duty on profits or income, gains or appreciations and that no inheritance tax or estate duty will be payable on share debenture or other obligations of the Company. The exemption shall be in effect until 31 March 2035.

The Group mainly operated in Special Administrative Region of Hong Kong and the corporate tax rate for both financial years has been set at 16.5% by the Inland Revenue Department of Hong Kong.

9. Earnings per share

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	2016	2015
	HK$'000	HK$'000
Earnings		
Earnings for the purpose of calculating basic earnings per share (profit for the year attributable to the Company)	**69,552**	66,762
Finance costs saving on conversion of convertible bond outstanding	**1,353**	N/A
Fair value gain on conversion option derivative of convertible bond	**(1,045)**	N/A
Earnings for the purpose of calculating diluted earnings per share	**69,860**	N/A

	2016	2015
	No. of shares	No. of shares (Restated)*
Number of shares		
Number of shares	**36,827,886**	33,480,187
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**34,663,225**	33,480,187
Effect of dilutive potential ordinary shares arising from convertible bonds outstanding	**5,000,000**	N/A
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**39,663,225**	N/A

	2016	2015
	cents	cents (Restated)*
Earnings per share		
Basic	**200.65**	199.40
Diluted	**176.13**	N/A

Diluted earnings per share are calculated by dividing profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

* After the completion of share consolidation on 4 September 2015, the basic earnings per share for the corresponding period has been restated on the basis of the Company's share consolidation.

10. Property, plant and equipment

Group	Furniture and fixtures HK$'000	Tools and machinery HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost				
At 1 April 2014	139,547	1,441,400	3,575	1,584,522
Additions	38,849	60,391	–	99,240
Disposals	(61,683)	(195,192)	–	(256,875)
Disposal of subsidiaries	(115)	–	–	(115)
Exchange difference	–	(1,604)	–	(1,604)
At 31 March 2015	116,598	1,304,995	3,575	1,425,168
Additions	12	190,567	–	190,579
Written-off	–	(41,089)	–	(41,089)
At 31 March 2016	116,610	1,454,473	3,575	1,574,658
Accumulated depreciation				
At 1 April 2014	88,998	695,296	2,374	786,668
Depreciation	22,127	135,604	643	158,374
Disposals	(51,683)	(192,208)	–	(243,891)
Disposal of subsidiaries	(112)	–	–	(112)
Exchange difference	–	(1,624)	–	(1,624)
At 31 March 2015	59,330	637,068	3,017	699,415
Depreciation	14,753	132,576	452	147,781
Written-off	–	(36,582)	–	(36,582)
At 31 March 2016	74,083	733,062	3,469	810,614
Carrying amount				
At 31 March 2016	42,527	721,411	106	764,044
At 31 March 2015	57,268	667,927	558	725,753

The carrying amount of motor vehicles of approximately HK$106,000 (2015: HK$558,000) were held under finance leases.

The Group leases out a number of items of machinery under operating leases. The leases typically run for a period of one to two years, with an option to renew the lease after that date at which time all terms are renegotiated. Lease payments are usually increased every two years to reflect market rentals. None of the leases includes contingent rentals.

11. Investments in subsidiaries

	Company 2016 HK$'000	Company 2015 HK$'000
Unquoted equity shares, at cost	**1,010**	10

The details of the subsidiaries are as follows:

Name of subsidiary	County of incorporation	Percentage of equity interest held 2016	Percentage of equity interest held 2015	Issued and fully paid up capital	Principal activities
Held by the Company:					
Swing Studio Ltd [a]	British Virgin Islands ("BVI")	**100%**	100%	US$1	Investment holding
Yat Lung Industrial Ltd [a]	BVI	**100%**	100%	US$1	Investment holding
Smart East Industrial Limited [a]	BVI	**100%**	100%	HK$1,000,000	Investment holding
Held through Yat Lung Industrial Ltd:					
Swing Media Industrial Limited [b]	Hong Kong	**100%**	100%	HK$10,000	Manufacturing and trading of DVD-Rs and CD-Rs, and trading of plastic resins
Swing Technology Limited [b]	Hong Kong	**100%**	100%	HK$10,000	Manufacturing and trading of DVD-Rs and CD-Rs, and trading of plastic resins
Held through Swing Studio Ltd:					
Swing Studio Entertainment Limited [b]	Hong Kong	**100%**	100%	HK$10,000	Investment holding
Swing Media Technology Limited [c]	Taiwan, Republic of China	**100%**	100%	NTD1,000,000	Leasing of machinery

(a) Not audited as it is not subject to any statutory audit requirement at its country of incorporation.

(b) Audited by another firms of auditors, Dominic K.F. Chan and Co., Certified Public Accountants.

(c) Audited by another firms of auditors, Concord J.M. CPAs.

In accordance with Rule 716 of the SGX-ST listing manual, the Audit Committee and the board of directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries would not compromise the standard and effectiveness of the audit of the Group.

11. Investments in subsidiaries (Continued)

Disposal of subsidiary

On 29 May 2014, the wholly-owned subsidiary of the Company, Yat Lung Industrial Ltd, disposed its whole interest in Ingmedia Pte Ltd to an independent third party for a total consideration of HK$36,081 (S$5,774 equivalent).

The carrying amount of the assets and liabilities of the disposed subsidiary recorded in the consolidated financial statements as at the date of disposal, and the cash flow effect of the disposal are as follows:

	2016	2015
	HK$'000	HK$'000
Group		
Property, plant and equipment	–	3
Cash and cash equivalents	–	17
Inventories	–	100
Deposits	–	16
Trade payables	–	(99)
Other payables and accruals	–	(2)
Net assets	–	35
Consideration received	–	36
Reversal of post-acquisition results	–	220
Gain on disposal of subsidiary	–	221
Total cash received	–	36
Cash disposed	–	(17)
Net cash inflow on disposal of subsidiary	–	19

12. Inventories

	Group	
	2016	2015
	HK$'000	HK$'000
Raw materials	**59**	157
Finished goods	**290,257**	296,344
	290,316	296,501

The cost of inventories recognised as expense and included in "Cost of sales" amounted to HK$857,806,000 (2015: HK$836,116,000).

13. Trade receivables

The currency profile of the Group's trade receivables as at 31 March are as follows:

	Group	
	2016	2015
	HK$'000	HK$'000
Hong Kong dollar	**319,690**	343,184
New Taiwan dollar	**–**	1,820
	319,690	345,004

The average credit period on sale of goods is 30 to 120 days (2015: 30 to 120 days).

Refer to Note 33 for the trade receivables concentration risk, credit risk by geographical location, and aged analysis of past due but not impaired.

14. Other current assets

	Group		Company	
	2016	2015	**2016**	2015
	HK$'000	HK$'000	**HK$'000**	HK$'000
Deposits to suppliers	**339,322**	182,013	**–**	–
Spare parts for machinery	**34,882**	35,416	**–**	–
Discount on convertible bond (Note 22)	**1,117**	–	**1,117**	–
Others	**589**	589	**–**	–
	375,910	218,018	**1,117**	–

The currency profile of the Group's other current assets as at 31 March are as follows:

	Group		Company	
	2016	2015	**2016**	2015
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong dollar	**374,793**	218,018	**–**	–
Singapore dollar	**1,117**	–	**1,117**	–
	375,910	218,018	**1,117**	–

15. Amounts due from subsidiaries

The amounts due from subsidiaries are non-trade in nature, interest-free, unsecured, repayable on demand and are denominated in Hong Kong dollar.

