

CIRCULAR DATED 15 AUGUST 2017

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt as to the contents herein or as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or any other professional adviser immediately.

If you have sold or transferred all your shares in the capital of DMX Technologies Group Limited, please forward this Circular with the Notice of Special General Meeting and the attached Proxy Forms immediately to the purchaser or the transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited takes no responsibility for the correctness of any statements made, reports contained or opinions expressed in this Circular.



DMX TECHNOLOGIES GROUP LIMITED

(Incorporated in Bermuda on 29 October 2001)
(Company Registration Number: 31201)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

THE PROPOSED DISPOSAL OF PT. PACKET SYSTEMS INDONESIA

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Forms	:	29 August 2017 at 3.30pm
Date and time of Special General Meeting	:	31 August 2017 at 3.30pm
Place of Special General Meeting	:	Ballroom 2, Level 3 Amara Singapore 165 Tanjong Pagar Road Singapore 088539

CONTENTS

DEFINITIONS.....	3
1. INTRODUCTION.....	7
2. THE PROPOSED DISPOSAL	7
3. RATIONALE FOR AND BENEFITS OF THE PROPOSED DISPOSAL	9
4. SALIENT TERMS OF THE SALE AND PURCHASE AGREEMENT	9
5. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL.....	11
6. RELATIVE FIGURES PURSUANT TO RULE 1006 OF THE LISTING MANUAL.....	12
7. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS	13
8. DIRECTORS' SERVICE CONTRACTS	14
9. DIRECTORS' RECOMMENDATION.....	14
10. SPECIAL GENERAL MEETING.....	14
11. ACTION TO BE TAKEN BY SHAREHOLDERS.....	14
12. DIRECTORS' RESPONSIBILITY STATEMENT	15
13. DOCUMENT AVAILABLE FOR INSPECTION.....	15
NOTICE OF SPECIAL GENERAL MEETING	16

DEFINITIONS

In this Circular, the following definitions apply throughout unless otherwise stated:

"Agreement"	:	The conditional sale and purchase agreement entered into on 20 June 2017 between the Vendor and the Purchasers in relation to the Proposed Disposal
"Bermuda Companies Act"	:	The Companies Act 1981 of Bermuda, as amended or modified from time to time
"Board"	:	Board of Directors of the Company
"CDP"	:	The Central Depository (Pte) Limited
"Circular"	:	This Circular to Shareholders dated 15 August 2017
"Company"	:	DMX Technologies Group Limited
"Completion"	:	Completion of the proposed disposal by the Vendor to the Purchasers of the Sale Shares
"Completion Date"	:	Date of completion of the proposed disposal by the Vendor to the Purchasers of the Sale Shares
"Consideration"	:	US\$7,500,000, being the aggregate consideration for the Proposed Disposal
"Controlling Shareholder"	:	A person who: (a) holds directly or indirectly 15% or more of the total number of issued shares excluding treasury shares and subsidiary holdings in a company. The SGX-ST may determine that a person who satisfies this paragraph is not a Controlling Shareholder; or (b) in fact exercises control over a company.
"Depositor Proxy Form"	:	The enclosed proxy form in relation to the appointment of a proxy/proxies by a Depositor
"Directors"	:	Directors of the Company
"EPS"	:	Earnings per Share
"Escrow Agent"	:	An escrow agent mutually agreed between the Parties to hold the Escrow Amount, to be dealt with in accordance with the Agreement and the Escrow Agreement
"Escrow Agreement"	:	An escrow agreement to be entered into between the Escrow Agent and the Parties
"Escrow Amount"	:	US\$1,125,000
"Expanded Investigations"	:	The investigations of an expanded scope conducted by the Company 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

