
UPDATE ANNOUNCEMENT

Unless otherwise defined herein, all capitalised terms used herein shall have the same meanings ascribed to them in the announcement dated 25 February 2015 and 30 June 2015.

1. Release of Report by the Company

1.1 The board of directors ("**Board**") of DMX Technologies Group Limited (the "**Company**", together with its subsidiaries, the "**Group**") refers to its announcement dated 1 April 2015 (the "**1 Apr Announcement**") in relation to the grant by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") of the Company's requests for waivers from Rules 705(1) and 707(1) of the Listing Manual of the SGX-ST.

1.2 As stated in the 1 Apr Announcement, the Company appointed HK Counsel to conduct an investigation into the subject matter of the HK Investigations (the "**Initial Investigations**") and to provide a report on the findings on the Initial Investigations. The Initial Investigations brought up issues of irregular accounting practices at two of the Company's subsidiaries in 2008 and 2009 which affected the completion and audit of the Company's full year financial statements for the financial year ended 31 December 2014 ("**FY2014**"). HK Counsel was tasked by the Company to continue and expand the scope of the Initial Investigations following the discovery of the irregular accounting practices.

1.3 HK Counsel has provided the Company with its findings on the Initial Investigations. The Board wishes to announce that the Company has issued a report (the "**Disclosure Report**") based on the findings of the Initial Investigations. A copy of the Disclosure Report is attached to this announcement as the Annex.

1.4 In particular, the Board would like to highlight that as stated on page R-12 of the Disclosure Report, the unaudited account receivables and other receivables for FY2014 amounted to approximately US\$378 million, of which US\$140 million and US\$190 million is due to the Company from Beijing Hantz Development and Winscom Guangzhou Technologies Company Limited, respectively. Despite the best efforts of the Company, the Company is uncertain as to the collectability of these account receivables. Further, the unaudited tangible and intangible fixed assets attributable to the Transactions in Question for FY2014 amounting to US\$28 million remains unsubstantiated due to the lack of documentary evidence of the Transactions in Question.

2. Actions Taken and Going Forward

2.1 The Board is actively looking at the current issues facing the Company and taking the appropriate steps to look into the various matters with the assistance of external legal advisors.

2.2 To summarise, the Company had thus far taken the following material actions:

- (a) as announced on 24 March 2015, the Company filed a report with the Hong Kong Police Force relating to the irregular accounting practices;
- (b) as announced on 30 June 2015, the Company commenced the Expanded Investigations which was led by the Audit Committee, in furtherance of the Initial Investigations;
- (c) as announced on 2 October 2015, the Company has commenced arbitration proceedings in Shanghai against Beijing Hantz Technology Development Ltd for the amount of US\$1,382,400;

- (d) as announced on 5 April 2016, the Company removed Ms. Teo Chor Khin Jismyl and Mr. Emmy Wu as directors of the Company in accordance with the Company's Bye-Laws as they have been absent from meetings of the Board for six consecutive months without special leave of absence from the Board. Earlier, in September 2015, the employment of Ms. Teo Chor Khin Jismyl, Mr. Emmy Wu and Mr. Tang Chi Tang was terminated by the Company; and
- (e) as announced on 7 April 2016, the Company commenced an action in the High Court of the Hong Kong Special Administrative Region Court of First Instance on 7 April 2016 against, among others, (a) the former management of the Company, namely Mr. Tang Chi Tang, Ms. Teo Chor Khin Jismyl, Mr. Emmy Wu and Mr. Fu Yan Yan, (b) Mozart Management Co., Limited and (c) Tacoma Associates Limited.

2.3 The Company will also consider filing additional reports to the relevant authorities, if required.

2.4 The Audit Committee is also currently taking the necessary steps to review the risk management framework of the Company to ensure that any lapses in the Company's internal controls are identified and recommend the appropriate remedial measures to the Board.

2.5 Meanwhile, the Company is taking steps to minimise operating costs by streamlining operations and to direct resources to the preservation of the Group's viable businesses by undertaking a restructuring of the Group.

2.6 With the aim to improve transparency and communication with shareholders, the Company is also exploring various options to engage shareholders in due course, once material information is available for the Company to share with shareholders. The Company will keep shareholders informed in this regard.

3. Update on the Trading Suspension of the Company's Shares

3.1 At the present moment, the audit of the financial statements for FY2014 has yet to be completed and the audit of the financial statements for the financial year ended 31 December 2015 has yet to commence. Given the current financial status of the Company and due to the substantial costs of continuing the Expanded Investigations and the fees for completing the aforementioned audit, the Board has decided to suspend the Expanded Investigations and such audit until such time that the Company is in a better financial position.

3.2 Given the above, the Board is of the view that the Company is presently not in a position to submit a resumption proposal to the SGX-ST.

The Company will keep shareholders informed on any updates relating to the above. In the meantime, for any questions in relation to the Disclosure Report, please contact our investor relations representatives Mr. Tok Chong Yap and Ms. Stephanie Chong of Financial PR Pte Ltd at +65 6438 2990.

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
Vice Chairman and Acting Chief Executive Officer
Date: 22 April 2016