

**Swing Media Technology Group Limited**  
**Unaudited Half Year Financial Statements And Dividend Announcement For**  
**The Financial Period Ended 30 September 2016**

These figures have not been audited.

**1 (a) An income statement and statement of comprehensive income (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year**

	<b>Six months ended 30/9/2016 HK\$'000</b>	<b>Six months ended 30/9/2015 HK\$'000</b>	<b>% increase/ (decrease)</b>
Sales	572,759	555,597	3.1%
Cost of sales	<u>(513,286)</u>	<u>(495,057)</u>	3.7%
Gross profit	59,473	60,540	(1.8%)
Other income	<u>202</u>	<u>1,070</u>	(81.1%)
General and administrative expenses	<u>(12,169)</u>	<u>(14,504)</u>	(16.1%)
Profit from operations	47,506	47,106	0.8%
Finance costs, net	<u>(5,193)</u>	<u>(5,029)</u>	3.3%
Profit before tax	42,313	42,077	0.6%
Income tax expense	<u>(6,600)</u>	<u>(6,600)</u>	-
Profit for the period	<u>35,713</u>	<u>35,477</u>	0.7%
Other comprehensive income after tax:			
Exchange differences on translating foreign operations	47	176	(73.3%)
Total comprehensive income for the Period	<u>35,761</u>	<u>35,653</u>	0.3%
Profit for the period attributable to owners of the Company	<u>35,713</u>	<u>35,477</u>	0.7%
Total comprehensive income for the period attributable to owners of the Company	<u>35,761</u>	<u>35,653</u>	0.3%

Profit for the year is arrived at after (charging) / crediting the following:

	<b>Year ended 30/9/2016 HK\$'000</b>	<b>Year ended 30/9/2015 HK\$'000</b>	<b>% increase/ (decrease)</b>
Other income	202	1,070	(81.1%)
Income from leasing of machinery	84,300	72,000	17.1%
Fair value loss on derivative instruments	(597)	0	100%
Gain on derivative instruments	202	540	(62.6%)
Interest expenses	(5,193)	(5,029)	3.3%
Depreciation	(84,282)	(70,407)	19.7%
Exchange (loss)/gain, net	(285)	530	NM
Loss on disposal of property, plant and equipment	0	(4,507)	100%

NM = Not meaningful

**1(b)(i) A statement of financial position (for the Company and the Group), together with a comparative statement as at the end of the immediately preceding financial year**

	<b>Group</b>		<b>Company</b>	
	<b>As at 30/9/2016</b>	<b>As at 31/3/2016</b>	<b>As at 30/9/2016</b>	<b>As at 31/3/2016</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	896,528	764,044	-	-
Prepaid land lease payments	-	-	-	-
Intangible assets	-	-	-	-
Investments in subsidiaries	-	-	10,10	10,10
<b>Total non-current assets</b>	<b>896,528</b>	<b>764,044</b>	<b>10,10</b>	<b>10,10</b>
<b>Current assets</b>				
Inventories	286,898	290,316	-	-
Trade receivables	319,564	319,690	-	-
Other current assets	290,739	375,910	1,117	1,117
Due from subsidiaries	-	-	878,297	899,151
Financial assets at fair value through profit or loss	-	-	-	-
Cash and bank balances	61,549	61,055	26	113
<b>Total current assets</b>	<b>952,750</b>	<b>1,046,971</b>	<b>879,440</b>	<b>900,381</b>
<b>Total assets</b>	<b>1,849,278</b>	<b>1,811,015</b>	<b>880,450</b>	<b>901,391</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	69,700	57,395	69,700	52,395
Share premium	442,293	424,679	442,293	424,679
Contributed surplus	319,931	319,931	319,931	319,931
Capital reserve	10,622	10,622	10,622	10,622
Foreign currency translation reserve	2,920	2,873	-	-
Share-based compensation reserve	5,196	5,196	5,196	5,196
Retained earnings/(Accumulated losses)	643,659	610,379	(2,899)	3,036
<b>Total equity</b>	<b>1,494,321</b>	<b>1,431,075</b>	<b>844,843</b>	<b>820,859</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Borrowings	-	38,753	-	38,753
Obligations under finance leases	-	27	-	-
Convertible bonds	-	-	23,215	-
Deferred tax liabilities	45,601	45,600	-	-
<b>Total non-current liabilities</b>	<b>45,601</b>	<b>84,380</b>	<b>23,215</b>	<b>38,753</b>
<b>Current liabilities</b>				
Trade payables	2,005	1,338	-	-
Other payables and accruals	6,561	5,012	4,960	3,556
Due to directors	100	218	100	218
Financial liabilities at fair value through profit or loss	1,006	409	-	-
Borrowings	258,405	253,787	7,332	38,005
Current portion of obligations under finance leases	109	226	-	-
Current tax liabilities	41,170	34,570	-	-
<b>Total current liabilities</b>	<b>309,356</b>	<b>295,560</b>	<b>12,392</b>	<b>41,779</b>
<b>Total liabilities</b>	<b>354,957</b>	<b>379,940</b>	<b>35,607</b>	<b>80,532</b>
<b>Total equity and liabilities</b>	<b>1,849,278</b>	<b>1,811,015</b>	<b>880,450</b>	<b>901,391</b>