"Extended Scope Audits"	:	The extended scope audits in respect of the FY2014 Financial Statements, the FY2015 Financial Statements and the FY2016 Financial Statements
"Founder Agreement"	:	The conditional sale and purchase agreement entered into on 20 June 2017 between the Founder Shareholders and Logicalis in relation to the proposed disposal of the Founder Sale Shares
"Founder Sale Shares"	:	20,440 ordinary shares of PSI, representing approximately 8.18% of the entire issued and paid-up capital of PSI
"Founder Shareholders"	:	The four (4) individuals who own in equal proportions 100,000 ordinary shares of PSI, representing 40% of the entire issued and paid-up capital of PSI
"Founder Share Sale"	:	The sale and purchase of the Founder Sale Shares pursuant to the terms and conditions of the Founder Agreement
"FY2014 Audit"	:	The audit by the Company's external auditors on the FY2014 Financial Statements
"FY2014 Financial Statements"	:	The financial statements of the Company for the financial year ended 31 December 2014
"FY2015 Financial Statements"	:	The financial statements of the Company for the financial year ended 31 December 2015
"FY2016"	:	The financial year ended 31 December 2016
"FY2016 Financial Statements"	:	The financial statements of the Company for FY2016
"General Employees"	:	Permanent employees of PSI other than the Key Employees
"Group"	:	The Company and its subsidiaries
"ICT"	:	Information Communications Technology
"IDR"	:	The lawful currency of the Republic of Indonesia
"Intra-Group Indebtedness"	:	The intra-group indebtedness owed by PSI to members of the Vendor Group on the one hand, or by members of the Vendor Group to PSI on the other hand
"Key Employees"	:	Certain key members of senior management of PSI as identified and agreed by the Parties under the Agreement
"Latest Practicable Date"	:	1 August 2017, being the latest practicable date prior to the printing of this Circular
"Listing Manual"	:	Listing manual of the SGX-ST
"Logicalis"	:	Logicalis Singapore Pte. Ltd.
"Metrodata"	:	PT. Metrodata Electronics TBK
"NAV"	:	Net asset value
"Notice of SGM"	:	The notice of SGM as set out on page 16 of this Circular

"NTA"	:	Net tangible asset
"Parties"	:	The Vendor and the Purchasers
"Proposed Disposal"	:	The proposed disposal by the Vendor to the Purchasers of 150,000 ordinary shares in PSI, representing 60% of the entire issued and paid-up capital of PSI
"Proxy Forms"	:	The Depositor Proxy Form and the Shareholder Proxy Form
"PSI"	:	PT. Packet Systems Indonesia
"Purchasers"	:	Logicalis and Metrodata
"Sale Shares"	:	150,000 ordinary shares in PSI to be disposed pursuant to the Proposed Disposal, representing 60% of the entire issued and paid-up capital of PSI
"Securities Account"	:	A securities account maintained by a Depositor with CDP but does not include a securities sub-account.
"SFA"	:	Securities and Futures Act (Chapter 289 of Singapore)
"SGM"	:	The Special General Meeting of the Company to be held on 31 August 2017
"SGX-ST"	:	The Singapore Exchange Securities Trading Limited
"Shareholder Proxy Form"	:	The enclosed proxy form in relation to the appointment of a proxy/proxies by a Shareholder
"Shareholders"	:	Registered holders of Shares in the register of members of the Company, except that where the registered holder is CDP, the term " Shareholders " shall, where the context admits, mean the persons named as Depositors in the Depository Register maintained by CDP and into whose Securities Accounts those Shares are credited
"Shares"	:	Issued shares of the Company
"Substantial Shareholders"	:	Substantial shareholders of the Company
"S\$"	:	The lawful currency of the Republic of Singapore
"US\$"	:	The lawful currency of the United States of America
"Vendor"	:	DMX (BVI) Ltd.
"Vendor Group"	:	The Vendor and its related corporations
"%" or "per cent."	:	Per centum or percentage
"1Q2017 Financial Statements"	:	The unaudited financial statements of the Company for the first quarter ended 31 March 2017

The expressions "**Depositor**" and "**Depository Register**" shall have the respective meanings ascribed to them respectively in Section 81SF of the SFA.

The term "**subsidiary**" has the meaning ascribed to it in Section 86 of the Bermuda Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter gender and *vice versa*. References to persons shall, where applicable, include firms, corporations and other entities.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference in this Circular to any enactment is a reference to that enactment for the time being amended or re-enacted. Any term defined under the Bermuda Companies Act, the SFA or the Listing Manual or any modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Bermuda Companies Act, the SFA or the Listing Manual or any modification thereof, as the case may be. Summaries of the provisions of any laws and regulations (including the Listing Manual) contained in this Circular are of such laws and regulations (including the Listing Manual) as at the Latest Practicable Date.

