

# MERGENT INDUSTRIAL

NEW LISTING

June 22, 2010



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## DMX TECHNOLOGIES GROUP LTD

Company Website: [www.dmxtechnologies.com](http://www.dmxtechnologies.com)

### History:

Incorporated in Bermuda on Oct. 29, 2001.  
On Jan. 12, 2004, Co. acquired 100% of the issued share capital of Equator One Software Ltd for an aggregate consideration of S\$8,900,000.

On Aug. 6, 2004, Co. acquired 100% of the issued share capital of Lotun Technology Limited for an aggregate consideration of US\$12,600,000.

On June 29, 2005, Co. acquired 100% of the issued share capital of Packet System Pte. Ltd. for a consideration of approximately US\$19,000,000 comprising of US\$16,000,000 and US\$2,100,000 additional consideration payable under the sale and purchase agreement.

In 2009, KDDI Corporation acquired 52.2% equity interest in Co., thereby making Co. its subsidiary.

On June 30, 2009, Co. acquired 100% of the issued share capital of IMP BVI, a company incorporated in the BVI, for an aggregate consideration of US\$2,039,000. As part of the consideration, 11,764,705 new ordinary shares of Co. with fair value amounting to US\$1,470,000 was issued on Jan. 5, 2010 as consideration.

**Control:** As of Mar. 16, 2010, HSBC (Singapore) Nominees Pte Ltd.-d/b/a KDDI Corporation -held 609,254,195 shares, representing 53.47% of Co.'s outstanding share capital.

**Business Summary:** DMX Technologies Group in an investment holding company. Through its subsidiaries, Co. is engaged in the provision, installation consultation and support of broadband internet equipment, network security software and services; architecture design, implementation and delivery of business software system; trading of broadband, internet equipment and network security software and investment holding. Co. operates mainly in Hong Kong.

**Property:** Co. maintains its registered office in Hamilton and its principal place of business in Hong Kong.

### Subsidiaries

(Wholly owned unless otherwise indicated)

DMX (BVI) Limited (British Virgin Islands)  
BEE Mediasoft Limited (Hong Kong)  
DMX Technologies (Hong Kong) Limited (Hong Kong)  
DMX Technologies Sdn. Bhd. (Malaysia)  
DMX Technologies (S'pore) Pte. Ltd. (Singapore)  
DMX Technologies (China) Limited (Hong Kong)  
Beijing DMX Technologies Limited (China (Peoples Rep. Of))  
DMX Technologies (Macao Commercial Offshore) Co. Limited (Macao)  
Equator One Pte Limited (Singapore)  
Lotun Technology Limited (Hong Kong)  
Packet Systems Pte. Ltd. (Singapore)  
DMX Technologies Korea Co. Ltd. (Korea (South))  
Packet Systems (Malaysia) Sdn. Bhd. (Malaysia)  
PT Packet Systems Indonesia (Indonesia) (60%)  
IMP Limited (British Virgin Islands)  
IMP (HK) Limited (Hong Kong)  
IMP Technology Beijing Limited (China (Peoples Rep. Of))  
Beijing AVN Film Development Company Limited (China (Peoples Rep. Of))  
Nettasking Technology (BVI) Limited (British Virgin Islands)

### Officers

Emmy Wu, Executive Chairman; Group Executive  
Shinichi Suzukawa, Executive Vice-Chairman; Group Executive  
Jismyl Chor Khin Teo, Chief Executive Officer; Secretary; Group Executive  
Skip Chi Tang Tang, Chief Financial Officer  
Iwao Oishi, Executive Director; Group Executive  
Kelvin Choi, Financial Director; Group Marketing Director  
Astor Woi Yin Cheung, Manager - Finance  
Meng Tong Foo, Group Executive  
Mark Yat-Yee Wang, Group Executive  
Nie Khian Khian, Group Executive  
Masaaki Nakanishi, Group Executive  
Akio Nozaka, Group Executive  
Shigenobu Hatakeyama, Group Executive  
Yan Yan Fu, Region Officer  
Michael Tak Ming Mak, Region Officer  
Yik Hong Tang, Region Officer  
Mun Young Lee, Region Officer  
Samson Cheng, Region Officer; Subsidiary Officer  
Ashley Yau, Region Officer