**1(b)(ii) Aggregate amount of the Group's borrowings and debt securities**

**Amount payable in one year or less, or on demand**

<u>As at 30/9/2016</u>		<u>As at 31/3/2016</u>	
Secured HK\$'000	Unsecured HK\$'000	Secured HK\$'000	Unsecured HK\$'000
258,514	-	254,013	-

**Amount payable after one year**

<u>As at 30/9/2016</u>		<u>As at 31/3/2016</u>	
Secured HK\$'000	Unsecured HK\$'000	Secured HK\$'000	Unsecured HK\$'000
-	-	38,780	-

**Notes:**

On 16 May 2013, one of the subsidiaries, Swing Technology Limited, obtained a loan of SGD2,000,000 from a bank in Singapore. The loan is to be repaid in 12 quarterly payments which has been drawdown on 29 May 2013 and the first repayment was made on 28 August 2013 and the loan was fully repaid in May 2016.

Furthermore, on 6 November 2013, a two year term loan with principal amounting to HK\$50,000,000 was granted by a financial institution in Hong Kong to the Company for working capital purpose (HK\$40,000,000) and to finance the capital expenditure spending for upgrading the existing production lines of the Company's subsidiaries (HK\$10,000,000). The loan is to be repaid commencing 18 months after drawdown date on 3 equal quarterly payments starting May 2015. However, after the first payment, the loan was repaid in full in August 2015 by a new loan of HK\$34,000,000 by another bank resulting in a more favorable interest rate which was supposed to be due in full after one year from draw down, ie, August 2016. However, in June 2016, the bank increased the loan amount to HK\$50,000,000 with a new due date. The loan will be repaid in full upon its maturity in one year.

During the six months period ended 30 September 2016, other trade facilities were obtained from several banks to support the Group's operations. However, the amount outstanding has decreased as some of the bills outstanding were repaid by the available funds from operation and the proceeds from the placement done in May 2016.

The bank loans and borrowings were secured by corporate guarantees given by the Company and some of its subsidiaries.

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

	Six months ended 30/9/16 HK\$'000	Six months ended 30/9/15 HK\$'000
<b>Cash flows from operating activities</b>		
Profit before tax	42,313	42,077
Adjustments for:		
Depreciation	84,282	70,407
Interest expenses	5,193	5,029
Loss on disposal of property, plant and equipment	-	4,507
Unrealised fair value loss on foreign currency forward contracts	597	-
	<u>132,385</u>	<u>122,020</u>
Operating profit before working capital changes	132,385	122,020
Changes in working capital:		
Trade receivables	6,126	15,155
Inventories	3,418	18,320
Other current assets	85,171	752
Trade payables	667	318
Other payables and accruals	1,549	945
Due to directors	(118)	58
Cash generated from operations	<u>229,198</u>	<u>157,568</u>
Tax paid	-	(3,772)
Net cash generated from operating activities	<u>229,198</u>	<u>153,796</u>
<b>Cash flows from investing activities</b>		
Interest received	-	-
Purchase of property, plant and equipment	(216,766)	(144,578)
Net cash inflow from disposal of subsidiaries	-	-
Net cash used in investing activities	<u>(216,766)</u>	<u>(144,578)</u>
<b>Cash flows from financing activities</b>		
Dividend paid	(2,433)	-
Proceeds from CB	-	33,900
Proceeds from bank borrowings	424,536	473,633
Proceeds from issue of new shares, conversion of CB	18,619	-
Repayment of bank borrowings	(449,529)	(516,875)
Repayment of finance lease	(144)	(264)
Interest paid	(5,193)	(5,029)
	<u>(14,144)</u>	<u>(14,635)</u>
Net cash generated from financing activities	<u>(230,910)</u>	<u>(159,213)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(1,712)</b>	<b>(5,417)</b>
Effect of foreign exchange rate changes	47	176
<b>Cash and cash equivalents at beginning of year</b>	<b>57,005</b>	<b>81,263</b>
<b>Cash and cash equivalents at end of year</b>	<b>55,340</b>	<b>76,022</b>
<b>Analysis of cash and cash equivalents</b>		
Cash and bank balances	61,549	78,142
Bank overdrafts	(6,209)	(2,120)
	<u>55,340</u>	<u>76,022</u>

