
PROPOSED DISPOSAL OF
PT. PACKET SYSTEMS INDONESIA

1. INTRODUCTION

The board of directors (the "**Board**") of DMX Technologies Group Limited (the "**Company**", and collectively with its subsidiaries, the "**Group**") wishes to announce that DMX (BVI) Ltd. (the "**Vendor**"), a direct wholly-owned subsidiary of the Company, has on 20 June 2017 entered into a conditional sale and purchase agreement (the "**Agreement**") with Logicalis Singapore Pte. Ltd. ("**Logicalis**") and PT. Metrodata Electronics TBK (collectively, the "**Purchasers**", and together with the Vendor, the "**Parties**") in relation to the proposed disposal (the "**Proposed Disposal**") by the Vendor of 150,000 ordinary shares (the "**Sale Shares**"), representing 60% of the entire issued and paid-up capital of PT. Packet Systems Indonesia ("**PSI**") to the Purchasers.

For information, the remaining 40% equity interest in PSI is owned by four individuals in equal proportions (the "**Founder Shareholders**"). The Company understands that the Founder Shareholders have on 20 June 2017 entered into a conditional sale and purchase agreement (the "**Founder Agreement**") with Logicalis in relation to the proposed disposal of 20,440 ordinary shares (the "**Founder Sale Shares**"), representing approximately 8.18% of the entire issued and paid-up capital of PSI.

Unless indicated otherwise, translations of amounts in United States Dollars into Singapore Dollars in this Announcement have been made on the basis of US\$1.00 : S\$1.3851 as at 16 June 2017.

2. INFORMATION ON PSI AND THE PURCHASERS

- 2.1 PSI is a foreign investment limited liability company (*Perusahaan Penanaman Modal Asing Indonesia*) incorporated in Indonesia. Founded in 2004, PSI is a Cisco Gold Partner specialising in data centre, collaboration, information security solutions, as well as Service Provider & Enterprise Network. The Vendor acquired a 60% stake in PSI in 2006 with the remaining 40% owned by the Founder Shareholders.
- 2.2 The registered capital of PSI is IDR2,248,750,000.
- 2.3 Logicalis is an international multi-skilled solution provider providing digital enablement services to help customers harness digital technology and innovative services to deliver powerful business outcomes. Logicalis' customers span industries and geographical regions; its focus is to engage in the dynamics of its customers' vertical markets, including financial services, telecommunications, media and technology, education, healthcare, retail, government, manufacturing and professional services, and apply the skills of its employees in modernising key digital pillars, data centre and cloud services, security and network infrastructure, workspace communications and collaboration, data and information strategies, and IT operation modernisation. Logicalis is the advocate for some of the world's leading technology companies including Cisco, HPE, IBM, CA

Technologies, NetApp, Microsoft, Oracle, VMware and ServiceNow. The Logicalis Group has operations in Europe, North America, Latin America, Asia Pacific and Africa. It is a division of Datatec Limited, listed on the Johannesburg Stock Exchange and the AIM market of the London Stock Exchange.

For more information, please visit www.logicalis.com

- 2.4 Metrodata is a public company listed on PT. Bursa Efek Indonesia since 1990 (IDX: MTDL) and is one of the leading Information Communications Technology ("**ICT**") companies in Indonesia. Metrodata has built strategic alliances with world-class information technology companies. Metrodata has four main business lines, operating through its subsidiaries: (1) Distribution Business Unit handles distribution to dealer partners, warranty, and ICT solution companies; (2) Solution Business Unit provides ICT total solutions ranging from design, implementation, IT managed services, consultation and training; (3) Consulting Business Unit which offers innovative business solutions from conceptualising, defining, commissioning and implementation, and support for business transformation; and (4) E-Commerce Business Unit covering modern IT retail e-commerce.

For more information, please visit www.metrodata.co.id

3. SALIENT TERMS OF THE SALE AND PURCHASE AGREEMENT

3.1 Simultaneous completion of sale and purchase of shares owned by the Founder Shareholders

The Parties are not obliged to complete the sale and purchase of the Sale Shares unless the sale and purchase of the Founder Sale Shares pursuant to the terms and conditions of the Founder Agreement (the "**Founder Share Sale**") are completed at the same time.

3.2 Consideration

Under the terms of the Agreement, the aggregate consideration for the Proposed Disposal is US\$7,500,000 (approximately S\$10,388,250) (the "**Consideration**").

