



DMX Technologies Group Limited Special General Meeting

2 April 2018



Agenda

- 1. Background**
- 2. Outline of the CVL process**
- 3. Procedures for SGX delisting and distribution of residual assets**
- 4. Proposed joint liquidators**
- 5. Litigation against former management and auditors**

1. Background



Overview of events leading up to the CVL proposal

"Creditors' Voluntary Liquidation"

- 1) Transactions in Question ("TIQ") were executed by the former management and a large portion of the Group's revenue and profits came from TIQ. Once TIQ were excluded, the Company has been continuously loss-making.



- 2) The Board has tried to streamline the Group's operations but could not turn it around due to audit, legal costs, and other expenses necessary to ensure compliance with SGX listing rules.



- 3) The Company had considered various options and the proposed Creditors' Voluntary Liquidation approach would appear to be most beneficial for the Company's stakeholders.



Financial Information

- ❑ TIQ were executed by the Former Management and a large portion of the Group's revenue and profits came from TIQ.
- ❑ Once TIQ were excluded, the Company has been continuously loss-making.

Excluding TIQ

(M USD)

	FY2013	FY2014	FY2015	FY2016	FY2017
Revenue	139	126	103	105	44
Cost of sales	112	96	80	81	32
Gross Profit	27	30	23	24	12
Expenses	45	61	41	31	21
Profit Before Tax	-18	-31	-18	-7	-9

Source : "Annual Report 2014 – 2016" and "Unaudited Full Year 2017 Financial Statements".

Including TIQ

(M USD)

	FY2013	FY2014	FY2015	FY2016	FY2017
Revenue	396	374	130	105	44
Cost of sales	304	291	100	81	32
Gross Profit	92	83	30	24	12
Expenses	65	78	41	31	21
Profit Before Tax	27	26	-11	-7	-9



Sales by Geographical Segment

- ❑ Revenue from China declined yoy by 61.6% to US\$5.8 million in FY2017 due to the major restructuring of China operations.
- ❑ Revenue from Indonesia dropped yoy by 64.3% to US\$27.1 million in FY2017 due to the disposal of the Indonesian subsidiary in September 2017.
- ❑ Revenue from Others (including Malaysia) also recorded a decrease of 17.4% to US\$11.4 million in FY2017 from FY2016.

Geographical Segment	Full Yr 2017	Full Yr 2016	YOY %
China	US\$5.8M	US\$15.1M	-61.6
as % of total sales	13.1%	14.4%	
Indonesia	US\$27.1M	US\$76.0M	-64.3
as % of total sales	61.2%	72.4%	
Others (incl. Malaysia)	US\$11.4M	US\$13.8M	-17.4
as % of total sales	25.7%	13.2%	
Total	US\$44.3M	US\$104.9M	-57.8

Source : Unaudited Full Year 2017 Financial Statements



What actions were taken by management?

[Extracted from “Dialogue Session” held on 31 Aug 2017]

1. Sustainability

- i. Called for a trading halt and trading suspension soon after the critical incidents to prevent the erosion of shareholder value
- ii. Streamlined the Group’s operations to ensure the survival of the business
- iii. Enhanced internal control and improved the group’s cash flow management
- iv. Suspended the audit and investigation due to the substantial costs of completion
- v. Refrained from new investments before the completion of the audit and confirming the Group’s financial position

2. Transparency

- i. Suspended the former management from all executive duties for an indefinite period of time
- ii. Engaged an independent investigation team under AC to increase the transparency
- iii. Filed a report to HK Police based on the findings of the investigation
- iv. Dismissal of the former management based on the findings of the investigation
- v. Proposed Disposal will be used to fund the completion of the audit and investigation in order to confirm the true financial position of the Group