16. Cash and cash equivalents

	Group		Company	
	2016	2015	**2016**	2015
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash on hand	**37**	70	**–**	–
Cash at bank	**61,018**	81,193	**113**	36
Total	**61,055**	81,263	**113**	36
Bank overdrafts (Note 20)	**(4,050)**	–	**(944)**	–
Cash and cash equivalents as stated in consolidated statement of cash flows	**57,005**	81,263	**(831)**	36

The currency profiles of the Group's and Company's cash and cash equivalents as at 31 March are as follows:

	Group		Company	
	2016	2015	**2016**	2015
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong dollar	**57,760**	80,952	**65**	–
New Taiwan dollar	**6**	32	**–**	–
Singapore dollar	**(896)**	36	**(896)**	36
United States dollar	**98**	206	**–**	–
Euro	**37**	37	**–**	–
	57,005	81,263	**(831)**	36

The cash at bank are carried at floating interest rate ranging from 0.01% to 0.62% (2015: 0.01% to 0.62%) per annum and therefore are subject to cash flow interest rate risk.

17. Share capital

	Group and Company			
	2016		2015	
	Number of shares	**Nominal value**	Number of shares	Nominal value
	('000)	**HK$'000**	('000)	HK$'000
<u>**Authorised:**</u>				
At beginning and end of year, ordinary shares of US$0.2 (2015: US$0.01) each	**1,200,000**	**1,872,000**	24,000,000	1,872,000
<u>**Issued and fully paid:**</u>				
At 1 April, ordinary shares of US$0.01 (2015: US$0.01) each	**669,604**	**52,186**	669,604	52,186
Reduction in number of shares upon share-consolidation	**(636,124)**	**–**	–	–
Bonus shares	**3,348**	**5,209**	–	–
At 31 March, ordinary shares of US$0.2 (2015: US$0.01) each	**36,828**	**57,395**	669,604	52,186

17. Share capital (Continued)

According to the Rule 723 of the Listing Manual of the SGX-ST, at least 10% of the Company's shares should be held in the hands of the public. In the opinion of directors, the Company has complied with the Rule 723. Apart from the above the Group is not subject to any other externally imposed capital requirements.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

On 4 September 2015, the Company completed a share consolidation for every 20 existing issued ordinary shares in the capital of the Company held by shareholders into one consolidated share.

On 23 September 2015, the Company announced the completion of 3,348,000 Bonus Shares have been allotted and issued for every twenty existing ordinary shares in the capital of the Company held by shareholders of the Company. The bonus issue was effected by capitalising approximately HK$5,209,000 by way of a transfer from the retained earnings of the Company to the share capital account of the Company. The Bonus Shares has been listed and quoted on the Official List of the SGX-ST with effect on 28 September 2015.

18. Other reserves

	Group and Company	
	2016	2015
	HK$'000	HK$'000
Share premium [(a)]	**424,679**	424,679
Capital reserve [(b)]	**10,622**	10,622
Share-based compensation reserve [(c)]	**5,196**	5,196
Contributed surplus [(d)]	**319,931**	319,931
Foreign currency translation reserve [(e)]	**2,873**	2,743

The movements of these reserves are disclosed in the statements of changes in equity to the financial statements:

(a) Share premium

Share premium represents premium arising from the issue of shares at a price in excess of the par value per share.

(b) Capital reserve

The capital reserve represents the proceeds received from the issue of warrants. Upon the exercise of warrants, the relevant portion of capital reserve is transferred to share premium. Upon expiry of the warrants, the balance of this reserve will be available to the owners of the Company.

(c) Share-based compensation reserve

Share-based compensation reserve represents the fair value of the actual or estimated number of share options granted to employees of the Company.

18. Other reserves (Continued)

(d) Contributed surplus

The contributed surplus of the Company represents the net balance arising from the reduction of previously issued share capital.

The Bermuda Companies Act provides that a company shall not declare or pay a dividend or make a distribution out of contributed surplus, if there are reasonable grounds for believing that (a) the company is, or would after the payment be, unable to pay its liabilities as they become due; or (b) the realisable value of the company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

(e) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are other than the Group's functional currency of HK$.

19. Obligations under finance leases

	Group	
	2016	2015
	HK$'000	HK$'000
Finance lease liabilities – minimum lease payments:		
Within one year	**231**	556
In the second to fifth years, inclusive	**28**	259
	259	815
Future finance charges on finance leases	**(6)**	(28)
Present value of finance lease liabilities	**253**	787
The present value of finance lease liabilities is repayable as follows:		
Within one year	**226**	534
In the second to fifth years, inclusive	**27**	253
	253	787

The Group's obligation under finance leases is secured by the lessor's title to the leased assets, which will revert to the lessor in the event of default by the Group. Assets leased by the Group are motor vehicles. Lease terms are generally for a period of 5 years.

The Group's finance lease payables are denominated in Hong Kong dollar. Finance costs related to obligations under finance leases are charged to profit or loss at an effective rate of 2.00% to 2.50% (2015: 2.00% to 2.50%) per annum of the outstanding balance of lease liabilities. As at the end of the financial year, the carrying amounts of the Group's obligation under finance leases approximate their fair values.

20. Borrowings

	Group		Company	
	2016	2015	**2016**	2015
	HK$'000	HK$'000	**HK$'000**	HK$'000
Non-current				
Other term loans [d]	**4,238**	942	**4,238**	942
Convertible bond (Note 22)	**34,515**	–	**34,515**	–
	38,753	942	**38,753**	942
Current				
Bank overdrafts [a]	**4,050**	–	**944**	–
Collateralised borrowings [b]	**124,055**	82,559	**–**	–
Import and packing loans [c]	**77,204**	76,847	**–**	–
Short-term bank loans [c]	**11,417**	–	**–**	–
Other term loans [d]	**37,061**	62,372	**37,061**	62,242
	253,787	221,778	**38,005**	62,242
	292,540	222,720	**76,758**	63,184

The Group's borrowings are secured as follows:

(a) The bank overdrafts are guaranteed by corporate guarantees given by the Company and certain subsidiaries of the Company.

(b) Collateralised borrowings relate to the trade receivables discounted to certain banks. These discounted receivables are with recourse upon insolvency or default of payments by the debtors.

(c) The import and packing loans and short-term bank loans of the Group are guaranteed by corporate guarantees given by the Company and certain subsidiaries of the Company.

(d) Other term loans are secured by the corporate guarantees given by the Company and certain subsidiaries of the Company.

As at 31 March 2016, 4 (2015: 4) of the banking facilities are subject to the fulfillment of covenants relating to certain of the Group's financial ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the drawn down facilities would become repayable on demand. In addition, certain of the Group's term loans agreements contain clauses which give the lender the right at its sole discretion to demand immediate repayment at any time irrespective of whether the Group has complied with the covenants and met the scheduled repayment obligations.