Any discrepancies in tables included herein between the amounts in the columns of the tables and the totals thereof and relevant percentages (if any) are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

In this Circular, unless otherwise stated, the total number of issued Shares is 1,163,394,742 Shares, excluding 5,152,125 treasury shares.

Unless indicated otherwise, translations of amounts in United States Dollars into Singapore Dollars in this Circular have been made on the basis of US\$1.00 : S\$1.3563 as at 1 August 2017 and translations of amounts in Indonesian Rupiah into Singapore Dollars in this Circular have been made on the basis of IDR100 : S\$0.010184 as at 1 August 2017. These translations are however solely for illustrative purposes and should not be construed as a representation that the relevant amounts have been or could be converted at this rate or at any other rate.

DMX Technologies Group Limited

(Incorporated in Bermuda on 29 October 2001)

(Company Registration Number: 31201)

Directors:

Mr. Iwao Oishi (*Executive Director, Vice Chairman and Acting Chief Executive Officer*)
Mr. Takashi Eida (*Non-Independent Non-Executive Director*)
Mr. Masatoshi Nobuhara (*Non-Independent Non-Executive Director*)
Mr. Keiji Ito (*Non-Independent Non-Executive Director*)
Mr. Foo Meng Tong (*Independent Non-Executive Director*)
Mr. Mark Wang Yat-Yee (*Independent Non-Executive Director*)
Mr. Takuro Awazu (*Independent Non-Executive Director*)

Registered Office:

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

15 August 2017

To: The Shareholders of the Company

Dear Sir/Madam

THE PROPOSED DISPOSAL OF PT. PACKET SYSTEMS INDONESIA

1. INTRODUCTION

- 1.1 On 20 June 2017, the Company announced that DMX (BVI) Ltd. (the "**Vendor**"), a direct wholly-owned subsidiary of the Company, had on 20 June 2017 entered into the Agreement with Logicalis Singapore Pte. Ltd. ("**Logicalis**") and PT. Metrodata Electronics TBK ("**Metrodata**") and collectively with Logicalis, the "**Purchasers**") in relation to the Proposed Disposal, pursuant to which the Vendor agreed to sell and the Purchasers agreed to purchase the Sale Shares, which represent 60% of the entire issued and paid-up capital of PT. Packet Systems Indonesia ("**PSI**"), for US\$7,500,000 (approximately S\$10,172,250).
- 1.2 For information, the remaining 40% issued and paid-up capital of PSI is owned by the Founder Shareholders. The Company understands that the Founder Shareholders had on 20 June 2017 entered into the Founder Agreement with Logicalis, pursuant to which the Founder Shareholders agreed to sell and Logicalis agreed to purchase the Founder Sale Shares, which represent approximately 8.18% of the entire issued and paid-up capital of PSI. Based on publicly available sources, the Company understands that the consideration for the Founder Sale Shares is approximately US\$1,000,000 (approximately S\$1,356,300). The Company understands that immediately after the sale of the Founder Sale Shares, the Founder Shareholders will own 31.82% of the entire issued and paid-up capital of PSI.
- 1.3 The Directors are convening the SGM to seek Shareholders' approval for the Proposed Disposal.
- 1.4 The purpose of this Circular is to provide Shareholders with relevant information relating to the Proposed Disposal to be tabled at the SGM.

2. THE PROPOSED DISPOSAL

Information regarding PSI

- 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 60% of the issued and paid-up capital of PSI in 2006 with the remaining 40% owned by the Founder Shareholders.

- 2.2 The registered capital of PSI is IDR2,248,750,000 (approximately S\$229,013).

Information regarding the Purchasers

- 2.3 Based on publicly available information, 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. Logicalis is an indirect wholly-owned subsidiary of Datatec Limited, a company listed on the Johannesburg Stock Exchange and the AIM market of the London Stock Exchange. The directors of Logicalis are Mark Rogers and Michael Wong Wing Kwong.