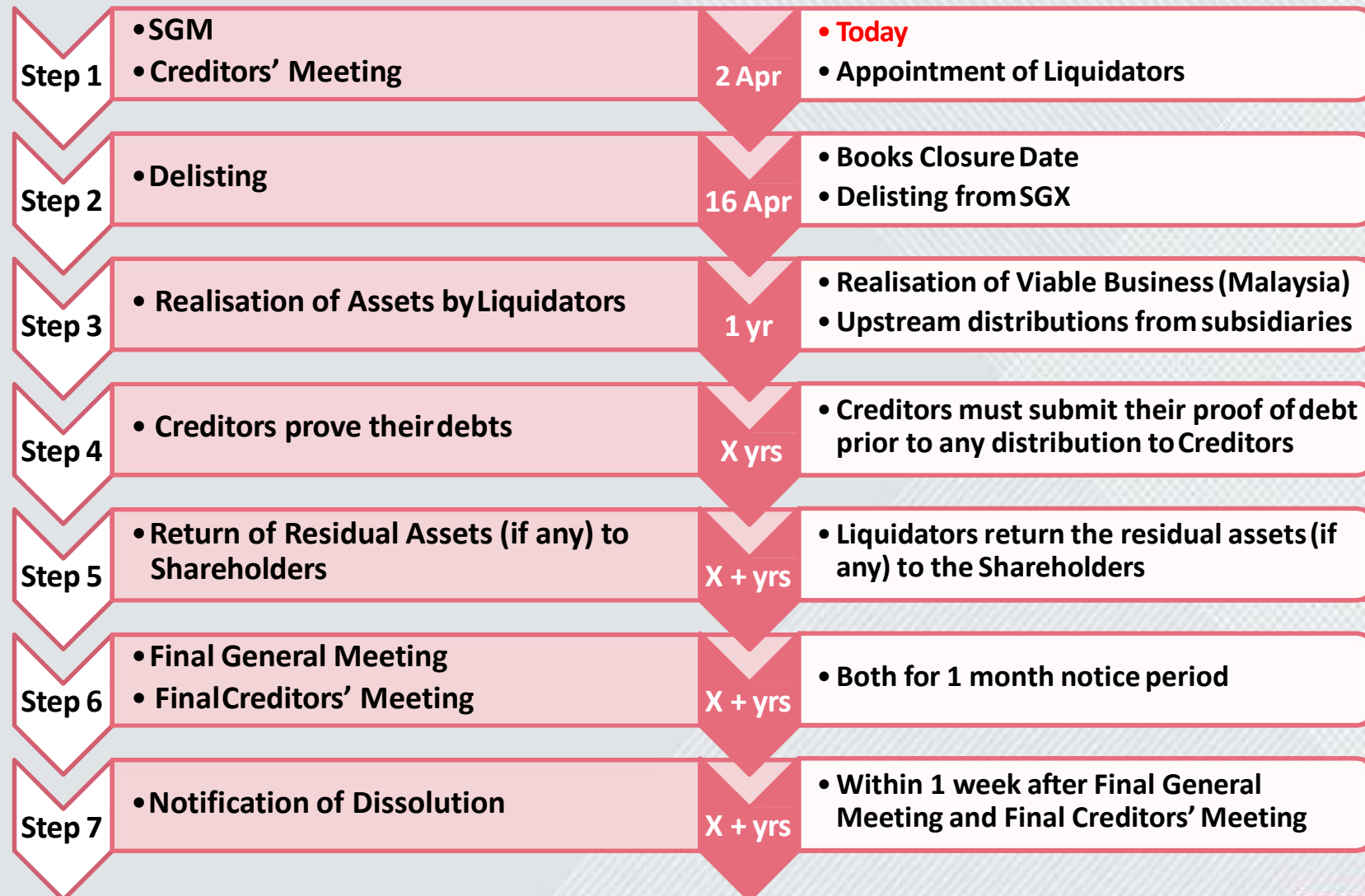
3. Debt Recovery

- i. Requested Import & Export Firms (“IE firms”) to provide the supporting data in relation to TIQ
- ii. Filed the arbitration proceedings and lawsuit against the IE firms
- iii. Requested interviews with the former management but they rejected or did not respond
- iv. Filed a lawsuit against the former management