The Group regularly monitors its compliance with these covenants, is up to date with the scheduled repayments of these term loans and does not consider it probable that the bank will exercise its discretion to demand repayment for so long as the Group continues to meet these requirements.

20. Borrowings (Continued)

The currency profiles of the Group's and Company's borrowings as at 31 March are as follows:

	Group		Company	
	2016	2015	**2016**	2015
	HK$'000	HK$'000	**HK$'000**	HK$'000
Singapore dollar	**42,758**	13,184	**42,758**	13,184
United States dollar	**–**	130	**–**	–
Hong Kong dollar	**249,782**	209,406	**34,000**	50,000
	292,540	222,720	**76,758**	63,184

The effective interest rates at reporting date are as follows:

	Group	
	2016	2015
Bank overdraft, collateralised borrowings and short term borrowings	**1.29% - 4.49%**	1.92% - 4.02%
Other term loans	**2.33% - 3.83%**	3.45% - 6.73%

21. Deferred tax liabilities

The movements in the deferred tax liabilities of the Group during the financial year are as follows:

	Group					
	Accelerated tax depreciation		Others		Total	
	2016	2015	**2016**	2015	**2016**	2015
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
At 1 April	**43,140**	45,066	**121**	373	**43,261**	45,439
Charged to profit or loss (Note 8)	**2,430**	(1,925)	**–**	–	**2,430**	(1,925)
Exchange difference	**–**	–	**(91)**	(252)	**(91)**	(252)
At 31 March	**45,570**	43,141	**30**	121	**45,600**	43,262

22. Convertible bond

On 12 June 2015, the Company issued convertible bond with a nominal value of S$6,000,000 (equivalent to approximately HK$35,958,000) at a fixed interest rate of 6% per annum payable semi-annually until the settlement date. The convertible bond is therefore denominated in a currency other than the functional currency of the Company. The bond is convertible at the option of the bond holders into ordinary shares of the Company after the date falling 30 days after the issue date to 7 days prior to the maturity date at an initial conversion price of S$0.066 per share. Due to the share consolidation and bonus share issued as set out in Note 17, the conversion price was further adjusted to S$1.32 and S$1.20 per share with effect from 4 September 2015 and 23 September 2015 respectively. Any convertible bond not converted will be redeemed on maturity date at 100% of the principal amount. During the year ended 31 March 2016, no convertible bond was converted into ordinary shares.

22. Convertible bond (Continued)

The interest charged for the financial year ended 31 March 2016 is calculated by applying an effective interest rate of 5.06% per annum to the liability component from the issuance date of the bond since the bond was issued.

The proceeds received from the issue of the convertible bond have been split between the liability and derivative component as follows:

		Group and Company
		HK$'000
Nominal value of convertible bonds issued		35,958
Derivative component		(737)
Discount on convertible bond		(1,394)
Liability component		
At 12 June 2015	(a)	35,221
Exchange difference	(b)	(130)
Interest charged		1,620
Interest paid		(1,885)
At 31 March 2016		34,826

		Group and Company
		HK$'000
Derivative component		
At 12 June 2015	(c)	737
Exchange difference	(d)	(3)
Fair value gain for the financial year		(1,045)
At 31 March 2016		(311)
Net amount (Note 20)		34,515
Discount on convertible bond (Note 14)		
At 12 June 2015	(e)	(1,394)
Exchange difference	(f)	12
Amortisation		265
At 31 March 2016		(1,117)
Proceeds from convertible bond (total of (a) to (f))		34,443

The Group has engaged professional valuer to determine the fair value of the liability component of the convertible bond at 31 March 2016 amounting to S$6,067,000 equivalent to HK$34,826,000. This fair value has been calculated by discounting the future cash flows at the market rate.

22. Convertible bond (Continued)

The derivative component is measured at its fair value at the date of issue and at the end of each reporting period. The fair values are estimated using Binomial Option Pricing Model. The key assumptions used were as follows:

	At 31 March 2016	At date of issue
Weighted average share price	S$0.580	S$0.049
Weighted average exercise price	S$1.20	S$0.066
Expected volatility	34.59%	35.38%
Credit spread	1.20%	1.021%
Risk free rate	1.337%	1.435%
Expected dividend yield	4.97%	3.24%

The expected volatility is determined by calculating the historical volatility of the share price of the Company. The expected dividend yield is determined by dividing the historical average annual per share by price per share.

23. Trade payables

The currency profile of the Group's trade payables as at 31 March are as follows:

	Group	
	2016	2015
	HK$'000	HK$'000
Hong Kong dollar	**1,289**	862
United States dollar	**49**	97
	1,338	959

The average credit period on purchases of goods is 30 to 180 days (2015: 30 to 180 days).

No interest is charged on the trade payables.

24. Other payables and accruals

	Group		Company	
	2016	2015	**2016**	2015
	HK$'000	HK$'000	**HK$'000**	HK$'000
Accruals	**3,071**	2,479	**1,809**	1,387
Deposit from customers	**194**	194	**–**	–
Other payables	**1,747**	1,134	**1,747**	1,134
	5,012	3,807	**3,556**	2,521

24. Other payables and accruals (Continued)

The currency profiles of the Group's and the Company's other payables and accruals as at 31 March are as follows:

	Group		Company	
	2016	2015	**2016**	2015
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong dollar	**2,128**	1,881	**898**	821
Singapore dollar	**2,591**	1,677	**2,591**	1,677
Chinese Renminbi	**15**	15	**15**	15
New Taiwan dollar	**32**	32	**–**	–
United States dollar	**246**	202	**52**	8
	5,012	3,807	**3,556**	2,521

25. Amounts due to directors

The amounts due to directors are non-trade in nature, interest-free, unsecured, repayable on demand and are denominated in Hong Kong dollar.

26. Derivative financial instruments

	Group	
	2016	2015
	HK$'000	HK$'000
Foreign currency forward contracts	**409**	–

In financial year 2016, foreign currency forward contracts are designed to address exchange rate exposures arising from the Group's sales and purchases denominated in United States dollar for which the commitments existed at the end of the reporting period, extending to June 2017.

27. Dividends

The following dividends were declared and paid by the Group:

	2016	2015
	HK$'000	HK$'000
Dividends declared and paid (one tier) of 0.15 Singapore cent in respect of financial year ended 2014	**–**	6,277

Dividend paid in the financial year ended 31 March 2015 was in respect of the dividend declared for the financial year ended 31 March 2014 amounted to 0.15 Singapore cents per share paid in cash.

28. Commitments

Operating lease commitments

Lessee

At 31 March, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	Group	
	2016	2015
	HK$'000	HK$'000
Within one year	**1,880**	2,440
In the second to fifth years, inclusive	**880**	2,853
	2,760	5,293

Operating lease payments represent rentals payable by the Group for certain offices, factories and warehouses. Length of the leases ranged from one to five years and rentals are fixed over the lease terms and do not include contingent rental. Most leases contain renewal options.