The Consideration was arrived at pursuant to arm's length negotiations between the Vendor and the Purchasers on a willing-buyer and willing-seller basis, taking into account a number of factors including, *inter alia*, the business prospects of PSI and outlook of the systems integration industry in Indonesia.

3.3 The Consideration shall be satisfied by the Purchasers in the following manner:

- (a) payment of the aggregate sum of US\$6,375,000 (approximately S\$8,830,012.50) in cash on completion of the Proposed Disposal ("**Completion**"); and
- (b) payment of the sum of US\$1,125,000 (approximately S\$1,558,237.50) in cash ("**Escrow Amount**") to an escrow agent (the "**Escrow Agent**") on Completion to be dealt with in accordance with the terms of the Agreement and the provisions of an escrow agreement to be entered into between the Escrow

Agent and the Parties. The Escrow Amount will be held in escrow for a period of two (2) years from the date of Completion (the "**Completion Date**"), and subject to any applicable claims, be released to the Vendor as follows:

- (i) US\$562,500 on the date of the first anniversary after the Completion Date; and
- (ii) the entire balance amount then standing to the credit in the escrow account on the date of the second anniversary after the Completion Date.

3.4 Conditions Precedent

Completion is conditional upon, *inter alia*, the fulfilment or waiver of the following conditions:

- (a) the Company obtaining the prior approval of its shareholders (the "**Shareholders**") in a general meeting for the Proposed Disposal;
- (b) PSI having announced the Proposed Disposal in a newspaper in Indonesia and having made a written announcement to its employees in accordance with Indonesian Law No. 40 of 2007 on Limited Liability Companies;
- (c) PSI obtaining the prior approval of its shareholders in a general meeting of shareholders (or by way of a circular resolution approved by all of PSI's shareholders) for:
 - (i) the Proposed Disposal; and
 - (ii) the waiver by each of the Founder Shareholders of its right of first refusal in respect of the Proposed Disposal and the waiver by the Vendor of its right of first refusal in respect of the Founder Share Sale;
- (d) the written approval of *Badan Koordinasi Penanaman Modal* for the Proposed Disposal;
- (e) the declaration and payment in full of certain dividends by PSI to its shareholders;
- (f) the full and complete discharge of all intra-group indebtedness ("**Intra-Group Indebtedness**") owed by PSI to the Group on the one hand, or by the Group to PSI on the other hand, other than any Intra-Group Indebtedness of a trade nature and arising in the ordinary course of PSI's business;
- (g) no material adverse change in respect of PSI having occurred; and
- (h) no more than an agreed number of certain key members of senior management of PSI as identified and agreed by the Parties under the Agreement ("**Key Employees**") or no more than an agreed number of the permanent employees of PSI other than the Key Employees having exercised their option to resign from PSI due to the Proposed Disposal pursuant to applicable Indonesian laws.

If any of the above conditions is not fulfilled by 30 September 2017 or such later date as the Parties may mutually agree in writing, the Agreement shall be terminated in accordance with the terms of the Agreement.

3.5 Indemnities and other Payment Obligations of the Vendor under the Agreement

- (a) The Vendor had undertaken to indemnify the Purchasers in respect of, *inter alia*, certain tax matters relating to PSI.
- (b) If the net assets of PSI on Completion is finally determined to be less than US\$9 million, the Vendor is also obliged to make payment to the Purchasers of an amount equivalent to 60% of the difference.
- (c) The Vendor had also agreed with the Purchasers to share a portion of any severance payments that may be payable by PSI under applicable Indonesian laws to such of its permanent employees who resign due to the Proposed Disposal

3.6 Corporate Guarantee

In connection with the Agreement, the Company will on Completion, enter into a corporate guarantee in favour of the Purchasers to secure the Vendor's payment obligations under the Agreement, subject to the terms and conditions of such corporate guarantee.