**1(d)(i) A statement (for the Company and the Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year**

<u>Group</u>								Total equity
	Share capital	Share Premium	Capital reserve	Foreign currency translation reserve	Share-based compensation reserve	Contributed Surplus	Retained earnings	attributable to owners of the Company
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2015	52,186	424,679	10,622	2,743	5,196	319,931	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	5,209	-	-	-	-	-	5,209	-
Dividends	-	-	-	-	-	-	-	-
At 31 March 2016	57,395	424,679	10,622	2,873	5,196	319,931	610,379	1,431,075
Profit for the period	-	-	-	-	-	-	35,713	35,713
Bonus issue	-	-	-	-	-	-	-	-
Exchange differences on translating foreign operations	-	-	-	47	-	-	-	47
Issue of ordinary shares by placement	9,712	9,084	-	-	-	-	-	18,796
Share issue expenses	-	(177)	-	-	-	-	-	(177)
Issue of ordinary shares by conversion of bonds	2,593	8,707	-	-	-	-	-	11,300
Dividends	-	-	-	-	-	-	(2,433)	(2,433)
At 30 September 2016	69,700	442,293	10,622	2,920	5,196	319,931	643,659	1,494,321

Company

	Share capital	Share premium	Capital reserve	Share-based compensation reserve	Contributed surplus	Retained earnings	Total Equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	At 1 April 2015	52,186	424,679	10,622	5,196	319,931	2,766
Total comprehensive income for the financial year	-	-	-	-	-	5,479	5,479
Issue of ordinary shares by bonus issue	5,209	-	-	-	-	5,209	-
Dividends	-	-	-	-	-	-	-
At 31 March 2016	57,395	424,679	10,622	5,196	319,931	3,036	820,859
At 1 April 2016	57,395	424,679	10,622	5,196	319,931	3,036	820,859
Total comprehensive income for the period	-	-	-	-	-	(3,502)	(3,502)
Issue of ordinary shares by placement	9,712	9,084	-	-	-	-	18,796
Share issue expenses	-	(177)	-	-	-	-	(177)
Issue of ordinary shares by conversion of bonds	2,593	8,707	-	-	-	-	11,300
Dividends	-	-	-	-	-	(2,433)	(2,433)
At 30 September 2016	69,700	442,293	10,622	5,196	319,931	2,899	844,843

**1(d)(ii) Details of any changes in the Company’s share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year**

Convertible Bonds

On 24 April 2015, the Company entered into an Agreement to issue an unsecured 6.0% convertible bonds with an aggregate principal amount of S\$6,000,000 which can be converted into a maximum of 90,909,090 new ordinary shares, at a conversion price of S\$0.066, due on the date falling 2 years from the date of issue. The issuance was approved in principal by SGX on 8 June 2015 and finally completed on 13 June 2015. However, following the share consolidation in September 2015, pursuant to Schedule 2 to the Bond Subscription Agreement (“**Bonds Conditions**”), the Board has subjected the Bonds to the adjustment mechanism as provided in Condition 6.3.1 of the Bonds Conditions, and determined that the conversion price of the Bonds has been adjusted from S\$0.066 to S\$1.32 upon completion of the share consolidation. The new conversion price upon completion of the share consolidation of S\$1.32 was obtained by multiplying the initial conversion price of S\$0.066 by the share consolidation ratio of 20.

On 23 September 2015, the Company allotted and issued 3,347,847 Bonus Shares pursuant to the Bonus Issue. The issue of the Bonus Shares constitutes an event giving rise to an adjustment to the conversion price of the outstanding Bonds pursuant to the Bonds Conditions.

