

CORPORATE GOVERNANCE

Since 1 January 2016 to the date of this report (the “Relevant Period”), the composition of the Board of Directors (“Board”) of DMX Technologies Group Limited (the “Company”) has undergone a series of changes.

As set out earlier in the Operation and Financial Review, the Board, together with management, has over the Relevant Period, undertaken a series of actions in response to the various events that have occurred. The Board continues to be committed to maintaining a high standard of corporate governance within the Company and has put in place self-regulatory corporate practices to protect the interests of its shareholders and enhance long-term shareholder value.

The current Board is pleased to report compliance of the Company with the benchmarks set by the Code of Corporate Governance 2012 (the “Code”), except where otherwise stated. Where there are deviations from the recommendations of the Code, appropriate explanations have been provided.

BOARD MATTERS

Principle 1: The Board’s Conduct of Affairs

Apart from its statutory duties and responsibilities, the Board effectively oversees the management and affairs of the Company. It focuses on strategies and policies which enhance the growth and financial performance of the Company. The Board works closely with management to achieve the long-term success of the Company.

The principal functions of the Board are:

- (a) to ensure the necessary financial and human resources are in place for the Company to meet the Company’s strategic business and financial objectives;
- (b) to establish appropriate risk management system to ensure the key potential risks are identified and managed, including safeguarding of shareholders’ interests and the Company’s assets;
- (c) to review the management’s financial performance and compliance practices regularly;
- (d) to identify the key stakeholder and recognise that their perceptions affect the Company’s reputation;
- (e) to set the Company’s value and standards, and to ensure the obligations to shareholders and stakeholders are understood and met;
- (f) to consider sustainability issues when formulating the Company’s strategies;
- (g) to approve the annual budget, major investments and divestments, and funding proposals;
- (h) to oversee the process for evaluating the adequacy of internal controls, risk management, financial reporting and compliance; and
- (i) to assume responsibility for corporate governance.

The Board discharges its responsibilities either directly or indirectly through various committees comprising members of the Board. All directors objectively make decisions in the interests of the Company.

The Board may delegate the formulation of business policies and day-to-day management to any board committee and Executive Directors.

The Board’s approval is required for matters that are stated in the internal guidelines setting out the requisite authority for decision-making, which includes, among others, corporate restructuring, mergers and acquisitions, material investments or acquisitions and divestments or disposals of assets, major corporate policies on key areas of operations, acceptances of material bank facilities, annual budget, the release of the Company’s quarterly and full year’s results and interested person transactions of a material nature.

The Board currently holds at least four scheduled meetings each year to review and deliberate on the key activities and business strategies of the Company, including reviewing and approving internal guidelines on materiality of transactions, acquisitions, financial performance, and to endorse the release of the quarterly and annual financial results. When necessary, additional meetings may be held to address significant transactions or issues. The Company’s Bye-Laws permit a Board meeting to be conducted by way of tele-conference and video-conference.

CORPORATE GOVERNANCE

Every Director receives appropriate training to develop individual skills in order to discharge his or her duties. The Company also provides extensive information about its history, mission and values to the Directors. All newly appointed Directors will be given an orientation on the Company's business strategies and operations. The Company will issue a formal letter of appointment to new Directors setting out their duties and obligations when they are appointed.

During the financial year ended 31 December 2016 ("FY2016"), the Directors received updates on regulatory changes to the Listing Manual of the Singapore Exchange Securities Trading Limited (the "SGX-ST") and changes to the accounting standards. The Directors also received updates on the business of the Company through regular presentations and meetings. The Company shall be responsible for arranging and funding the training of Directors.

The number of meetings held and the attendance of each Director at every Board and Board Committee meetings for FY2016 are as follows:-