Lessor

At 31 March, the total future minimum lease receipts under non-cancellable operating leases for the leasing of machineries are as follows:

	Group	
	2016	2015
	HK$'000	HK$'000
Within one year	**53,400**	144,000
In the second to fifth years, inclusive	**–**	144,000
	53,400	288,000

29. Contingent liabilities

(a) As at 31 March 2016, the Company has provided guarantees to secure the banking facilities to the extent of approximately HK$268,189,395 (2015: HK$269,903,000) granted to certain subsidiaries.

The Company has not recognised any liability in respect of the guarantees given to the banks for banking facilities granted to the subsidiaries as the amount is insignificant.

As at 31 March 2016, the total amount of loans outstanding covered by the guarantees is HK$258,025,000 (2015: HK$222,720,000). Such guarantees are in the form of a financial guarantee as they require the Company to reimburse the respective banks if the respective subsidiaries to which the guarantees were extended fail to make principal or interest repayments when due in accordance with the terms of the borrowings. There has been no default or non-repayment since the utilisation of the banking facility.

29. Contingent liabilities (Continued)

(b) As at the end of the financial year, the Company had also given undertakings to certain subsidiaries to provide continued financial support to these subsidiaries to enable them to operate as going concern and to meet their obligations as and when they fall due for at least 12 months from the financial year end.

In the opinion of the directors, no significant actual losses are expected to arise from these contingent liabilities.

30. Significant related party transactions

Many of the Group's and Company's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

During the financial year, in addition to those disclosed elsewhere in these financial statements, the Group entities and the Company entered into the following transactions with related parties:

(a) Management fee received from the subsidiaries of the Company during the financial year ended 31 March 2016 HK$ 12,000,000 (2015: HK$10,300,000);

(b) The amounts due from subsidiaries are unsecured, non-interest bearing and repayable on demand; and

(c) The amounts due to directors are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

Key management personnel

Key management personnel comprise the directors of the Company and their remunerations are as disclosed in Note 7 to the financial statements.

31. Equity-settled share option scheme

On 8 January 2002, the shareholders of the Company approved a share options scheme known as the Equity-Settled Share Option Scheme ("ESOS"). The ESOS is administered by the Remuneration Committee of the Group. The ESOS will provide eligible participants, such as the executive directors and employees of the Group who are not controlling shareholders or their associates, with an opportunity to participate in the equity of the Group. The aggregate number of shares over which the Remuneration Committee may grant options on any date shall not exceed 15% of the issued shares of the Group on the day preceding the date of the relevant grant. The number of options to be granted to the eligible participants, exercise price, exercise period and the timing of such grant are to be determined at the absolute discretion of the Remuneration Committee.

During the financial year ended 31 March 2016, no director/employee was granted new share options, while in previous financial year 200,000 share options had been forfeited due to cessation of employment of some employees. Another 40,000 (2015: 260,000) share options had expired.

31. Equity-settled share option scheme (Continued)

Details of the share options outstanding as at 31 March are as follows:

	Group and Company			
	2016		2015	
	Number of share options	**Weighted average exercise price**	Number of share options	Weighted average exercise price
	('000)	**S$**	('000)	S$
Outstanding at beginning of the year	**8,652**	**0.23**	9,112	0.23
Expired during the financial year	**(40)**	**(0.40)**	(260)	0.18
Effect of share consolidation 1:20	**(8,181)**	**–**	–	–
Forfeited during the financial year	**–**	**–**	(200)	0.54
Outstanding at end of the financial year	**431**	**(4.12)**	8,652	0.23
Exercisable at end of the financial year	**431**	**(4.12)**	8,652	0.23

The options outstanding at end of the financial year have a weighted average remaining contractual life of 4.33 years (2015: 5.31 years).

The fair value of share options as at the grant date is estimated by an external independent valuer using the Black-Scholes pricing model, taking into account the terms and conditions upon which the options were granted. The significant inputs into the model were as follows:

	2012	**2009**	**2007**
Weighted average share price	S$0.030	S$0.080	S$0.016
Weighted average exercise price	S$0.032-S$0.035	S$0.070	S$0.070- S$0.085
Expected volatility	61.87%-62.87%	50.18%-53.45%	57.39%-59.29%
Expected life	5-6 years	3-4 years	3-4 years
Risk free rate	1.20%-1.31%	1.32% - 1.61%	-%
Expected dividend yield	3.28%	2.50%	-%

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 286 weeks and 312 weeks. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

31. Equity-settled share option scheme (Continued)

As at 31 March 2016, the outstanding share options are 431,000 as follows:

Date of grant	Vesting period	Exercise period	Exercise price	Beginning of year, number of outstanding options	Number of options expired during the year	Number of options forfeited during the year	End of year, number of outstanding options
			S$	('000)	('000)	('000)	('000)
25 May 2005	25 May 2005 – 24 May 2006	25 May 2006 – 24 May 2015	8.000	2	(2)	–	–
25 May 2006	25 May 2006 – 24 May 2008	25 May 2006 – 24 May 2016	7.000	29	–	–	29
26 May 2008	26 May 2008 – 25 May 2009	26 May 2009 – 25 May 2018	8.000	24	–	–	24
26 May 2008	26 May 2008 – 25 May 2010	26 May 2010 – 25 May 2018	6.500	45	–	–	45
26 May 2011	26 May 2011 – 25 May 2012	26 May 2012 – 25 May 2021	3.500	86	–	–	86
26 May 2011	26 May 2011 – 25 May 2013	26 May 2013 – 25 May 2021	3.200	247	–	–	247
				433	(2)	–	431

Under the rules of the ESOS, the above share options granted and accepted by grantee could only be exercised after the first and second anniversary of the date of grant, and both expiring on the tenth anniversary of such date of grant.

The Group did not recognise expense related to equity-settled share based payments transactions during the financial year (2015: Nil).

32. Segment information

Segment information is prepared on the following bases:

(i) Manufacturing and trading of CD-Rs ("CD-R")

(ii) Manufacturing and trading of DVD-Rs ("DVD-R")

(iii) Trading of plastic resins and packing materials ("Trading")

(iv) Leasing of machineries ("Leasing")

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and cost structure.