Pursuant to the Bonds Conditions, the Board has subjected the outstanding Bonds to the adjustment mechanism as provided in Condition 6.3.2 of the Bonds Conditions, and determined that the conversion price of the Bonds has been adjusted from S\$1.32 to S\$1.20 upon the issue of 3,347,847 Bonus Shares. The new conversion price was obtained from the formula provided in Condition 6.3.2 of the Bonds Conditions:-

$$\text{NCP} = \text{OCP} \times \frac{\text{NSB}}{\text{NSA}}$$

where NCP is the new conversion price, OCP is the old conversion price, NSB is the aggregate number of Consolidated Shares immediately before the 3,347,847 Bonus Shares were issued and NSA is the number of Consolidated Shares immediately after the 3,347,847 Bonus Shares are issued.

The adjustment to the conversion price of the Bonds has resulted in the issue of an additional 454,546 new Consolidated Shares (“**Additional Conversion Shares**”) pursuant to the full conversion of the outstanding Bonds. Based on the adjusted conversion price of S\$1.20 and assuming no further adjustments to the conversion price, the maximum number of Additional Conversion Shares to be allotted and issued by the Company, pursuant to the full conversion of the outstanding Bonds, is 5,000,000 instead of 4,545,454.

An application has been made to the SGX-ST for the dealing in, listing of and quotation for the Additional Conversion Shares following to the completion of Bonus Issue in September 2015, which the Company has obtained the approval-in-principal by SGX-ST on 4 November, 2015.

During the six months period, one of the investor has requested to convert its investment of SGD2 million into ordinary shares. Subsequently, to that, 1,666,666 ordinary shares were issued. The outstanding of the convertible bond was recorded at SGD4 million as at 30 September 2016.

Issued Share Capital

On 22 April 2016, the Group entered into a placement agreement with several parties. Under the placement agreement, 6,241,460 ordinary shares of US\$0.20 each were issued at an issue price of S\$0.533 per share on 31 May 2016.

Issuance of Share Options

No new share options were granted during the six months period ended 30 September 2016. However, 29,000 options were expired on 25 May 2016. As at 30 September 2016, the outstanding share options are 401,600.

Date of Grant	Expiry Date	Exercise Price	Outstanding
26 May 2008	25 May 2006	S\$8.00	24,040
26 May 2008	26 May 2018	S\$6.50	44,560
26 May 2011	26 May 2021	S\$3.50	86,000
26 May 2011	26 May 2021	S\$3.20	247,000
Total number of outstanding share options			401,600

The amount of cash raised from issues of securities in the market in the previous financial year has been used for their intended purposes.

Announcement made on 22 July 2016	The issuance of unsecured 6.0%convertible bonds with an aggregate amount of S\$6,000,000 ("Bonds Issue") by the Company, of which the completion had taken place on 12 June 2015.  As at 22 July, 2016, the Company has fully utilized the net proceeds from the Bonds Issue of approximately S\$5.97 million as general working capital for purchases of plastic resin and other materials for productions.
Announcement made on 15 August 2016	The placement of 6,241,460 new ordinary shares in the capital of the company ("Placement") at a placement price of S\$0.533 per Placement Share, of which the completion had taken place on 1 June 2016.  As at 15 August, 2016, the Company has fully utilized the net proceeds from the Placement of approximately S\$3.66 million as general working capital for purchases of plastic resin and other materials for productions.

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year**



As at 30 September 2016, the Company's total number of issued shares excluding treasury shares is 44,736,012 (31 March 2016: 36,827,886).

**1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on**

The Company does not hold any treasury shares as at the end of the current financial period report on 30 September 2016.

**2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice**

These figures have not been audited nor reviewed by the auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the Company's most recently audited annual financial statements have been applied**

The Group has adopted consistent accounting policies and methods of computation for current reporting period as compared with the most recently audited annual financial statements for the financial year ended 31 March 2016.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of the change**

Not applicable.

**6. Earnings per ordinary share of the Group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	<b>Six months ended <u>30/9/2016</u></b>	<b>Six months ended <u>30/9/2015</u></b>
Basic earnings per ordinary share	61.07 HK cents	105.62 HK cents
Diluted earnings per ordinary share	N/A	N/A

The calculation of basic earnings per share attributable to owners of the Company is based on the profit for the period attributable to owners of the Company of approximately HK\$35,713,000 (2015: HK\$35,477,000) and the weighted average number of ordinary shares of 58,480,743 (30 September 2015: 33,589,804). The weighted average number of ordinary shares of 2015 has adjusted to reflect the share consolidation and bonus shares in September 2015 in issue during the period.