For more information, please visit www.logicalis.com

- 2.4 Based on publicly available information, Metrodata is a public company listed on PT. Bursa Efek Indonesia since 1990 (IDX: MTDL) and is one of the leading 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. Based on the information provided by Metrodata, the Company understands that as of 20 July 2017, PT Ciputra Corpora and Ir. Hiskak Secakusuma are Controlling Shareholders of Metrodata, holding approximately 35.83% and 15.44% of the shares in Metrodata respectively. Approximately 40.99% of the shares in Metrodata are held by public shareholders. As at 20 July 2017, the directors and commissioners of Metrodata are as follows:

Board of Directors

Susanto Djaja S.E., M.H.	President Director
Ir. Sjafril Effendi	Director
Ir. Agus Honggo Widodo	Director
Randy Kartanidana, S.E.	Director

Board of Commissioners

Candra Ciputra, M.B.A.	President Commissioner
Ben Aristarchus Widyatmodjo	Commissioner
Lulu Terianto	Commissioner

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

- 2.5 Logicalis and Metrodata had established a joint venture company, PT Logicalis Metrodata Indonesia on 25 November 2011, of which 51% of the shares are held by Logicalis, and 49% of the shares are held by Metrodata.

Each of the Founder Shareholders is a shareholder of the Company. As at the Latest Practicable Date, the Founder Shareholders collectively hold 255,346 Shares, representing approximately 0.02% of the total number of issued Shares.

Save as disclosed above, none of the Directors and the Company has any relationship, direct or indirect, with the Founder Shareholders and the Purchasers. To the best of the Company's knowledge, save as disclosed in this Circular, the Founder Shareholders do not have any relationship, direct or indirect, with the Purchasers, and the Purchasers do not have any other relationship, direct or indirect, with each other.

3. RATIONALE FOR AND BENEFITS OF THE PROPOSED DISPOSAL

- 3.1 As announced in the Company's announcement on 19 May 2016, due to the substantial costs of continuing the Expanded Investigations and the fees for completing the FY2014 Audit, the Board decided to suspend the Expanded Investigations and the FY2014 Audit until such time that the Company is able to meet the fees, taking into account the cash flow requirements of the Company.
- 3.2 For the purposes of resuming the FY2014 Audit, the Company is exploring alternative options with the external auditor to undertake investigation support and the Extended Scope Audits. This will allow for an assessment of the adjustments that will have to be made to the FY2014 Financial Statements and the auditability of the FY2014 Financial Statements, the FY2015 Financial Statements and the FY2016 Financial Statements.
- 3.3 In order to raise funds to pay the fees for the completion of the Extended Scope Audits, the Company explored ways to realise certain assets of the Company. The Sale Shares are part of the assets of the Company that the Company may dispose to raise funds to pay the relevant fees. The Company estimates that approximately US\$2,400,000 to US\$3,000,000 of the proceeds from the Proposed Disposal will be used to pay the fees for the completion of the Extended Scope Audits, and the remaining proceeds will be used to fund the working capital requirements of the Group.
- 3.4 After the completion of the Extended Scope Audits, the Company will be in a position to issue the annual report for FY2014, FY2015 and FY2016 (containing the audited FY2014, FY2015 and the FY2016 Financial Statements) and consequently, to hold the annual general meetings for FY2014, FY2015 and FY2016. The annual general meetings will provide an occasion for Shareholders to consider matters such as the Company's annual financial statements and the appointment of auditors and directors. Completion of the audited FY2014, FY2015 and the FY2016 Financial Statements will also provide a clearer picture of the financial position of the Company, which will help in the Board's deliberations when exploring the possible options and the steps going forward before formulating a proposal to the SGX-ST.

4. SALIENT TERMS OF THE SALE AND PURCHASE AGREEMENT

4.1 Simultaneous completion of Founder Share Sale

The Parties are not obliged to complete the sale and purchase of the Sale Shares unless the Founder Share Sale is completed at the same time.

4.2 Consideration

Under the terms of the Agreement, the Consideration for the Proposed Disposal is US\$7,500,000 (approximately S\$10,172,250).

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, among others, the business prospects of PSI and outlook of the systems integration industry in Indonesia. To the best of the Company's knowledge, based on publicly available information, the Consideration is largely commensurate with the consideration paid by Logicalis for the Founder Sale Shares under the Founder Agreement.

