
ANNOUNCEMENT PURSUANT TO RULE 704(5) OF THE LISTING MANUAL

Pursuant to Rule 704(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the board of directors (the "**Board**") of DMX Technologies Group Limited (the "**Company**" and collectively with its subsidiaries, the "**Group**") wishes to announce that the independent auditor of the Company, PricewaterhouseCoopers LLP, has issued a disclaimer of opinion ("**Disclaimer of Opinion**") in its Independent Auditor's Report in relation to the audited financial statements of the Group for the financial years ended 31 December 2014 ("**FY2014**"), 31 December 2015 ("**FY2015**") and 31 December 2016 ("**FY2016**") respectively.

The extracts of the Disclaimer of Opinion in relation to the audited financial statements for FY2014, FY2015 and FY2016 respectively are set out below:

Independent Auditor's Report for FY2014

"Basis for Disclaimer of Opinion"

(1) Investigations and transactions recorded in certain subsidiaries and other scope limitations

During the course of our audit of the accompanying financial statements, we noted a number of transactions, described as Transactions in Question in Note 3.3 to the financial statements, for which management was unable to provide us with satisfactory explanations and documentary evidence, including the details and background of the import and export firms and the relevant customers and suppliers, as well as the relevant documents to support delivery of goods and fulfilment of service obligations with respect to these Transactions in Question. Further to the findings from the Initial Investigation and the partially completed Expanded Investigation, as described in Note 3.3 to the financial statements, management has made several prior year adjustments which have resulted in:

- reducing revenue and net profits for the previous financial year ended 31 December 2013 by approximately US\$257,090,000 and US\$43,828,000 respectively; and*
- reducing retained earnings by approximately US\$313,060,000 and US\$269,232,000 as at 31 December 2013 and 1 January 2013 respectively.*

As the aforementioned Expanded Investigation was incomplete as of the date of this report, we were unable to perform appropriate procedures to ascertain if the prior year adjustments were appropriate, complete and accurate.

Management was also unable to provide adequate supporting documents to enable us to satisfactorily complete our independent confirmation procedures and physical verification procedures in relation to the amounts and balances related to the Transactions in Question, which may affect several elements of the accompanying financial statements for the year ended 31 December 2014.

In addition, as management was unable to provide adequate accounting records and supporting documents to enable us to identify related party transactions and balances, we were unable to assess whether the related party transactions and balances were complete, fully supported by documentary evidences, and properly disclosed in the financial statements for the year ended 31 December 2014.

Furthermore, as a result of the Group having downsized its operations and having ceased business relationships with many customers and suppliers subsequent to 2015, management was not able to address our requests for documentary evidence and explanations for certain transactions and balances due to limitation of staff resources and inadequate records available. We were therefore unable to satisfactorily complete our independent verification and other audit procedures on those transactions and balances.

Because of the above scope limitations, there were no alternative audit procedures that we could perform to obtain sufficient appropriate audit evidence over several elements of the accompanying financial statements for the year ended 31 December 2014. Consequently, we were unable to determine whether any adjustments might have been found necessary in respect of the elements making up the financial statements for the year ended 31 December 2014.

(2) Financial information of PT Packet Systems Indonesia and DMX Technologies (India) Private Limited

As set out in Note 37(a) to the accompanying financial statements, the Group sold:

- (1) its entire shareholding in PT Packet Systems Indonesia, a then 60% owned subsidiary, to independent third parties on 4 September 2017, and
- (2) entire business, including sales contracts, assets and liabilities of DMX Technologies (India) Private Limited ("DMX India"), a wholly owned subsidiary of the Company, to a company owned by DMX India's management with effect from 1 August 2017.

As disclosed in Note 37(a) to the accompanying financial statements, PT Packet Systems Indonesia and DMX India collectively accounted for approximately 46%, 11% and 45% of the revenue, net profit and total assets respectively of the Group as at and for the year ended 31 December 2014.