The effects of all potential ordinary shares are anti-dilutive for both the period ended 30 September 2016 and 2015.

**7. Net asset value (for the Company and the Group) per ordinary share based on the total number of issued shares excluding treasury shares of the Company at the end of the (a) current financial period reported on and (b) immediately preceding the financial year**

	<u>Group</u>		<u>Company</u>	
	As at <u>30/9/2016</u>	As at <u>31/3/2016</u>	As at <u>30/9/2016</u>	As at <u>31/3/2016</u>
Net asset value attributable to equity holders of the Company per ordinary share based on issued share capital as at the end of the year reported	HK\$33.40	HK\$38.90	HK\$18.89	HK\$22.20

The net asset value per ordinary share as at 30 September 2016 were calculated based on issued ordinary shares of the Company as at that date.

The net asset value per ordinary share as at 31 March 2016 was calculated based on 36,827,886 issued ordinary shares of the Company as at that date, as adjusted to reflect the share consolidation in September 2015.

**8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on**

Group sales rose 3.1% to HK\$572.8 million from the previous corresponding period, while group net profit attributable to ordinary shareholders remained relatively unchanged at HK\$35.7 million.

DVD-R sales rose marginally by HK\$1.7 million to HK\$329.5 million and Trading sales rose HK\$4.4 million to HK\$144.5 million. Segmentally, Leasing sales performed the best, rising 20.2% to HK\$84.3 million due to the Group's continued focus on its Taiwan facilities for DVD-R production.

Group general and administrative expenses fell 16.1% to HK\$12.2 million and net finance cost rose 3.3% to HK\$5.2 million while taxation remained unchanged at HK\$6.6 million.

Group total asset base increased by \$38.3 million to HK\$1,849.3 million from 31 March 2016, primarily due to a HK\$132.5 million rise in Property, plant & equipment as new machineries were added to its facilities both in Hong Kong and Taiwan. Inventories fell 1.2% to HK\$286.9 million and Trade Receivables were relatively unchanged HK\$319.6 million. Group borrowings dropped by HK\$23.0 million to HK\$235.3 million as it continues to par down its debt level.

Group operating cash flow remained positive at HK\$229.2 million.

Group earnings per ordinary share for the six months period ended 30 September 2016 was 61.07 HK cents. Group net tangible assets per ordinary share as at 30 September 2016 was HK\$33.40.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

No forecast or prospect statement has been previously disclosed to the shareholders.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months**

Global business conditions are increasingly challenging as many economies face declining growth. Demand across a wide spectrum of goods have fallen significantly and the near term outlook is not promising.

Management recognizes these developments and is actively implementing measures to strengthen all aspects of its operations as well as taking steps to position the Group for the future.

The Company's core optical discs businesses; including DVD-R and Trading, stay resilient due to stable consumer demand in our key markets in Asia, a region in which economic growth prospects are better.

In August 2016, the Group entered into an MOU to acquire Grace Health Group Limited, a company which owns approximately 200 sq km of cattle-rearing land in Queensland, Australia. This investment is part of our strategy for business diversification and potentially to improve our earnings.

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

**11. Dividend**

(a) Current financial period reported on

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding period of the immediately preceding financial year

Any dividend declared for the previous corresponding period?

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

**12. If no dividend has been declared/recommended, a statement of that effect**

The directors do not propose to pay or declare any dividend in respect of the first half year ended 30 September 2016.

**13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group does not have an Interested Person Transactions mandate.

**14. Confirmation pursuant to Rule 705(5) of the Listing Manual**

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the interim financial statements of the Company for the six months period ended 30 September 2016 presented in this announcement to be false or misleading in any material aspect. The financial statements and other information included in this report present fairly in all material respects the financial condition, results of operations and cash flows to the Group as of, and for, the periods in this report.

Hui Yan Moon  
Chief Executive Officer

Chan Hon Chung Johnny  
Chief Financial Officer

**15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).**

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

**BY ORDER OF THE BOARD**

Hui Yan Moon

Chief Executive Officer

14 November 2016