Information about reportable segment profit or loss:

	CD-R		DVD-R		Trading		Leasing		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Financial year ended 31 March										
Segment revenue										
Sales to external customers	33,906	34,962	660,016	663,623	264,373	254,109	154,800	146,164	1,113,095	1,098,858
Segment profit	1,512	1,872	28,631	30,911	9,869	15,295	52,706	44,120	92,718	92,198
Segment assets	13,452	17,156	849,613	782,272	236,163	274,017	649,507	511,271	1,748,735	1,584,716
Unallocated assets	–	–	–	–	–	–	–	–	62,280	81,823
Total assets	13,452	17,156	849,613	782,272	236,163	274,017	649,507	511,271	1,811,015	1,666,539
Depreciation	–	–	47,071	56,158	–	–	100,258	101,567	147,329	157,725
Unallocated depreciation	–	–	–	–	–	–	–	–	452	649
Total depreciation	–	–	–	56,158	–	–	–	101,567	147,781	158,374

32. Segment information (Continued)

Reconciliations of reportable segment profit or loss and other material items:

	2016 HK$'000	2015 HK$'000
Profit or loss		
Total profit of reportable segments	**92,718**	92,198
Unallocated amounts:		
Corporate expenses	**(6,952)**	(7,602)
Corporate income	**2**	1
Exchange differences	**111**	635
Amortisation on convertible bond	**(265)**	–
Fair value (loss)/gain on derivative financial instruments	**(409)**	30
Finance costs	**(9,965)**	(12,634)
Fair value gain on conversion option derivative of convertible bond	**1,045**	–
Gain on financial assets/liabilities at fair value through profit or loss	**969**	1,221
Loss on disposal of property, plant and equipment	**(4,507)**	(4,682)
Gain on disposal of subsidiaries	**–**	221
Income tax expense	**(3,195)**	(2,626)
Consolidated profit for the year	**69,552**	66,762
Other material items – depreciation		
Depreciation of reportable segments	**147,329**	157,725
Unallocated amounts:		
Depreciation of property, plant and equipment for corporate uses	**452**	649
Consolidated depreciation	**147,781**	158,374
Other material items – (gain)/loss on disposal of property, plant and equipment and property, plant and equipment written off		
Unallocated amounts:		
Gain on disposal of subsidiaries	**–**	(221)
Loss on disposal of property, plant and equipment	**–**	4,682
Property, plant and equipment written off	**4,507**	–
Consolidated loss/(gain) on disposal of property, plant and equipment and subsidiaries and property, plant and equipment written off	**4,507**	4,461

32. Segment information (Continued)

Apart from the above, the totals of other material items disclosed in the segment information are the same as the consolidated totals.

Geographical information

	Revenue		Non-current assets	
	2016	2015	**2016**	2015
	HK$'000	HK$'000	**HK$'000**	HK$'000
PRC	**702,446**	658,199	**–**	–
Hong Kong	**135,557**	150,280	**309,596**	264,477
Taiwan	**275,092**	288,524	**454,448**	461,276
Singapore	**–**	17	**–**	–
Others	**–**	1,838	**–**	–
Consolidated total	**1,113,095**	1,098,858	**764,044**	725,753

In presenting the geographical information, revenue is based on the locations of the customers.

Revenue from major customers:

	CD-R		DVD-R		Trading		Leasing	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Customer a	**9,037**	6,377	**140,948**	127,469	**6,056**	12,312	**–**	–
Customer b	**–**	1,447	**–**	15,119	**120,292**	125,794	**154,800**	146,164
Customer c	**5,404**	1,278	**126,200**	119,759	**–**	–	**–**	–
Customer d	**8,124**	1,329	**130,451**	126,837	**–**	–	**–**	–

33. Financial instruments and financial risks

The Group's activities expose it to credit risk, market risk (including foreign currency risk and interest rate risk) and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The Group uses financial instruments such as foreign currency forward contracts to hedge certain financial risk exposures.

The board of directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the board of directors.

There have been no changes to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

33. Financial instruments and financial risks (Continued)

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally does not require a collateral.

The Group and Company do not have any significant credit exposure to any single counterparty or any groups of counterparties having similar characteristics.

As at 31 March 2016, the three largest trade receivables represent approximately 56% (2015: 44%) of the total trade receivables of the Group. The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history.

The Group's and Company's major classes of financial assets are bank deposits and trade receivables, other current assets (excluding spare parts) and amounts due from subsidiaries.

Bank deposits are mainly deposits with banks with high credit-ratings assigned by international credit rating agencies.

Trade receivables that are neither past due nor impaired are substantially companies with good collection track record with the Group.

The credit risk for trade receivables based on the information provided by key management is as follows:

	Group	
	2016	2015
	HK$'000	HK$'000
By geographical areas		
PRC	**225,951**	226,466
Hong Kong	**31,726**	62,380
Taiwan	**62,013**	56,158
	319,690	345,004
By type of customers		
Non-related parties	**319,690**	345,004

The age analysis of trade receivables past due but not impaired is as follows:

	Group	
	2016	2015
	HK$'000	HK$'000
4 to 6 months	**3**	6,323
	3	6,323

33. Financial instruments and financial risks (Continued)

Credit risk (Continued)

As at 31 March 2016, trade receivables of approximately HK$3,000 (2015: HK$6,323,000) were past due but not impaired. These relate to a number of third party customers for whom there is no recent history of default.

There is no other class of financial assets that is past due and/or impaired except for trade receivables as disclosed above.

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates which will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk instrument is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign currency risk

The Group transacts business in various foreign currencies, including United States dollar and New Taiwan dollar, other than the respective functional currencies of the Group, and hence is exposed to foreign currency risk. This risk is managed either by foreign currency forward contracts in respect of actual or forecast currency exposures through natural hedges arising from a matching sale, purchase or a matching of assets and liabilities of the same currency and amount.

Foreign currency forward contracts are used to manage exposure to foreign exchange risk arising from operational activities. The measurement and recognition of such contracts are in accordance with IAS 39. As at 31 March 2016, the notional value of the foreign currency forward contracts amounted to US$25,000,000 (2015: Nil). Refer to Note 26 to the financial statements.

The carrying amounts of the Group's and Company's foreign currency denominated monetary assets and monetary liabilities as at the end of the financial year are as follows:

	Group		Company	
	2016	2015	**2016**	2015
	HK$'000	HK$'000	**HK$'000**	HK$'000
Monetary assets				
New Taiwan dollar	**6**	32	**–**	–
United States dollar	**98**	206	**–**	–
Singapore dollar	**1,165**	36	**1,165**	36
Euro	**37**	37	**–**	–
Monetary liabilities				
New Taiwan dollar	**32**	32	**–**	–
United States dollar	**295**	429	**52**	8
Renminbi	**15**	15	**15**	15
Singapore dollar	**45,349**	14,861	**45,349**	14,883

The Company has a number of investments in foreign operations, whose net assets are exposed to foreign exchange translation risk.

33. Financial instruments and financial risks (Continued)

Market risk (Continued)

Foreign currency risk (Continued)

Foreign currency sensitivity analysis

The Group is mainly exposed to United States dollar ("US$"), Singapore dollar ("S$") and New Taiwan dollar ("TWD"). The functional currency of the Group's principal operating subsidiaries is HK$. The Group transacts with some of its suppliers and customers in US$ and TWD, and borrowed loans in US$ and S$. These are the major foreign currency transactions of the Group. As HK$ is currently pegged to US$, the Group's exposure to foreign exchange fluctuations is minimal. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

The following table details the Group's sensitivity to a 10% change in various foreign currencies against the respective functional currencies of the Group entities. The sensitivity analysis assumes an instantaneous 10% change in the foreign currency exchange rates from the end of the financial year, with all variables held constant.