2. Outline of the CVL Process



CVL Process





Indicative Timetable

Events	Estimated Timeframe
1. SGM	2 April 2018 at 2.00 p.m.
2. Creditors' Meeting	2 April 2018 at 3.30 p.m.
3. Books Closure Date	To be determined and announced
4. Expected Delisting Date	16 April 2018
5. Expected date of Distribution (if any)	As soon as possible following settlement of all the liabilities of the Company and obtaining tax clearance, if necessary
6. Expected date for the Final General Meeting	As soon as practicable after the Distribution, if any
7. Expected date for the Final Creditors' Meeting	
8. Expected date of dissolution	Three (3) months from date of registration with the Registrar of Companies of the account of winding up laid before the Final General Meeting and Final Creditors' Meeting



Recoverability Assessment

Estimated distributable amounts are only indicative figures based on preliminary best estimates from Management and will likely differ upon actual liquidation. Whilst all reasonable care has been exercised in the preparation of this assessment, no opinion and assurance will be expressed as this assessment does not constitute an audit, an assurance or review on the information. No responsibility will be assumed or accepted for any loss or liability of whatsoever nature to any parties howsoever arising out of, in relation to and/or in connection with this assessment or any part thereof (including but not limited to any use or reliance upon the same) by any party.

US\$m	Scenario			
	Best case ⁽³⁾		Worst case ⁽⁴⁾	
	High Asset Recovery Rate	Low Asset Recovery Rate	High Asset Recovery Rate	Low Asset Recovery Rate
Distribution Sequence				
Estimated Amount Available for Distribution (US\$m) ⁽¹⁾	12.65	8.61	8.53	6.63
Less: Administrative Costs (US\$m) ⁽²⁾	(0.30)	(0.30)	(0.30)	(0.30)
Less: Unsecured Claims & Contingent Liabilities (US\$m)	(0.99)	(0.99)	(12.49)	(12.49)
Distributable Amounts (US\$m)	11.35	7.32	(4.26)	(6.17)
Distribution per share (US Cents)	1.0	0.6	Not Applicable	Not Applicable

Key Assumptions

1. Estimated amounts available for distribution from DMX Technologies Group Limited are largely dependent on the realization of assets from downstream subsidiaries as intercompany balances form the bulk of assets. Current estimates are based on Management's best estimates and will likely vary upon actual liquidation of downstream subsidiaries.
2. Administrative Costs refer to estimated legal and liquidators fees (excluding any out of pocket expenses), and these costs may vary upon actual liquidation.
3. The best case scenario assumes that (i) DMX HK tax payable will be discharged by tax authorities as these amount pertain to TIQ, (ii) Contingent liabilities of US\$11.5m will **not** crystallize and (iii) Escrow of US\$1.125m relating to the sale of the Indonesian subsidiary will be released.
4. The worst case scenario assumes that (i) DMX HK tax payable will **not** be discharged by tax authorities (ii) Contingent liability of US\$11.5m will crystallize and (iii) Escrow of US\$1.125m relating to the sale of the Indonesian subsidiary will be offset.
5. In this analysis, Management had assumed that DMX Packet (Malaysia) Sdn Bhd will be liquidated.



Points to Note

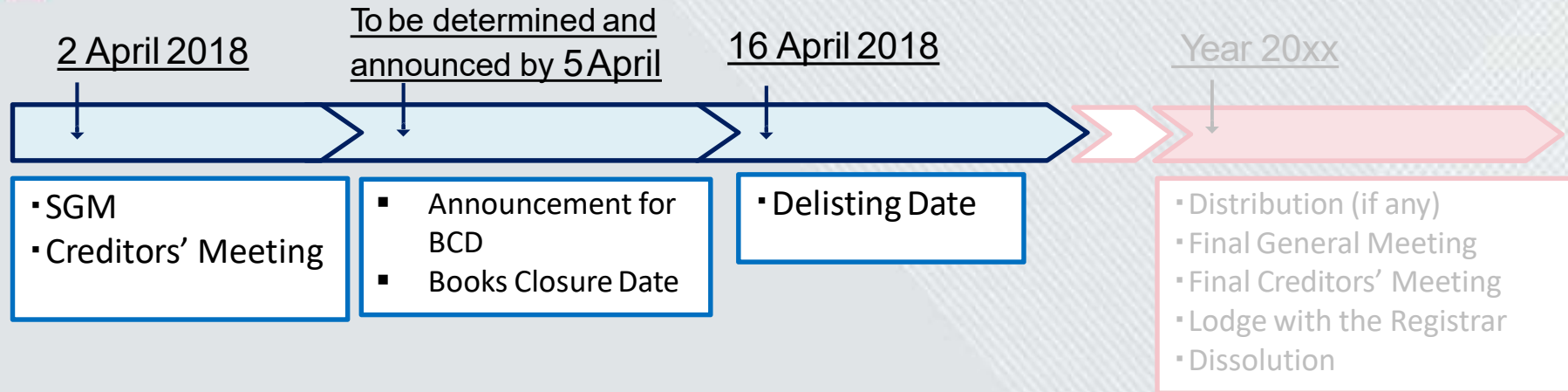
- ☐ **Residual assets will be primarily affected by the following factors:**
 - Contingent Liabilities;
 - Contingent Assets;
 - Disposal of Malaysian Business Unit;
 - Liquidation Costs; and
 - Recoverable Assets.