4.3 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\$8,646,413) in cash on Completion; and
- (b) payment of the sum of US\$1,125,000, being the Escrow Amount, to the Escrow Agent on Completion to be dealt with in accordance with the terms of the Agreement and the provisions of the Escrow Agreement. The Escrow Amount will be held in escrow for a period of two (2) years from 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.

4.4 Conditions Precedent

Completion is conditional upon, among others, the fulfilment or waiver of the following conditions:

- (a) the Company obtaining the prior approval of 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, 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 the Key Employees or no more than an agreed number of the General 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.

As at the Latest Practicable Date, the conditions in paragraph 4.4(b) and 4.4(h) have been satisfied.

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

- (a) The Vendor had undertaken to indemnify the Purchasers in respect of, among others, certain tax matters relating to PSI.
- (b) If the net assets of PSI on Completion is finally determined to be less than US\$9,000,000, the Vendor shall pay to the Purchasers an amount equivalent to 60% of the difference between the net assets of PSI on Completion and US\$9,000,000. As at 31 March 2017, the NAV of PSI is approximately US\$11,320,000 (approximately S\$15,353,316).
- (c) The Vendor also agreed with the Purchasers to share a portion of any severance payments that may be payable by PSI under applicable Indonesian laws to Key Employees or General Employees who have resigned due to the Proposed Disposal as at 22 July 2017, being 30 calendar days after the condition in paragraph 4.4(b) has been satisfied. The Company understands that as at 22 July 2017, PSI has not received resignations from any of the Key Employees or General Employees.

4.6 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.

5. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

- 5.1 Based on the 1Q2017 Financial Statements, the book value of the Sale Shares and net tangible asset value of the Sale Shares as at 31 March 2017 is approximately US\$7,487,096 (approximately S\$10,154,748) and US\$6,787,096 (approximately S\$9,205,338), respectively.
- 5.2 Based on the 1Q2017 Financial Statements, the Group expects 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\$17,502).
- 5.3 The pro forma financial effects analysis of the Proposed Disposal as set out in paragraphs 5.4 and 5.5 below have been prepared on the following key bases and assumptions:
 - (a) the financial effects of the Proposed Disposal on the NTA per Share and 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.

5.4 Profits and EPS

On the bases and assumptions set out in paragraph 5.3 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	12,429
Loss per Share (US cents)	0.81	1.07

5.5 NTA per Share

On the bases and assumptions set out in paragraph 5.3 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	16,347 ⁽¹⁾
NTA per Share (US cents)	1.41	1.41

Shareholders' attention is drawn to the cautionary note on pages 1 and 2 of the unaudited FY2016 Financial Statements released on 31 March 2017 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.

Notes:

1. This figure takes into account the cash proceeds as well as the relevant net disposal gain on the Sale Shares and the estimated professional and other transaction fees and expenses incurred in connection with the Proposed Disposal.

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

- 6.1 The relative figures as computed on the bases as set out in Rule 1006 of the Listing Manual, based on the 1Q2017 Financial Statements are as follows:

Rule 1006	Bases	Relative Figures (%)
(a)	Net asset value 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⁾ (Not meaningful) ⁽⁴⁾
(c)	Aggregate value of the Consideration received, being US\$7,500,000, compared with the market capitalisation of the Company (based on total number of 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⁾

Shareholders' attention is drawn to the cautionary note on pages 1 and 2 of the 1Q2017 Financial Statements released on 12 May 2017 and the background and limitations relating to the preparation of the 1Q2017 Financial Statements as set out in the cautionary note. Accordingly, the Board cautions and advises against the reliance on the 1Q2017 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 (being the figure used for consolidation in the 1Q2017 Financial Statements), divided by the Group's unaudited 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 first quarter ended 31 March 2017 of US\$41,918, divided by the Group's unaudited net loss for the first quarter 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. The Company had requested for a trading halt on 20 March 2015. The market capitalisation of the Company, which is therefore computed as at 19 March 2015, being the last market day on which Shares were traded on the SGX-ST prior to the date of signing of the Agreement, is S\$126,810,027.
6. Not applicable.
7. Not applicable.