	Increase/(Decrease) in Profit or Loss and Equity			
	Group		Company	
	2016	2015	**2016**	2015
	HK$'000	HK$'000	**HK$'000**	HK$'000
Strengthens/Weakens against HK$				
Singapore dollar	**(4,418)**	(1,482)	**(4,418)**	(1,482)
United States dollar	**(20)**	(22)	**(5)**	(1)
Euro	**4**	4	**–**	–
Renminbi	**(2)**	(2)	**(2)**	(2)
New Taiwan dollar	**(3)**	–	**–**	–

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk relates to interest bearing bank borrowings, convertible bond and cash at banks.

The Group's policy is to maintain an efficient and optimal interest cost structure using a combination of fixed and variable rate debts, and long and short term borrowings and convertible bond. The Group has not used any derivatives to hedge its exposure to interest rate risk for the financial years ended 31 March 2015 and 2016.

The Group's exposure to interest rate risk is disclosed in the Notes 16 and 20 to the financial statements.

33. Financial instruments and financial risks (Continued)

Market risk (Continued)

Interest rate risk (Continued)

Interest rate sensitivity analysis

At 31 March 2016, if interest rates at that date had been 1% lower with all other variables held constant, consolidated profit before income tax and equity for the financial year would have been approximately HK$2,315,000 (2015: HK$1,414,000) higher, arising mainly as a result of lower interest expenses on bank and other borrowings. A 1% higher in interest rate would have had the equal but opposite effect.

	Group			
	Increase/(Decrease)			
	Profit before income tax		Equity	
	2016	2015	**2016**	2015
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash and bank balances	**611**	813	**611**	813
Borrowings	**(2,925)**	(2,227)	**(2,925)**	(2,227)

Liquidity risk

Liquidity risk refers to the risk in which the Group encounters difficulties in meeting its short-term obligations. Liquidity risk is managed by matching the payment and receipt cycle. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group and the Company monitor their liquidity risk and maintain a level of cash and cash equivalents deemed adequate by management to finance the Group's and the Company's operations and to mitigate the effects of fluctuations in cash flows. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's operations are financed mainly through equity, retained earnings and borrowings. Adequate lines of credits are maintained to ensure the necessary liquidity is available when required.

The repayment terms of the finance leases and borrowings are disclosed in Notes 19 and 20 to these financial statements respectively.

Aggregate banking facilities of the Group as at 31 March 2016 amounted to approximately HK$307,755,000 (2015: HK$329,702,000), of which the unutilised facilities as at the same date amounted to approximately HK$85,659,943 (2015: HK$162,267,000).

The following table details the Group's remaining contractual maturity for its non-derivative financial instruments. The table has been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group is expected to pay. The table includes both interest and principal cash flows.

33. Financial instruments and financial risks (Continued)

Liquidity risk (Continued)

	Within 1 year and on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total undiscounted cash outflows
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Group					
Undiscounted financial assets					
Cash and cash equivalents	61,055	–	–	–	61,055
Trade receivables	319,690	–	–	–	319,690
Other current assets (excluding spare parts)	341,028	–	–	–	341,028
As at 31 March 2016	721,773	–	–	–	721,773
Cash and cash equivalents	81,263	–	–	–	81,263
Trade receivables	345,004	–	–	–	345,004
Other current assets (excluding spare parts)	182,602	–	–	–	182,602
As at 31 March 2015	608,869	–	–	–	608,869
Undiscounted financial liabilities					
Borrowings	260,177	39,559	–	–	299,736
Obligations under finance leases	259	–	–	–	259
Trade payables	1,338	–	–	–	1,338
Other payables	5,012	–	–	–	5,012
Amount due to directors	218	–	–	–	218
As at 31 March 2016	267,004	39,559	–	–	306,563
Borrowings	226,309	947	–	–	227,256
Obligations under finance leases	556	259	–	–	815
Trade payables	959	–	–	–	959
Other payables	3,807	–	–	–	3,807
Amount due to directors	321	–	–	–	321
As at 31 March 2015	231,952	1,206	–	–	233,158
Total undiscounted net financial assets/(liabilities)					
- at 31 March 2016	454,769	(39,559)	–	–	415,210
- at 31 March 2015	376,917	(1,206)	–	–	375,711

The contractual undiscounted cash flows of the Company's non-derivative financial assets and liabilities which are due within 12 months equal their carrying amount.

33. Financial instruments and financial risks (Continued)

Categories of financial instruments

The following table sets out the financial instruments of the Group and the Company as at the reporting date:

	Group		Company	
	2016	2015	**2016**	2015
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial assets				
Trade receivables	**319,690**	345,004	**–**	–
Other receivables (excluding spare parts)	**341,028**	182,602	**1,117**	–
Amounts due from subsidiaries	**–**	–	**896,151**	881,360
Cash and cash equivalents	**61,055**	81,263	**113**	36
Loan and receivables	**721,773**	608,869	**897,381**	881,396
Foreign currency forward contracts	**409**	–	**–**	–
Fair value through profit or loss	**409**	–	**–**	–
Financial liabilities				
Finance lease payables	**253**	787	**–**	–
Borrowings	**292,540**	222,720	**76,758**	63,184
Trade payables	**1,338**	959	**–**	–
Other payables	**5,012**	3,807	**3,556**	2,521
Amount due to directors	**218**	321	**218**	321
Financial liabilities at amortised cost	**299,361**	228,594	**80,532**	66,026

Offsetting of financial assets and liabilities

Group	Note	Gross amounts of recognised financial instruments	Gross amounts of recognised financial instruments offset in the statement of financial position	Net amounts of financial instruments included in the statement of financial position	Net amount
		HK$'000	HK$'000	HK$'000	HK$'000
31 March 2016					
Financial assets					
Trade receivables	13	319,690	–	319,690	319,690
Other current assets (excluding spare parts)	14	429,436	88,408	341,028	341,028
Total		749,126	88,408	660,718	660,718
Financial liabilities					
Trade payables	23	89,746	88,408	1,338	1,338
Total		89,746	88,408	1,338	1,338

33. Financial instruments and financial risks (Continued)

Offsetting of financial assets and liabilities (Continued)

Group	Note	Gross amounts of recognised financial instruments	Gross amounts of recognised financial instruments offset in the statement of financial position	Net amounts of financial instruments included in the statement of financial position	Net amount
		HK$'000	HK$'000	HK$'000	HK$'000
31 March 2015					
Financial assets					
Trade receivables	13	418,824	(73,820)	345,004	345,004
Other current assets (excluding spare parts)	14	357,387	(174,785)	182,602	182,602
Total		776,211	(248,605)	527,606	527,606
Financial liabilities					
Trade payables	23	249,564	(248,605)	959	959
Total		249,564	(248,605)	959	959

The gross amounts of trade receivables, other current assets (excluding spare parts) and trade payables and their net amounts as presented in the statements of financial position that are disclosed in the above tables are measured in the statements of financial position.

The amounts in the above tables that are offset in the statements of financial position are measured on the same basis.

34. Fair value of assets and liabilities

Except for convertible bond, the carrying amounts of the Group's and Company's assets and liabilities as reflected in the statements of financial position approximate their respective fair values.

