
Issuance of Writ of Summons

*Unless otherwise defined herein, all capitalised terms used herein shall have the same meanings ascribed to them in the Company's announcement dated 30 June 2015 (the "**30 June 2015 Announcement**").*

1. The Board of Directors (the "**Board**") of DMX Technologies Group Limited (the "**Company**") wishes to announce that the Company's Bermuda-incorporated wholly-owned subsidiary, DMX BVI Limited ("**DMX BVI**"), has commenced by way of a Writ of Summons an action in the High Court of the Hong Kong Special Administrative Region Court of First Instance on 7 April 2016 against:

- (a) the former management of the Company (the "**Former Management**"), namely:
 - (i) Mr. Tang Chi Tang (鄧嗣騰), the former Chief Financial Officer of the Company;
 - (ii) Ms. Teo Chor Khin Jismyl (張楚琴), a former director of the Company and DMX HK and the former Chief Executive Officer of the Company;
 - (iii) Mr. Emmy Wu (吳安敏), a former director of the Company and DMX HK; and
 - (iv) Mr. Fu Yan Yan (傅欣欣), the former General Manager (China) of DMX HK;
- (b) Mozart Management Co., Limited ("**Mozart**");
- (c) Tacoma Associates Limited ("**Tacoma**"); and
- (d) DMX Technologies (Hong Kong) Limited, DMX BVI's Hong Kong-incorporated subsidiary ("**DMX HK**"), in which DMX BVI holds 99.99% of the issued share capital and Ms Teo Chor Khin Jismyl holds the remaining 0.01%. DMX HK is included as a defendant as the action is a shareholder derivative action under Hong Kong law as further explained below.

2. The Writ of Summons was filed as a result of the findings of the investigations referred to in the 30 June 2015 Announcement.

3. The action is in respect of unauthorised payments made to Mozart of the account receivables due to DMX HK by DMX HK's customers (the "**Account Receivables**"), as well as unauthorised payments made to Tacoma by DMX HK of the account payables due to DMX HK's contracting parties (the "**Account Payables**") between 2008 and 2012.

4. As of 31 December 2014, the Accounts Receivables aggregated US\$188 million, while the Accounts Payables aggregated US\$0. Mozart appears to be controlled by Ms. Teo Chor Khin Jismyl and Mr. Tang Chi Tang.

5. In the Writ of Summons, it is alleged that Mr. Tang Chi Tang, Ms Teo Chor Khin Jismyl, Mr. Fu Yan Yan, Mozart and Tacoma wrongfully and with intent to injure DMX HK conspired to:

- (a) deprive and/or delay DMX HK's receipt of the Account Receivables;
- (b) derive benefits from the receipt and retention by Mozart of the Account Receivables; and
- (c) derive benefits from the receipt and retention by Tacoma of the Account Payables.

6. It is further alleged that the Former Management acted in breach of their fiduciary duties and/or duties of care owed to DMX HK, and Mozart and Tacoma are liable to account to DMX HK as constructive trustees, and/or hold the assets (and their traceable products) which belong to DMX HK beneficially on trust for DMX HK.

7. Pursuant to the Writ of Summons, DMX BVI is claiming:

- (a) against Tacoma for (i) a declaration that Tacoma held and/or holds on trust for DMX HK all the monies and/or assets received from DMX HK and/or their traceable proceeds or products (or any part thereof), and (ii) an order for all necessary accounts to be taken and/or inquiries to be made, and the payment of such sums to DMX HK as may be found due;
- (b) against Mozart for (i) a declaration that Mozart holds on trust for DMX HK all of the Account Receivables received by Mozart (instead of to DMX HK) and all traceable proceeds and/or assets thereof, and (ii) an order for all necessary accounts to be taken and/or inquiries to be made, and the payment of such sums to DMX HK as may be found due; and
- (c) against the former management for, among others, an order that each of them account to DMX HK for any of DMX HK's property that he or she has misapplied, damages and/or equitable compensation, together with all interests and costs.

8. In a shareholder derivative action, the shareholder bringing proceedings on behalf of the company (namely DMX BVI) is the plaintiff and the company on whose behalf such proceedings are brought (namely DMX HK) is named as a defendant so that any orders made in the proceedings may be binding on the company. DMX BVI is not seeking any remedies against DMX HK. In fact, DMX BVI is seeking remedies against the Former Management, Mozart and Tacoma for and on behalf of DMX HK.

9. The Company will make such further announcement(s) on the above proceedings as and when appropriate. In addition, the Company will take steps to disclose the findings of the investigations in the form of a report to the shareholders as soon as practicable.

BY ORDER OF THE BOARD

Iwao Oishi
Executive Director, Vice Chairman, and Acting Chief Executive Officer
Date: 7 April 2016