### Directors

Emmy Wu, Executive Chairman  
Shinichi Suzukawa, Executive Vice-Chairman  
Jismyl Chor Khin Teo  
Meng Tong Foo  
Mark Yat-Yee Wang  
Nie Khian Khian  
Masaaki Nakanishi  
Akio Nozaka  
Shigenobu Hatakeyama  
Yasunori Matsuda

**Auditors:** Deloitte & Touche LLP

**Shareholder Relations:** Kelvin Choi, Tel: 852-2520-2660

**Annual Meeting:** In April

**No. of Stockholders:** Apr. 30, 2010, 4,396

**No. of Employees:** Apr. 30, 2010, 447

**Address:** 1401 Stanhope House 738 King's Road Quarry Bay, Hong Kong  
**Tel:** 852 2520 2660  
**Fax:** 852 2802 2062  
**E-mail:** [jteo@dmxtechnologies.com](mailto:jteo@dmxtechnologies.com)  
**Web:** [www.dmxtechnologies.com](http://www.dmxtechnologies.com)

**Consolidated Income Account, years ended Dec. 31 (\$000):**

	2009	2008	2007
		(revised)	(revised)
Rev	190,394	172,744	161,552
Cost of sales	(140,249)	(127,056)	(122,108)
Gross profit	50,145	45,688	39,444
Int inc fr bank dep	89	448	1,122
Gain on disp of int in a jointly controlled entity	958		
Net fgn exch gain	1,397		
Other oper inc	188	242	155
Oper income	2,632	690	1,277
Distrib costs	(11,303)	(11,107)	(12,028)
Staff costs (incl directors' remuneration)	(4,428)	(4,639)	(5,032)
Deprec exp	(4,115)	(3,414)	(2,506)
Office rental exps	(1,303)	(1,310)	(1,046)
Other exps	(3,483)	(4,341)	(3,004)
Admin exps	(13,329)	(13,704)	(11,588)
Other oper exps	(16,278)	(15,251)	(5,410)

Sh of result of a jointly controlled entity	(412)	(543)	
Int exp on oblig under finance leases	(8)	(15)	(20)
Int exp on bank loans, trust receipt loans & bank overdrafts	(534)	(812)	(979)
Int exp on other loans	(129)		
Fin costs	(671)	(827)	(999)
Profit bef inc tax	10,784	4,946	10,696
Curr tax	(1,533)	(1,169)	(1,006)
Defer tax-Curr year	145	(241)	(246)
Defer tax-Attrib to a chg in tax rate		22	
Under (over) provision in prior years	(16)	21	(154)
Inc tax exp	(1,404)	(1,367)	(1,406)
Profit for the year	9,380	3,579	9,290
Profits for the yr attrib to owners of the Co.	8,496	3,230	9,185
Profits for the yr attrib to non-controlling int	884	349	105
Common shares (000):			
Weighted avg shares outstg - basic	589,188	474,627	460,960
Weighted avg shares outstg - diluted	603,181	474,627	463,356
Yr end ordinary shares outstg	1,127,570	531,410	460,960
Yr end total shares outstg	1,127,570	531,410	460,960
Net earn per sh - basic	\$1.44	\$0.68	\$1.99
Net earn per sh - diluted	\$1.41	\$0.68	\$1.98
Total number of employees	447		
Number of stockholders	4,396		
[1] Reclassified to conform with 2008 presentation. [2] As of April 30, 2010. [3] As is.			