- ☐ **The duration for the dissolution is primarily dependent on:**
 - On-going legal proceedings;
 - Corporate Guarantee provided to the Purchasers of Indonesian Business Unit; and
 - Liquidators' review and administration on the affairs of the Company.

3. Procedures for SGX delisting and distribution of residual assets



Procedures for SGX Delisting (1)



Procedures for SGX Delisting:

1. On the Delisting Date, Company will cancel all existing share certificate for Shares in issue as at Book Closure Date.
2. CDP will debit the Shares in the Securities Accounts of Depositors.
3. The depositors' names will be entered in the Company's register of members as members.
4. The replacement share certificates (the "**New Share Certificates**") will be issued to the Depositors.



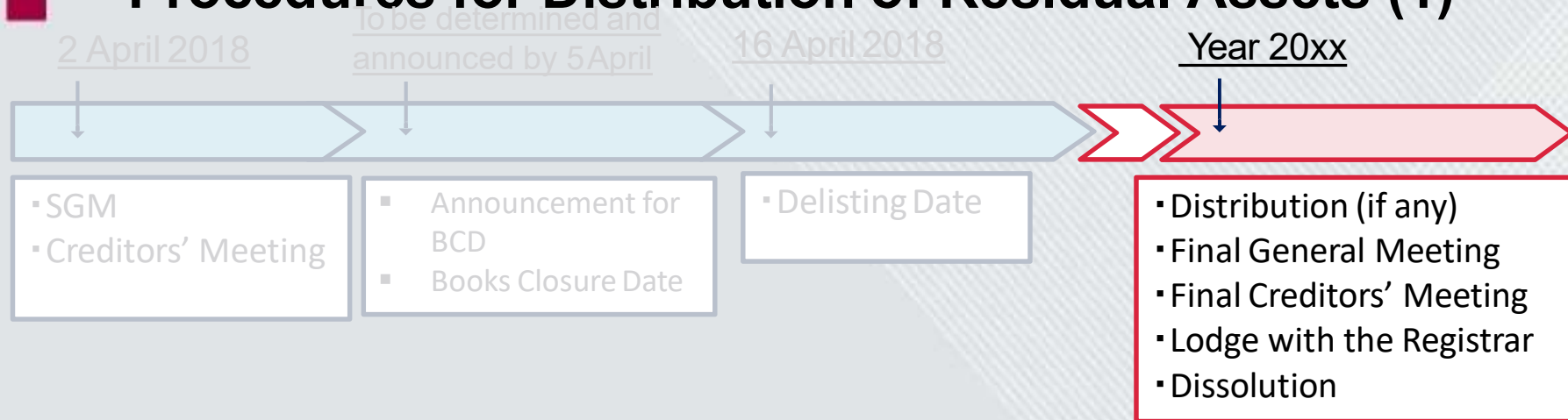
Procedures for SGX Delisting (2)

Action to be taken by	Procedures
Depositor	Depositors having Shares standing to the credit of their Securities Accounts as at the Book Closure Date, no further action needs to be taken.
Company (Liquidators)	- The Company with CDP will cancel all the existing share certificates relating to Shares in issue as at the Books Closure Date (the “Old Share Certificates”). - Upon cancellation, the Old Share Certificates shall be void and will cease to have any effect or be valid for any purpose. - The Company will arrange with CDP to enter the Depositors’ names in the Company’s register of members as members, and issue the New Share Certificates to the Depositors - The Company will bear the costs of the issuance of New Share Certificates.
CDP	Following the withdrawal of the Old Share Certificates issued in the name of CDP or its nominee, CDP will debit the Shares in the Securities Accounts of such Depositors.