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 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.

7. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

- 7.1 Based on the Register of Director's Shareholdings and the Register of Substantial Shareholders of the Company, as at the Latest Practicable Date, the interests of the Directors and Substantial Shareholders in Shares are as follows:

	Direct		Indirect	
	Number of Shares	% of total Shares ⁽¹⁾	Number of Shares	% of total Shares ⁽¹⁾
Directors				
Iwao Oishi	—	—	—	—
Takashi Eida	—	—	—	—
Masatoshi Nobuhara	—	—	—	—
Keiji Ito	—	—	—	—
Foo Meng Tong	227,933	0.0196	—	—
Mark Wang Yat-Yee	225,000	0.0193	—	—
Takuro Awazu	5,000	0.0004	—	—

Substantial Shareholders	Direct		Indirect	
	Number of Shares	% of total Shares ⁽¹⁾	Number of Shares	% of total Shares ⁽¹⁾
KDDI Corporation ⁽²⁾	—	—	596,622,835	51.2829
Venture Corporation Limited	142,500,000	12.2486	—	—
Jismyl Teo Chor Khin ⁽³⁾	2,907,558	0.2499	55,167,967	4.7420

Notes:

- (1) Based on the total number of Shares (excluding treasury shares) of 1,163,394,742 Shares as at the Latest Practicable Date.
- (2) Registered in the name of HSBC (Singapore) Nominees Pte Ltd.
- (3) Ms. Jismyl Teo Chor Khin has a direct interest in 2,907,558 Shares and is deemed to be interested in 21,034,320 Shares held by Eagle One Consultants Limited ("**EOCL**") and 34,133,647 Shares held by Group Equity International Limited ("**GEIL**") by virtue of the fact that she is the sole shareholder and joint shareholder of EOCL and GEIL, respectively.

7.2 Interests in the Proposed Disposal

Iwao Oishi, being a Director, is also a director of PSI. Takashi Eida and Masatoshi Nobuhara, being Directors, are also President Commissioner and Commissioner of PSI, respectively. Save as disclosed in paragraphs 7.1 and 7.2, none of the Directors, and as far as the Company is aware, none of the Controlling Shareholders of the Company, has any interest, direct or indirect, in the Proposed Disposal. Upon Completion, Iwao Oishi shall resign as a director of PSI, and Takashi Eida and Masatoshi Nobuhara shall resign as President Commissioner and Commissioner of PSI, respectively.

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. **DIRECTORS' RECOMMENDATION**

Having reviewed and considered, among other things, the terms and conditions of the Agreement, the rationale for and financial effects of the Proposed Disposal, and all other relevant information set out in this Circular, the Directors are of the opinion that the Proposed Disposal is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of the ordinary resolution set out in the Notice of SGM.

10. **SPECIAL GENERAL MEETING**

The SGM, notice of which is set out on page 16 of this Circular, will be held at Ballroom 2, Level 3, Amara Singapore, 165 Tanjong Pagar Road, Singapore 088539 on Thursday, 31 August 2017 at 3.30pm for the purpose of considering and, if thought fit, passing with or without any modifications, the ordinary resolution as set out in the Notice of SGM.

11. **ACTION TO BE TAKEN BY SHAREHOLDERS**

- 11.1 The Company is incorporated in Bermuda and operates subject to Bermuda law. Under the Bermuda Companies Act, only those persons whose names are entered on the register of members of such company would have the rights to attend and vote, or to appoint proxies to do so, at general meetings of such company. Accordingly, arrangements have been made whereby CDP appoints Depositors as its proxies to attend and vote at the SGM.