**Consolidated Balance Sheet, as of Dec. 31 (\$000):**

	2009	2008
		(revised)
<b>Assets:</b>		
Cash & cash eqivs	148,389	15,055
Pledged bank dep	3,461	8,616
Trade receivables - related companies	183	
Trade receivables - outside parties	133,733	124,042
Less: allowances for trade receivables	(2,556)	(2,355)
Trade receivables	131,360	121,687
Adv to third party	1,804	1,783
Other receivables, gross	4,800	2,594

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Consideration receivable	1,461		Current portion of finance lease payables	46	63	OUTSTANDING — Dec. 31, 2009, 1,127,570,000 shs; par \$0.05.
Less: Allow for other receiv	(1,804)	(2,353)	Tot curr liabil	35,590	35,199	STOCK SPLITS — US\$1 par shares split 20-for-1 Nov. 12, 2002.
Adv to third party & other receivables, net	6,261	2,024	Bank loans	1,544		OWNERSHIP — As of Mar. 16, 2010, HSBC (Singapore) Nominees Pte Ltd.-d/b/a KDDI Corporation-held 609,254,195 shares, representing 53.47% of Co.'s outstanding share capital.
Other deposits	3,195	1,309	Finance lease payables	64	152	VOTING RIGHTS — Entitled to one vote per share.
Prepayments	1,633	983	Defer tax liabil	874	688	DIVIDENDS PAID — (in US\$):
Other receivables, dep & prepayments	11,089	4,316	Tot non-curr liabil	2,482	840	2007-08 . 0.0065 2009 . . . . .N.A.
Tax recoverable	25	772	Ordinary shares	56,378	26,571	OPTIONS — Dec. 31, 2009, outstanding, 15,878,334.
Held for trading invests	2,398		Sh cap	56,378	26,571	SHARE TRANSFER AGENT — Boardroom Corporate & Advisory Services Pte. Ltd., Singapore
Finished goods - at cost	7,635	8,955	Sh premium	190,328	88,496	PRIMARY EXCHANGE — National Bulletin Board (NBB): DMXT F
Finished goods - at net realizable value	42	157	Contributed surplus	1,534	1,534	PRIVATE PLACEMENTS — (39,000,000 shares) at S\$0.30 per share privately placed in 2003.
Inventories	7,677	9,112	Legal reserve	7	7	(60,000,000 shares) at S\$0.938 per share privately placed in 2004.
Tot curr assets	304,399	159,558	Defer purch consideration	1,470		(83,000,000 shares) at S\$0.8688 per share privately placed in 2006.
Prop plt & equipment, net	9,190	7,059	Fgn currency traslation reserve	2,915	2,927	(588,772,535 shares) at S\$0.32 per share privately placed to KDDI Corporation on Dec. 1, 2009.
Goodwill	26,628	26,559	Sh option reserve	1,491	1,060	OFFERED — (55,000 shares) at \$0.05 a share on Nov. 12, 2002.
Intang assets, net	24,189	27,298	Accum profits (losses)	72,403	63,904	(55,000,000 shares) at US\$0.05 each on Nov. 12, 2002.
Int in a jointly controlled entity		528	Eq attrib to eq holders of the Co	326,526	184,499	PAR CHANGE — To \$0.05 on Nov. 12, 2002. (From US\$1.00)
Derivative finl instruments	1,297		Minor interests	1,228	544	CAPITAL HISTORY — On July 26, 2002, Co. increased its authorized share capital from US\$12,000 to US\$30,000,000 by the creation of 29,988,000 additional ordinary shares of US\$1 each.
Defer tax assets	123	80	Tot eq	327,754	185,043	On Apr. 30, 2008, Co. increased its authorized share capital from 600,000,000 shares to 1,500,000,000 shares.
Tot non-curr assets	61,427	61,524	Tot liabil & stkhlders eq	365,826	221,082	
Tot assets	365,826	221,082				
Liabilities:						
Bank & other loans	10,837	7,317				
Trust receipt loans	1,391	3,985				
Trade pays	13,451	10,675				
Accrued exps	4,081	4,124				
Other pays	4,511	8,346				
Tax pays	1,273	689				

**Debt:** Dec. 31, 2009, US\$12,381,000 (including current portion of US\$10,837,000) comprised of:  
 (1) US\$9,381,000 bank loans with bearing floating interest rates ranging from 5.25% to 6.68% per annum.  
 (2) US\$3,000,000 unsecured other loans with bears interest at 18% per annum and is repayable on demand.

**Capital Stock: 1. DMX Technologies Group Ltd ordinary; par \$0.05.**  
 AUTHORIZED — 1,500,000,000 shs.