Since the completion of these sales transactions, the Group no longer had equity interest and/or management representation in the aforementioned entities, and neither we nor management of the Group had been given access to the books and records thereof. We were therefore unable to obtain sufficient appropriate audit evidence to determine whether the financial results, assets and liabilities of the aforementioned entities which have been consolidated in the Group's consolidated financial statements for the year ended 31 December 2014 were free from material misstatement, nor did we have any alternative means to do so.

(3) Consolidation of financial information of certain domestic enterprises established in the People's Republic of China under variable interest entity arrangement

As set out in Note 17 to the accompanying financial statements, the Group has consolidated the financial results of 1MP (HK) Limited, Beijing AVN Film Development Company Limited and Beijing DMX Xingnet Information Technology Limited (collectively the "Xingnet Companies"), which are domestic enterprises established in the People's Republic of China and held by the Group through variable-interest-entity ("VIE") arrangements, in the Group's consolidated financial statements for the year ended 31 December 2014, on the basis that the management of the Company believed that the Group had the power to direct the relevant activities which significantly affect the entities' returns, and that the Group was entitled to substantially all the operating profits and residual interests generated by them. As disclosed in Note 17 to the accompanying financial statements, the Xingnet Companies collectively accounted for approximately 1%, 2% and 1% of the revenue, net profit and total assets respectively of the Group as at and for the year ended 31 December 2014.

During the audit, the management of the Company was not able to provide sufficient appropriate documentary evidence to support the basis for consolidating the financial information of the Xingnet Companies as described above. We were also not able to obtain access to the legal representatives of the Xingnet Companies to confirm the existence of the VIE arrangements. Since we did not have any alternative means to obtain sufficient appropriate audit evidence to determine whether the consolidation of the financial information of the Xingnet Companies is appropriate, we were unable to determine whether any adjustment to the Group's consolidated financial statements for the year ended 31 December 2014 was necessary.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion section, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements."

Independent Auditor's Report for FY2015

"Basis for Disclaimer of Opinion

(1) Investigations and transactions recorded in certain subsidiaries and other scope limitations

During the course of our audit of the accompanying financial statements, we noted a number of transactions, described as Transactions in Question in Note 3.2 to the financial statements, for which management was unable to provide us with satisfactory explanations and documentary evidence, including the details and background of the import and export firms and the relevant customers and suppliers, as well as the relevant documents to support delivery of goods and fulfilment of service obligations with respect to these Transactions in Question. Further to the findings from the Initial Investigation and the partially completed Expanded Investigation, as described in Note 3.2 to the financial statements, management has made several adjustments which have resulted in: reducing revenue and net profits for the financial year ended 31 December 2015 by approximately US\$27,003,000 and US\$8,714,000 respectively; and

- reducing retained earnings by approximately US\$348,879,000 as at 1 January 2015.

As the aforementioned Expanded Investigation was incomplete as of the date of this report, we were unable to perform appropriate procedures to ascertain if these adjustments were appropriate, complete and accurate.

Management was also unable to provide adequate supporting documents to enable us to satisfactorily complete our independent confirmation procedures and physical verification procedures in relation to the amounts and balances related to the Transactions in Question, which may affect several elements of the accompanying financial statements for the year ended 31 December 2015.

In addition, as management was unable to provide adequate accounting records and supporting documents enable us to identify related party transactions and balances, we were unable to assess whether the related party transactions and balances were complete, fully supported by documentary evidences, and properly disclosed in the financial statements for the year ended 31 December 2015.

Furthermore, as a result of the Group having downsized its operations and having ceased business relationships with many customers and suppliers subsequent to 2015, management was not able to address our requests for documentary evidence and explanations for certain transactions and balances due to limitation of staff resources and inadequate records available. We were therefore unable to satisfactorily complete our independent verification and other audit procedures on those transactions and balances.

Because of the above scope limitations, there were no alternative audit procedures that we could perform to obtain sufficient appropriate audit evidence over most elements of the accompanying financial statements for the year ended 31 December 2015. Consequently, we were unable to determine whether any adjustments might have been found necessary in respect of the elements making up the financial statements for the year ended 31 December 2015.