- 11.2 Shareholders (who are registered holders of Shares other than CDP) and who are unable to attend the SGM and wish to appoint a proxy to attend and vote at the SGM on their behalf will find enclosed with this Circular a Shareholder Proxy Form which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the offices 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 not less than 48 hours before the time appointed for the SGM. The completion and return of a Shareholder Proxy Form by such Shareholder does not preclude him from attending and voting in person at the SGM in place of his proxy if he finds that he is able to do so, and in such event, the instrument appointing a proxy shall be deemed to be revoked.
- 11.3 Depositors whose names are shown in the records of CDP as at a time not earlier than 48 hours before the time appointed for the SGM supplied by CDP to the Company, may attend and vote at the SGM as CDP's proxies. Such Depositors who are individuals and who wish to attend the SGM in person need not take any further action and can attend and vote at the SGM without the lodgement of any proxy form. Such Depositors who are not individuals, and such Depositors who are individuals and who are unable to attend personally but wish to appoint a nominee to attend and vote on his behalf as CDP's proxy, will find enclosed with this Circular a Depositor Proxy Form which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and in any event, so as to arrive at the offices 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 not less than 48 hours before the time appointed for the SGM. The completion and return of a Depositor Proxy Form by a Depositor who is an individual does not preclude him from attending and voting in person as CDP's proxy at the SGM in place of his nominee if he finds that he is able to do so, and in such event, his appointment of his nominee shall be deemed to be revoked.

12. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm, after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Disposal, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

13. 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 accessible 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 Circular.

Yours faithfully
For and on behalf of the Board of
DMX Technologies Group Limited

Iwao Oishi
Executive Director, Vice Chairman and Acting Chief Executive Officer

15 August 2017

DMX Technologies Group Limited

(Incorporated in Bermuda on 29 October 2001)

(Company Registration Number: 31201)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting ("**SGM**") of DMX Technologies Group Limited (the "**Company**") will be held at Ballroom 2, Level 3, Amara Singapore, 165 Tanjong Pagar Road, Singapore 088539 on 31 August 2017 at 3.30pm for the purpose of considering and, if thought fit, passing with or without modifications, the following resolution as an Ordinary Resolution.

All references to the Circular in this Notice of Special General Meeting shall mean the Company's Circular to Shareholders dated 15 August 2017 (the "**Circular**"). All capitalised terms not otherwise defined herein shall have the meanings given to them in the Circular.

ORDINARY RESOLUTION – THE PROPOSED DISPOSAL

THAT pursuant to Chapter 10 of the Listing Manual, approval be and is hereby given for:

- (a) the Proposed Disposal on the terms and subject to the conditions set out in the Agreement, the principal terms of which are set out in the Circular; and
- (b) the Directors or any of them to complete and do all such acts and things (including, without limitation, to execute all such documents and to approve any amendments, alteration or modification to any documents) as the Directors or any of them may consider necessary, desirable or expedient to give effect to the Proposed Disposal and this Ordinary Resolution and all action and steps already taken by the Directors or any of them in connection with the Proposed Disposal be and are hereby approved, confirmed and ratified.

By Order of the Board

Lee Pay Lee
Company Secretary

15 August 2017

Notes:

1. If a Depositor (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore) whose name appears in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore) wishes to attend and vote at the SGM, he must be shown to have Shares entered against his name in the Depository Register, as certified by The Central Depository (Pte) Limited, at least 48 hours before the time of the SGM.
2. Shareholders (who are registered holders of Shares other than CDP) and who are unable to attend the SGM and wish to appoint a proxy to attend and vote at the SGM on their behalf will find enclosed with this Circular a Shareholder Proxy Form which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the offices 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 not less than 48 hours before the time appointed for the SGM.
3. Depositors whose names are shown in the records of CDP as at a time not earlier than 48 hours before the time appointed for the SGM supplied by CDP to the Company, may attend and vote at the SGM as CDP's proxies. Such Depositors who are individuals and who wish to attend the SGM in person need not take any further action and can attend and vote at the SGM without the lodgement of any proxy form. Such Depositors who are not individuals, and such Depositors who are individuals and who are unable to attend personally but wish to appoint a nominee to attend and vote on his behalf as CDP's proxy, will find enclosed with this Circular a Depositor Proxy Form which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and in any event, so as to arrive at the offices 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 not less than 48 hours before the time appointed for the SGM.
4. The completion and return of the Depositor Proxy Form or the Shareholder Proxy Form will not preclude the Depositor/ Shareholder from attending and voting in person at the SGM if he/she wishes to do so, in place of his proxy.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the SGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the SGM (including any adjournment thereof) and the preparation and compilation of the attendances lists, minutes and other documents relating to the SGM (including any adjournment thereof), and in order for the Company (or its agent) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.