4. **RATIONALE FOR THE PROPOSED DISPOSAL**

- 4.1 As announced in the Company's announcement on 19 May 2016, due to the substantial costs of continuing the investigations of an expanded scope into the subject matter of the investigations by the Commercial Crime Bureau of the Hong Kong Police Force as announced by the Company on 9 February 2015 (the "**Expanded Investigations**") and the fees for completing the audit (the "**FY2014 Audit**") on the Company relating to the Company's financial statements for the financial year ended 31 December 2014 (the "**FY2014 Financial Statements**"), the Board decided to suspend the Expanded Investigations and the FY2014 Audit until such time that the Company is able to meet the fees.
- 4.2 The Company has explored alternative options with its external auditors, PricewaterhouseCoopers LLP, Singapore ("**PwC**"), to undertake an extended scope audit in respect of the FY2014 Financial Statements. To this end, the Company has received a proposal from PwC for the extended scope audit (the "**Extended Scope Audits**") in respect of the FY2014 Financial Statements, the financial statements of the Company for the financial year ended 31 December 2015 and the financial statements of the Company for the financial year ended 31 December 2016 (the "**FY2016 Financial Statements**").
- 4.3 In order to raise the fees for the completion of the Extended Scope Audits, the Company is currently exploring potential ways to realise certain assets of the Company. The Sale Shares are part of the assets of the Company that the Company intends to dispose to raise funds to pay the relevant fees. It is envisaged by the Company that part

of the proceeds raised from the Proposed Disposal will be used to fund the completion of the Extended Scope Audits.

5. RELATIVE FIGURES PURSUANT TO RULE 1006 OF THE LISTING MANUAL

The relative figures as computed on the bases as set out in Rule 1006 of the listing manual of the Singapore Exchange Securities Trading Limited (the "**Listing Manual**"), based on the unaudited financial statements of the Company for the financial period ended 31 March 2017 (the "**1Q17 Financial Statements**"), are as follows:

Rule 1006	Bases	Relative Figures (%)
(a)	Net asset value (" NAV ") of the Sale Shares to be disposed of, being US\$6,787,096, compared with the Group's NAV	37.3 ¹
(b)	Net profits ² attributable to the Sale Shares to be disposed of, compared with the Group's net profits	-8.0 ³ (<i>Not Meaningful</i>) ⁴
(c)	Aggregate value of the Consideration received, being US\$7.5 million, compared with the market capitalisation of the Company (based on total number of issued shares of the Company (" Shares "), excluding treasury shares)	8.2 ⁵
(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	N.A. ⁶
(e)	Aggregate volume or amount of proved and probable resources to be disposed of, compared with the aggregate of the Group's proved and probable resources	N.A. ⁷

Attention is drawn to the cautionary note on page 1 of the unaudited 1Q17 Financial Statements and the background and limitations relating to the preparation of the unaudited 1Q17 Financial Statements as set out in the cautionary note. Accordingly, the Board cautions and advises against the reliance on the unaudited 1Q17 Financial Statements pending the completion of the Expanded Investigations and the Extended Scope Audits.

Notes:

1. Based on the aggregate NAV of the Sale Shares as at 31 March 2017 of US\$6,787,096, divided by the Group's NAV as at 31 March 2017 of US\$18,209,756.
2. Net profits refer to profit before income tax, minority interests and extraordinary items.
3. Based on the aggregate unaudited net profits attributable to the Sale Shares for the financial period ended 31 March 2017 of US\$41,918, divided by the Group's unaudited net loss for the financial period ended 31 March 2017 of US\$522,975.

4. As the relative figure determined on the basis of Rule 1006(b) is calculated comparing a positive profit number attributable to the Sale Shares with a negative profit number attributable to the Group as a whole, the Company regards the resultant negative percentage as not meaningful.
5. Market capitalisation of the Company as at 19 March 2015, being the last market day on which shares of the Company were traded on the SGX-ST prior to the date of signing of the Agreement is S\$126,810,027.
6. Not applicable as this basis is not applicable to a disposal of assets, as is the case here.
7. Not applicable as the Company is not a mineral, oil and gas company.

As the relative figure computed on the basis set out in Rule 1006(a) exceeds 20%, the Proposed Disposal constitutes a "major transaction" under Chapter 10 of the Listing Manual and is conditional upon the approval of the Shareholders at a general meeting to be convened.

As the Group is loss-making, the relative negative figure computed under Rule 1006(b) does not give a meaningful indication of the significance of the Proposed Disposal to the Group. The Singapore Exchange Securities Trading Limited ("SGX-ST") has confirmed that the Company is not required to consult SGX-ST on the significance of the Proposed Disposal as the Company is seeking the approval of the Shareholders for the Proposed Disposal.

6. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

- 6.1 Based on the unaudited 1Q17 Financial Statements, the book value of the Sale Shares and net tangible asset value of the Sale Shares as at 31 March 2017 are approximately US\$7,487,096 and US\$6,787,096 respectively.
- 6.2 Based on the unaudited 1Q17 Financial Statements, the Group would expect to realise an attributable net disposal gain and an excess of the proceeds over the book value of the Sale Shares of approximately US\$12,904 (approximately S\$17,873).
- 6.3 The pro forma financial effects analysis of the Proposed Disposal as set out in paragraphs 6.4 and 6.5 below have been prepared on the following key bases and assumptions:
 - (a) the financial effects of the Proposed Disposal on the net tangible asset ("NTA") per Share and earnings per Share ("EPS") of the Company are prepared based on the unaudited FY2016 Financial Statements;
 - (b) for the purposes of illustrating the financial effects of the Proposed Disposal on the NTA per Share, it is assumed that the Proposed Disposal had been completed on 31 December 2016;
 - (c) for the purposes of illustrating the financial effects of the Proposed Disposal on the EPS of the Company, it is assumed that the Proposed Disposal had been completed on 1 January 2016;
 - (d) the NTA per Share of the Company is computed based on the 1,163,394,742 Shares in issue as at 31 December 2016 (excluding 5,152,125 treasury shares), and the EPS of the Company is computed based on the weighted average number of 1,163,394,742 Shares in issue for the financial year ended 31 December 2016 (excluding 5,152,125 treasury shares); and

- (e) the financial effects below are purely for illustrative purposes only and are not indicative of the actual financial position of the Group and/or the Company following the Proposed Disposal.

6.4 Profits and EPS

On the bases and assumptions set out in paragraph 6.3 above, the pro forma financial effects of the Proposed Disposal on the consolidated profits and EPS are as follows:

	Before the Proposed Disposal	After the Proposed Disposal
(Loss) after tax and minority interests attributable to Shareholders (US\$'000)	(9,428)	(11,417)
(Loss) per Share (US cents)	(0.81)	(0.98)

6.5 NTA per Share

On the bases and assumptions set out in paragraph 6.3 above, the pro forma financial effects of the Proposed Disposal on the NTA per Share are as follows:

	Before the Proposed Disposal	After the Proposed Disposal
NTA (US\$'000)	16,446	9,872
NTA per Share (US cents)	1.41	0.85

Attention is drawn to the cautionary note on page 1 of the unaudited FY2016 Financial Statements and the background and limitations relating to the preparation of the unaudited FY2016 Financial Statements as set out in the cautionary note. Accordingly, the Board cautions and advises against the reliance on the unaudited FY2016 Financial Statements pending the completion of the Expanded Investigations and the Extended Scope Audits.

7. **INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS IN THE PROPOSED DISPOSAL**

Iwao Oishi, a director of the Company, is also a director of PSI. Takashi Eida and Masatoshi Nobuhara, directors of the Company, are also President Commissioner and Commissioner of PSI respectively. Save as disclosed in this paragraph 7, none of the directors, and as far as the Company is aware, none of the controlling Shareholders of the Company, have any interest, direct or indirect, in the Proposed Disposal.

8. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into by the Company in connection with the Proposed Disposal.

9. SHAREHOLDERS' APPROVAL AND CIRCULAR TO BE DESPATCHED TO SHAREHOLDERS

As stated in paragraph 5, the Company intends to obtain approval of the Shareholders for the Proposed Disposal. The circular to the Shareholders containing, *inter alia*, further details of the Proposed Disposal and a notice of the special general meeting to be convened for the purpose of obtaining such approval, will be despatched to Shareholders in due course.

10. DOCUMENT AVAILABLE FOR INSPECTION

While the registered office of the Company is in Bermuda, the office of the Company's share transfer agent is in Singapore. Taking into account that Singapore is a more assessable location than Bermuda, a copy of the Agreement will be available for inspection 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 during normal business hours for a period of three (3) months from the date of this Announcement.

Shareholders are advised to exercise caution when dealing in the securities of the Company and to refrain from taking any action in relation to their shares which may be prejudicial to their interests.

BY ORDER OF THE BOARD

Iwao Oishi
Executive Director, Vice Chairman, and Acting Chief Executive Officer
Date: 20 June 2017