The following disclosures of fair value measurements use a fair value hierarchy which has 3 levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

34. Fair value of assets and liabilities (Continued)

Disclosures of level in fair value hierarchy

	Note	Group		
		Level 1	Level 2	Level 3
2016		HK$'000	HK$'000	HK$'000
<u>Recurring fair value measurements</u>				
Liabilities				
Financial liabilities:				
Derivative financial instruments				
- Foreign currency forward contracts	26	–	409	–
Convertible bond	22	–	–	34,515

	Note	Group		
		Level 1	Level 2	Level 3
2015		HK$'000	HK$'000	HK$'000
<u>Recurring fair value measurements</u>				
Liabilities				
Financial liabilities:				
Derivative financial instruments				
- Foreign currency forward contracts	26	–	–	–
Convertible bond	22	–	–	–

The total gains or losses recognised in profit or loss including those for assets or liabilities held at the end of the reporting period is presented in the consolidated statement of profit or loss and other comprehensive income.

There has been no transfer from Level 1 and Level 2 and Level 3 for the financial years ended 31 March 2016 and 31 March 2015 respectively. Please refer to Note 22 for more details on method and assumptions used to determine fair value of convertible bond.

35. Capital management policies and objectives

The Group manages its capital to ensure that entities in 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 except where decisions are made to exit businesses or close companies.

The capital structure of the Group consists of debts, which includes the borrowings disclosed in Note 19 and 20 and equity attributable to owners of the Company, comprising issued capital and reserves as disclosed in Notes 17 and 18.

35. Capital management policies and objectives (Continued)

The Group's management reviews the capital structure on a regularly basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital. Upon review, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt. The Group's overall strategy remains unchanged from 2015.

Management monitors capital based on a gearing ratio. The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings plus trade and other payables and finance lease payable less cash and cash equivalents.

	Group	
	2016	2015
	HK$'000	HK$'000
Total borrowings	**292,793**	223,507
Total equity and total interest-bearing liabilities	**1,723,868**	1,584,900
Gearing ratio	**17.0%**	14.1%

The Group and the Company are not subject to any externally imposed capital requirements during the financial years ended 31 March 2016 and 2015.

36. Events subsequent to reporting date

On 1 June 2016, the Company completed the placement of 6,241,460 placement shares at a placement price of S$0.533. Following completion of the Placement, the total number of issued shares of the Company has increased from 36,827,886 shares to 43,069,346 shares.

Statistics of Shareholdings

as at 17 June 2016

Authorised Share Capital	:	US$240,000,000 divided into 1,200,000,000 shares of US$0.20 each
Issued and Fully Paid-up Capital	:	US$8,613,869.20
Total number of issued shares excluding treasury shares	:	43,069,346
Total number of treasury shares	:	Nil
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	329	9.08	13,661	0.03
100 - 1,000	1,298	35.82	527,777	1.23
1,001 - 10,000	1,524	42.05	5,018,350	11.65
10,001 - 1,000,000	464	12.80	20,451,502	47.48
1,000,001 AND ABOVE	9	0.25	17,058,056	39.61
TOTAL	**3,624**	**100.00**	**43,069,346**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	RHB SECURITIES SINGAPORE PTE. LTD.	4,325,228	10.04
2	MAYBANK NOMINEES (SINGAPORE) PRIVATE LIMITED	2,785,221	6.47
3	UOB KAY HIAN PRIVATE LIMITED	2,048,726	4.76
4	DB NOMINEES (SINGAPORE) PTE LTD	1,986,172	4.61
5	MAYBANK KIM ENG SECURITIES PTE. LTD.	1,385,718	3.22
6	TAN BAN SER	1,312,086	3.05
7	ANG KONG MENG	1,187,920	2.76
8	OCBC SECURITIES PRIVATE LIMITED	1,023,675	2.38
9	GAN JAI CHUAN	1,003,310	2.33
10	CHEONG CHOONG KONG	938,086	2.18
11	CIMB SECURITIES (SINGAPORE) PTE. LTD.	746,002	1.73
12	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	697,685	1.62
13	ONG LAY CHOE	568,535	1.32
14	HONG LEONG FINANCE NOMINEES PTE LTD	550,000	1.28
15	CHOW BON TONG	467,500	1.09
16	PHILLIP SECURITIES PTE LTD	439,177	1.02
17	ANG JWEE PHOR	405,000	0.94
18	CHUA EI-LEEN (CAI YILING)	375,234	0.87
19	CHUA LI-LEEN (CAI LILING)	375,234	0.87
20	RAFFLES NOMINEES (PTE) LIMITED	279,826	0.65
	TOTAL	**22,900,335**	**53.19**

SUBSTANTIAL SHAREHOLDERS OF THE COMPANY

(as recorded in the Register of Substantial Shareholders as at 17 JUNE 2016)

	No. of Ordinary shares of US$0.20 each					
Name of Substantial Shareholders	Direct Interest	%	Deemed Interest	%	Total Interest	%
Hui Yan Sui William	0	0	2,884,128(1)	6.70	2,884,128	6.70
Hui Yan Moon	5,236	0.01	7,098,901(2)	16.48	7,104,137	16.49
Hue Poh Leng	93,979	0.22	2,790,149(3)	6.48	2,884,128	6.70
Ip Ming Yan, Janies	0	0	7,104,137(4)	16.49	7,104,137	16.49
United Partner Investment Limited	2,766	0.01	2,716,899(5)	6.31	2,719,665	6.32
Deluxe Assets Holdings Limited	0	0	2,719,665(6)	6.31	2,719,665	6.31
RHB Securities Singapore Pte. Ltd.	2,716,899(5)	6.31	0	0	2,716,899	6.31

Notes:

(1) Mr Hui Yan Sui William is deemed to be interested in 2,884,128 in which 2,766 shares are held by United Partner Investment Limited, 70,484 shares are held by his father, Mr Hui Shu Pei, 93,979 shares are held by his wife, Ms Hue Poh Leng and 2,716,899 shares are held by RHB Securities Singapore Pte. Ltd. as nominee of United Partner Investment Limited.

(2) Mr Hui Yan Moon is deemed to be interested in 7,098,901 shares in which 2,766 shares are held by United Partner Investment Limited, 70,484 shares are held by his father, Mr Hui Shu Pei, 2,716,899 shares are held by RHB Securities Singapore Pte. Ltd. as nominee of United Partner Investment Limited, 1,544,431 shares are held by RHB Securities Singapore Pte. Ltd. as nominee of Mr Hui Yan Moon and 2,764,321 shares as held by Mayban Nominees (Singapore) Private Limited.

(3) Ms Hue Poh Leng, the spouse of Mr Hui Yan Sui William, is deemed to be interested in 2,790,149 shares in which 2,766 shares are held by United Partner Investment Limited, 70,484 shares are held by Mr Hui Yan Sui William's father, Mr Hui Shu Pei and 2,716,899 shares are held by RHB Securities Singapore Pte. Ltd. as nominee of United Partner Investment Limited.