If you have any questions as to the procedures, please contact Mr. Martin Wong by email at martinwong@kpmg.com.sg or by telephone on +65-6213-2467, DMX Technologies Group Limited, c/o KPMG Services Pte. Ltd., 16 Raffles Quay, #22-00 Hong Leong Building, Singapore 048581.



Procedures for Distribution of Residual Assets (1)



Administrative Procedures For the Distribution (if any):

1. A distribution to creditors will be undertaken by the Liquidators, assuming there are sufficient funds;
2. If funds remain, a distribution to shareholders will be undertaken by the Liquidators;
3. The Liquidators will convene the Final General Meeting and Final Creditors' Meeting. One (1) month's notice by way of newspaper advertisement is required.
4. Within one (1) week of the date of the Final General Meeting and Final Creditors' Meeting, the Liquidator will report the results of the meetings to the Registrar, with a copy of the account.
5. The Company is deemed dissolved on the expiration of three (3) months from date of notice.



Procedures for Distribution of Residual Assets (2)

Action to be taken by	Procedures
Depositor	- Depositors should note that in the event the Proposed Creditors' Voluntary Liquidation proceeds, CDP will not be involved in the Distribution (if any). The Distribution will be undertaken by the liquidators. - At the Final General Meeting and Final Creditors' Meeting, the Liquidators' account of the winding up will be received.
Liquidators	- After the Distribution, the Liquidators will convene the Final General Meeting and Final Creditors' Meeting. At least one (1) month's notice by way of newspaper advertisement is required. - Within one (1) week after the Final General Meeting and Final Creditors' Meeting is held, the Liquidator shall send to the Registrar a copy of the account, and shall make a return to him of the holding of the meetings and of their dates.
Registrar	- The Registrar on receiving the account and, in respect of each such meeting, either of the returns to be made, shall forthwith register them. - The Company shall be deemed to be dissolved on the expiration of three (3) months from the registration.

Shareholders should note that pursuant to Section 260 of the Bermuda Companies Act, upon application being made by the Liquidators or by any other person who appear to the Bermuda Court to be interested, Bermuda Court may, at any time no later 10 years from the date of dissolution, make an order declaring the dissolution to be void.

4. Proposed joint liquidators



Mr. Mike Morrison



Mike Morrison

Chief Executive
Officer, KPMG
Advisory Limited and
Head of Restructuring
in the KPMG Islands
Group

Mr. Mike Morrison is the Chief Executive Officer of KPMG in Bermuda and was formerly the head of Transactions and Restructuring for KPMG's islands group which includes Bermuda, the Caribbean, and the Channel Islands. Having over 25 years of experience in the UK and Bermuda specialising in transaction services and restructuring, Mr Mike Morrison has led a range of complex cross-border financial services engagements, including:

- (i) Stressed and distressed advisory and formal insolvency appointments as a liquidator or receiver over a broad spectrum of companies.
- (ii) Acquisition advice and due diligence on cross-border merger & acquisitions, including banks, investment funds and (re)insurance portfolios.
- (iii) Forensic engagements including investigations into moneylaundering.
- (iv) Pre-lending commercial and financial reviews for banking syndicates in multinational, multi-million dollar contexts.
- (v) Valuations of fund administration and management companies, for merger & acquisitions and presentation to tax authorities.
- (vi) Recent engagements include joint liquidator appointments of numerous high profile, complex insolvencies, including:
 - The South of England Protection & Indemnity (Bermuda)Association Limited;
 - Par-La-Ville Hotel & Residences Limited;
 - Gerova Financial Group;
 - Parkcentral Global Hub Fund;
 - Africa Alpha Capital I Limited;
 - Millennium Global Emerging Credit Fund;
 - Hatteras Re; and
 - Enron Re.