(2) Financial information of PT Packet Systems Indonesia and DMX Technologies (India) Private Limited

As set out in Note 35(a) to the accompanying financial statements, the Group sold:

- (1) its entire shareholding in PT Packet Systems Indonesia, a then 60% owned subsidiary, to independent third parties on 4 September 2017, and
- (2) entire business, including sales contracts, assets and liabilities of DMX Technologies (India) Private Limited ("DMX India"), a wholly owned subsidiary of the Company, to a company owned by DMX India's management with effect from 1 August 2017.

As disclosed in Note 35(a) to the accompanying financial statements, PT Packet Systems Indonesia and DMX India collectively accounted for approximately 59%, 13% and 49% of the consolidated revenue, net profit and total assets of the Group, respectively, as at and for the year ended 31 December 2015.

Since the completion of these disposal transactions, the Group no longer had equity interest and/or management representation in the aforementioned entities, and neither we nor management of the Group had been given access to the books and records thereof. We were therefore unable to obtain sufficient appropriate audit evidence to determine whether the financial results, assets and liabilities of the aforementioned entities which have been consolidated in the Group's consolidated financial statements as at and for the year ended 31 December 2015 were free from material misstatement, nor did we have any alternative means to do so.

(3) Consolidation of financial information of certain domestic enterprises established in the People's Republic of China under variable interest entity ("VIE") arrangement

As set out in Note 16 to the accompanying financial statements, the Group has consolidated the financial results of 1MP (HK) Limited, Beijing AVN Film Development Company Limited and Beijing DMX Xingnet Information Technology Limited (collectively the "Xingnet Companies"), which are domestic enterprises established in the People's Republic of China and held by the Group through variable-interest-entity ("VIE") arrangements, in the Group's consolidated financial statements as at and for the year ended 31 December 2015, on the basis that the management of the Company believed that the Group had the power to direct the relevant activities which significantly affect the entities' returns, and the Group was entitled to substantially all the operating profits and residual interests generated by them. As disclosed in Note 16 to the accompanying financial statements, the Xingnet Companies collectively accounted for approximately 1%, 3% and 1% of the consolidated revenue, net profit and total assets of the Group, respectively, as at and for the year ended 31 December 2015.

During the audit, the management of the Company was not able to provide sufficient appropriate documentary evidence to support the basis for consolidating the financial information of the VIE arrangements with the Xingnet Companies as described above. We were also not able to obtain access to the legal representatives of the Xingnet Companies to confirm the VIE arrangements. Since we did not have any alternative means to obtain sufficient appropriate audit evidence to determine whether the consolidation of the financial information of the Xingnet Companies is appropriate, we were unable to determine whether any adjustment to the Group's consolidated financial statements was necessary.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion section, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements."

Independent Auditor's Report for FY2016

"Basis for Disclaimer of Opinion

(1) Financial information of PT Packet Systems Indonesia and DMX Technologies (India) Private Limited

As set out in Note 35(a) to the accompanying financial statements, the Group sold:

- (1) its entire shareholding in PT Packet Systems Indonesia, a then 60% owned subsidiary, to independent third parties on 4 September 2017, and
- (2) entire business, including sales contracts, assets and liabilities of DMX Technologies (India) Private Limited ("DMX India"), a wholly owned subsidiary of the Company, to a company owned by DMX India's management with effect from 1 August 2017.

As disclosed in Note 35(a) to the accompanying financial statements, PT Packet Systems Indonesia and DMX India collectively accounted for approximately 74%, -36% and 63% of the consolidated revenue, net profit and total assets of the Group, respectively, as at and for the year ended 31 December 2016.

Since the completion of these disposal transactions, the Group no longer had equity interest and/or management representation in the aforementioned entities, and neither we nor management of the Group had been given access to the books and records thereof. We were therefore unable to obtain sufficient appropriate audit evidence to determine whether the financial results, assets and liabilities of the aforementioned entities which have been consolidated in the Group's consolidated financial statements as at and for the year ended 31 December 2016 were free from material misstatement, nor did we have any alternative means to do so. We were also not able to perform procedures on the related opening balances as at 1 January 2016 and any audit procedures of the related financial information of aforementioned entities for the year ended 31 December 2016.