(4) Ms Ip Ming Yan, Janies, the spouse of Mr Hui Yan Moon, is deemed to be interested in 7,104,137 shares in which 5,236 shares are held by Mr Hui Yan Moon, 2,766 shares are held by United Partner Investment Limited, 70,484 shares are held by Mr Hui Yan Moon's father, Mr Hui Shu Pei, 2,716,899 shares are held by RHB Securities Singapore Pte. Ltd. as nominee of United Partner Investment Limited, 1,544,431 shares are held by RHB Securities Singapore Pte. Ltd. as nominee of Mr Hui Yan Moon and 2,764,321 shares as held by Mayban Nominees (Singapore) Private Limited.

(5) 2,716,899 shares are held in the name of as nominee of United Partner Investment Limited.

(6) Deluxe Assets Holdings Limited, who wholly owns United Partner Investment Limited, is deemed to be interested in the shares held by United Partner Investment Limited.

FREE FLOAT

Based on information available to the Company as at 17 June 2016, approximately 82.81% of the total number of issued shares excluding treasury shares (excluding preference shares and convertible equity securities) of the Company was held in the hands of the public and therefore, Rule 723 of the SGX Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of SWING MEDIA TECHNOLOGY GROUP LIMITED (the "Company") will be held at 6 Battery Road, #10-01, Singapore 049909 on Friday, 29 July 2016 at 9.30 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Financial Statements of the Company for the financial year ended 31 March 2016 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a first and final dividend of 1 Singapore cent per ordinary share (Singapore tax not applicable) for the financial year ended 31 March 2016. **(Resolution 2)**

3. To re-elect the following Directors retiring pursuant to Bye-law 86(1) of the Bye-laws of the Company:-

   Mr Hui Yan Moon ***[See Explanatory Note (i)]*** **(Resolution 3)**
   Mr Yuen Shu Tong ***[See Explanatory Note (i)]*** **(Resolution 4)**
   Mr Lau Yiu Nam Eric ***[See Explanatory Note (i)]*** **(Resolution 5)**

   Mr Yuen Shu Tong, upon re-election as a Director of the Company, remain as a Chairman of the Audit Committee, member of Nominating Committee and Remuneration Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

   Mr Lau Yiu Nam Eric, upon re-election as a Director of the Company, remain as a Chairman of Nominating Committee and Remuneration Committee and a member of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

4. To approve the payment of Directors' fees of S$84,159.00 for the financial year ended 31 March 2016. (2015: S$78,960.00) **(Resolution 6)**

5. To re-appoint Messrs Mazars LLP as the Company's Auditors to hold office until the next Annual General Meeting and to authorise the Directors to fix their remuneration. **(Resolution 7)**

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. Authority to allot and issue shares

   "That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), authority be and is hereby given to the Directors of the Company to:-

   (a) (i) issue 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 may in their absolute discretion deem fit; and

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

provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent. (50%) of the Company's 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 existing shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty per cent. (20%) of the Company's total number of issued shares excluding treasury shares (as calculated in accordance with sub-paragraph (2) below). Unless prior shareholder approval is required under the Listing Manual of the SGX-ST, an issue of treasury shares will not require further shareholder approval, and will not be included in the aforementioned limits.

(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 that may be issued under sub-paragraph (1) above, the total number of issued shares excluding treasury shares is based on the Company's total number of issued shares excluding treasury shares at the time this Resolution is passed, after adjusting for:

   (i) 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 is passed; and

   (ii) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association 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 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 8)**

8. Authority to allot and issue Shares under the Swing Media Technology Group Limited Scrip Dividend Scheme

"That pursuant to Rule 806 of the Listing Manual of the SGX-ST, authority be hereby given to the Directors of the Company to allot and issue such number of Shares in the Company as may be required to be allotted and issued pursuant to the Swing Media Technology Group Limited Scrip Dividend Scheme from time to time in accordance to the "Terms and Conditions of the Scrip Dividend Scheme" set out in Pages C-2 to C-6 of the Circular to Shareholders dated 30 October 2008 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." ***[See Explanatory Note (iii)]*** **(Resolution 9)**

By Order of the Board

Chan Hon Chung Johnny
Chan Lai Yin
Joint Company Secretaries

Singapore, 12 July 2016

Notice of Annual General Meeting

Explanatory Notes:

(i) The detailed information of Mr Hui Yan Moon, Mr Yuen Shu Tong and Mr Lau Yiu Nam Eric can be found under the section entitled 'Board of Directors' of the Annual Report. They have no relationship (including immediate family relationships) with the other Directors, the Company or its 10% shareholders.

(ii) Ordinary Resolution 8 is to empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue shares and convertible securities in the Company. The aggregate number of shares (including any shares issued pursuant to the convertible securities) which the Directors may allot and issue under this Resolution will not exceed fifty per cent. (50%) of the Company's total number of issued shares excluding treasury shares of the Company. For issues of shares other than on a pro rata basis to all shareholders, the aggregate number of shares to be issued will not exceed twenty per cent. (20%) of Company's total number of issued shares excluding treasury shares of the Company. This authority will, unless previously revoked or varied at a general meeting, expire at 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. However, notwithstanding the cessation of this authority, the Directors are empowered to issue shares pursuant to any Instrument made or granted under this authority.

(iii) Ordinary Resolution 9, if passed, will empower the Directors of the Company to allot and issue Shares in the Company, from the date of this Meeting until 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 or when varied or revoked by the Company in a general meeting, whichever is earlier, to issue Shares in the Company from time to time, pursuant to the Swing Media Technology Group Limited Scrip Dividend Scheme.

Notes:

1. If a member of the Company, being a Depositor (as defined in the Bye-laws of the Company) whose name appears in the Depository Register (as defined in the Bye-laws of the Company) wishes to attend and vote at the Annual General Meeting, he must be shown to have shares entered against his name in the Depository Register, as certified by The Central Depository (Pte) Limited, at least 72 hours before the time of the Annual General Meeting.

2. If a depositor wishes to appoint a proxy/proxies, then the Proxy Form must be deposited at the office of the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623, at least 48 hours before the time of the Annual General Meeting. Delivery of the Proxy Form shall not preclude him from attending and voting in person at the Annual General Meeting and in such event, the Proxy Form shall be deemed to be revoked.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting 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 or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) 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 or service providers), 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 or service providers) 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.

NOTICE OF BOOKS CLOSURE

NOTICE IS HEREBY GIVEN THAT the Share Transfer Books and Register of Members of Swing Media Technology Group Limited be closed on 12 August 2016 for preparation of dividend warrants for the proposed first and final dividend of 1 Singapore cent per ordinary share (Singapore tax not applicable) for the financial year ended 31 March 2016.

Duly completed registrable transfers received by the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 up to 5:00 p.m. on 11 August 2016 will be registered to determine members' entitlement to the said proposed dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5:00 p.m. on 11 August 2016 will be entitled to the said proposed dividend.

Payment of the said proposed dividend, if approved by the members at the Annual General Meeting to be held on 29 July 2016, will be made on 22 August 2016.

By Order of the Board

Chan Hon Chung Johnny
Chan Lai Yin
Joint Company Secretaries

Singapore, 12 July 2016

Swing Media

Technology Group Limited

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S·M·T·G

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