Mr. Bob Yap



Bob Yap

Partner, Head of the Asia Pacific ("ASPAC") Deal Advisory Practice and Advisory division of KPMG Singapore

Education, Licenses & Certifications

- Bachelor of Economics (Accounting)
- CPA Australia and CA Singapore
- Fellow of the Insolvency Practitioners Association of Singapore
- Approved Liquidator and Public Accountant

Mr. Bob Yap Cheng Ghee has been with KPMG for over 24 years. He currently serves as the Head of Deal Advisory in the Asia Pacific region and the Head of Advisory in Singapore. Mr. Bob Yap Cheng Ghee specialises in corporate insolvency and restructuring engagements, which encompass compulsory and voluntary liquidation, judicial management, receivership, corporate turnaround, consensual work outs and general business advisory services. His appointments include:

- (i) Appointed as joint and several liquidators of MF Global Singapore Pte. Limited with a debt exposure of approximately S\$700 million. The liquidators recovered and managed customer segregated funds held by the correspondent brokers, clearing houses and financial institutions globally and was one of the first MF Global entities worldwide to successfully effect interim distributions of funds to customers of up to 90% of their entitlement.
- (ii) Appointed as liquidators to Lehman Brothers entities in Singapore after Lehman Brothers filed for bankruptcy protection in the US. Also led in the solvency review of the Lehman Brothers group of companies with an aggregate debt exposure of approximately S\$3 billion.
- (iii) Appointed as liquidators of OW Bunker Far East (Singapore) Pte Ltd and Dynamic Oil Trading (Singapore) Pte Ltd, which were subsidiaries of OW Bunker Group, one of the world's leading global marine fuel company headquartered in Denmark. Total debt exposure is approximately US\$300 million.
- (iv) Appointed as joint official liquidator of a large shipbuilding company headquartered in the Cayman Islands with operations in Singapore and total debt exposure of US\$21 million. Also conducted a forensic investigation into the alleged unauthorised transfers of funds by the company with the evidence gathered used to bring legal proceedings against the management of the company.
- (v) Appointed as judicial manager of Swiber Holdings Limited and Swiber Offshore Construction Ptd. Ltd. The total estimated debt exposure of the group is in excess of US\$2 billion.
- (vi) Appointed as joint and several liquidators of BSI Bank Limited, a merchant bank in Singapore, a bank headquartered in Switzerland. The Liquidators assisted BSI in the transfer of their private banking and wealth management business to EFG International and winding down the remaining operations of BSI.



Mr. Martin Wong



Martin Wong CPA

Partner
Deal Advisory,
Restructuring and
Insolvency, Singapore

Education, Licenses & Certifications

- Approved Liquidator
- Bachelor of Business (Accountancy)
- CPA Australia
- Institute of Chartered Accountants in Australia
- Associate, Insolvency Practitioners Association of Singapore Limited

Mr. Wong Pheng Cheong Martin joined KPMG in 1996. Apart from specialising in corporate turnarounds, his portfolio also includes judicial management engagements, receiverships, both compulsory and voluntary liquidation and business advisory services. During the course of his work, Mr. Wong Pheng Cheong Martin has dealt extensively with complex cross border insolvency and litigation cases, notably in connection with the United States of America, the United Kingdom, Italy, China, Malaysia, Indonesia, Australia, Thailand, Korea, India, the United Arab Emirates and Central America. His appointments include:

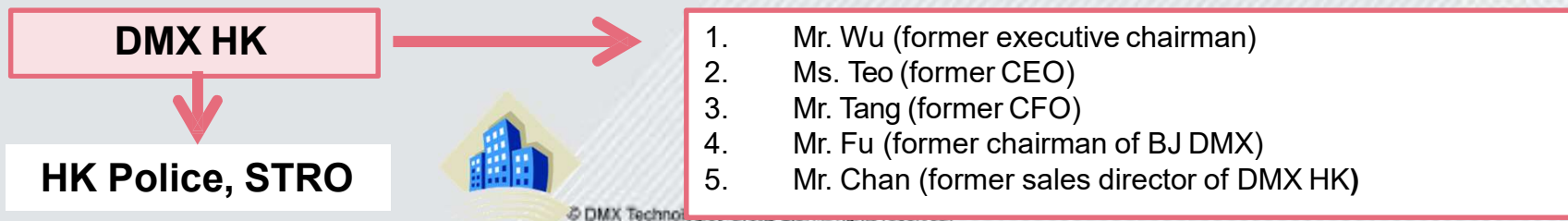
- (i) Restructured medium term note issued by SGX listed Offshore & Marine companies: AusGroup Limited, Marco Polo Marine Limited and Falcon Energy Group Limited in 2016 – 2018.
- (ii) Restructured by way of a scheme of arrangement in Singapore and implementation of a corresponding cross border Concordato Preventivo in Italy for an Italian owned international bulk shipping company with financial exposure exceeding US\$1 billion.
- (iii) Restructured an Indian-owned, Singapore head-quartered shipping company operating bulk carriers, chemical and pressurized tankers. Financial obligations restructured amount up to approximately US\$800 million.
- (iv) Led and managed a multi-disciplinary, multi-office KPMG team in the cross-border administration, wind-down and liquidation of 40 Lehman Brothers entities spread across nine (9) jurisdictions in Asia. Aggregate exposure in excess of US\$3 billion.
- (v) Led and managed a team in the judicial management of a local subsidiary of one of India's foremost private sector company with a market capitalisation of more than US\$18 billion and annual turnover of US\$4.75 billion. The engagement involved the administration of offices in London, Moscow, the Middle East and Central America and the realisation and recovery of assets in these countries largely through litigation.
- (vi) Managed and coordinated three (3) core teams in the conduct of an independent and comprehensive business review into one of Asia's largest listed original equipment manufacturer and supplier of high precision plastic injection moulds and components with annual turnover of circa S\$500 million, employing in excess of 10,000 highly skilled technicians and engineers in 12 fully integrated manufacturing facilities in Singapore, Malaysia and across the People's Republic of China.

5. Litigation against former management and auditors



Update on Litigation against former management

- a) DMX examined forensic PC data of DMX management including former management during the investigation.
- b) HK Legal Counsel requested to interview the below former management who were involved in the relevant transactions but were not able to do so.
- c) DMX terminated the employment of former management in September 2015.
- d) DMX filed a lawsuit against former management for breach of fiduciary duties and duties of care owed to DMX HK on 7 April 2016.
- e) DMX filed reports with the HK Police on 24 March 2015, 24 May 2017 and 31 October 2017.
- f) In legal proceedings against the former management, DMX had on 12 January 2018, been granted an order from the High Court for the release of “Discovery Documents” to the HK Police and the regulatory authorities responsible for other relevant jurisdictions. The Discovery Documents provide evidence in support of allegations against Former Management for their wrongdoings.
- g) DMX filed another report to the HK Police on 21 February 2018. In view of the findings in the Further Analysis that Singapore entities, individuals and bank accounts were involved, **DMX had on 21 February 2018 filed a Suspicious Transaction Report to the Suspicious Transactions Reporting Office of the Singapore Police Force, pursuant to applicable laws and regulations of Singapore.**
- h) DMX intends to pursue to the fullest extent possible all its rights and remedies against the relevant parties.





Update on litigation against Deloitte & Touche LLP

[Mostly extracted from “Dialogue Session” held on 31 Aug 2017]

Details

- a) DMX changed its auditor to PwC in 2014 and PwC was unable to obtain sufficient supporting documents to prove both the delivery flow and the cash flow related to the TIQ
- b) The former auditor, Deloitte & Touche LLP, issued a clean opinion from 2001 to 2013, where they should have been able to obtain all the requisite confirmation from PRC suppliers, IE Firms, and end users
- c) DMX has brought a claim in the High Court of the Republic of Singapore in October 2017 against Deloitte for loss and damage suffered due to professional negligence by Deloitte. As the matter is currently before the Singapore Court, it is not appropriate for DMX to comment any further on the case.
- d) The joint liquidators, once appointed, will assess the merits of the case and proceed as they see fit and in the interest of the creditors.