(2) Consolidation of financial information of certain domestic enterprises established in the People's Republic of China under variable interest entity ("VIE") arrangement

As set out in Note 16 to the accompanying financial statements, the Group has consolidated the financial results of 1MP (HK) Limited, Beijing AVN Film Development Company Limited and Beijing DMX Xingnet Information Technology Limited (collectively the "Xingnet Companies"), which are domestic enterprises established in the People's Republic of China and held by the Group through variable-interest-entity ("VIE") arrangements, in the Group's consolidated financial statements as at and for the year ended 31 December 2016, on the

basis that the management of the Company believed that the Group had the power to direct the relevant activities which significantly affect the entities' returns, and the Group was entitled to substantially all the operating profits and residual interests generated by them. As disclosed in Note 16 to the accompanying financial statements, the Xingnet Companies collectively accounted for approximately 0%, 7% and 1% of the consolidated revenue, net profit and total assets of the Group, respectively, as at and for the year ended 31 December 2016.

During the audit, the management was not able to provide sufficient appropriate documentary evidence to support the basis for consolidating the financial information of the VIE arrangements with the Xingnet Companies as described above. We were also not able to gain access to the legal representatives of the Xingnet Companies to confirm the VIE arrangements. Since we did not have any alternative means to obtain sufficient appropriate audit evidence to determine whether the consolidation of the financial information of the Xingnet Companies is appropriate, we were unable to determine whether any adjustment to the Group's consolidated financial statements was necessary.

(3) Investigations and transactions recorded in certain subsidiaries and other scope limitations

During the course of our audit of the accompanying financial statements, we noted a number of transactions, described as Transactions in Question in Note 3.2 to the financial statements, for which management was unable to provide us with satisfactory explanations and documentary evidence, including the details and background of the import and export firms and the relevant customers and suppliers, as well as the relevant documents to support delivery of goods and fulfilment of service obligations with respect to these Transactions in Question. Further to the findings from the Initial Investigation and the partially completed Expanded Investigation, as described in Note 3.2 to the financial statements, management has made several prior year adjustments which have resulted in reducing the retain earnings as at 1 January 2016 by US\$340,165,000.

As the aforementioned Expanded Investigation was incomplete as of the date of this report, we were unable to perform appropriate procedures to ascertain if the prior year adjustments were appropriate, complete and accurate.

Management was also unable to provide adequate supporting documents to enable us to satisfactorily complete our independent confirmation procedures and physical verification procedures in relation to the amounts and balances related to the Transactions in Question, which may affect several elements of the accompanying financial statements for the year ended 31 December 2016.

In addition, as management was unable to provide adequate accounting records and supporting documents to enable us to identify related party transactions and balances, we were unable to assess whether the related party transactions and balances were complete, fully supported by documentary evidences, and properly disclosed in the financial statements for the year ended 31 December 2016.

Furthermore, as a result of the Group having downsized its operations and having ceased business relationships with many customers and suppliers subsequent to 2015, management was not able to address our requests for documentary evidence and explanations for certain transactions and balances due to limitation of staff resources and inadequate records available. We were therefore unable to satisfactorily complete our independent verification and other audit procedures on those transactions and balances.

Because of the above scope limitations, there were no alternative audit procedures that we could perform to obtain sufficient appropriate audit evidence over most elements of the accompanying financial statements for the year ended 31 December 2016. Consequently, we were unable to determine whether any adjustments might have been found necessary in respect of the elements making up the financial statements for the year ended 31 December 2016."

Shareholders are advised to refer to the Independent Auditor's Reports and the audited financial statements contained in the annual reports for FY2014, FY2015 and FY2016 respectively, which have also been released on SGXNET today.

By Order of the Board

Iwao Oishi
Executive Director, Vice Chairman and Acting Chief Executive Officer
16 January 2018