Name	Board		Audit Committee ("AC")		Nominating Committee ("NC")		Remuneration Committee ("RC")	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Mr Emmy Wu ¹ (Executive Chairman)	4	4	N/A	N/A	2	2	N/A	N/A
Mr Iwao Oishi (Vice Chairman, Acting Chief Executive Officer and Executive Director)	4	4	N/A	N/A	N/A	N/A	N/A	N/A
Ms Jismyl Teo Chor Khin ² (Chief Executive Officer and Executive Director)	4	4	N/A	N/A	N/A	N/A	N/A	N/A
Mr Thian Nie Khian ³ (Non-Independent Non-Executive Director)	4	4	4	4	N/A	N/A	2	2
Mr Shinichi Suzukawa ⁴ (Non-Independent Non-Executive Director)	4	4	4	4	2	2	2	2
Mr Kazuo Miwa ⁵ (Non-Independent Non-Executive Director)	4	1	N/A	N/A	N/A	N/A	N/A	N/A
Mr Kenichiro Uchimura ⁶ (Non-Independent Non-Executive Director)	4	3	4	3	N/A	N/A	N/A	N/A

CORPORATE GOVERNANCE

Name	Board		Audit Committee (“AC”)		Nominating Committee (“NC”)		Remuneration Committee (“RC”)	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Mr Hidehiko Tajima ⁷ (Non-Independent Non-Executive Director)	4	1	N/A	N/A	2	1	2	1
Mr Foo Meng Tong (Independent Non-Executive Director)	4	4	4	4	2	2	2	2
Mr Mark Wang Yat-Yee (Independent Non-Executive Director)	4	4	4	4	2	2	2	2
Mr Takuro Awazu (Independent Non-Executive Director)	4	4	4	4	2	2	2	2
Mr Daniel Kung ⁸ (Independent Non-Executive Director)	4	4	4	4	2	2	2	2
Mr Yasuhiko Shiozaki ⁹ (Non-Independent Non-Executive Director)	4	3	N/A	N/A	N/A	N/A	N/A	N/A

Note:

N/A Not applicable

¹ Mr Emmy Wu’s employment as Executive Chairman and Executive Director was terminated with effect from 7 September 2015 and he was removed as Director and ceased to be a member of the Nominating Committee with effect from 5 April 2016.

² Ms Jismyl Teo Chor Khin’s employment as Chief Executive Officer and Executive Director was terminated with effect from 3 September 2015 and she was removed as Director with effect from 5 April 2016.

³ Mr Thian Nie Khian resigned as a Non-Independent Non-Executive Director with effect from 30 June 2016 and ceased to be a member of the Remuneration Committee on the same day.

⁴ Mr Shinichi Suzukawa resigned as a Non-Independent Non-Executive Director with effect from 31 March 2016 and ceased to be a member of the Audit, Nominating and Remuneration Committees on the same day.

⁵ Mr Kazuo Miwa retired as a Non-Independent Non-Executive Director with effect from 29 April 2014.

⁶ Mr Kenichiro Uchimura resigned as a Non-Independent Non-Executive Director with effect from 8 May 2015 and ceased to be a member of the Audit Committee on the same day.

⁷ Mr Hidehiko Tajima resigned as a Non-Independent Non-Executive Director with effect from 31 March 2017 and ceased to be a member of the Nominating and Remuneration Committees on the same day.

⁸ Mr Daniel Kung resigned as an Independent Non-Executive Director with effect from 26 January 2015 and ceased to be a member of the Audit, Nominating and Remuneration Committees on the same day.

⁹ Mr Yasuhiko Shiozaki was appointed as a Non-Independent Non-Executive Director with effect from 30 April 2014 and resigned as a Non-Independent Non-Executive Director with effect from 31 March 2017.

CORPORATE GOVERNANCE

Principle 2: Board Composition and Guidance

For FY2016, the Board comprised 11 Directors: four Independent Non-Executive Directors, three Executive Directors and four Non-Independent Non-Executive Directors, as set out below:

Mr Emmy Wu (Executive Chairman)¹
Mr Iwao Oishi (Executive Director, Vice Chairman and Acting Chief Executive Officer)
Ms Jismyl Teo Chor Khin (Executive Director and Chief Executive Officer)²
Mr Thian Nie Khian (Non-Independent Non-Executive Director)³
Mr Shinichi Suzukawa (Non-Independent Non-Executive Director)⁴
Mr Hidehiko Tajima (Non-Independent Non-Executive Director)⁵
Mr Foo Meng Tong (Independent Non-Executive Director)
Mr Mark Wang Yat-Yee (Independent Non-Executive Director)
Mr Takuro Awazu (Independent Non-Executive Director)
Mr Yasuhiko Shiozaki (Non-Independent Non-Executive Director)⁶
Mr Masatoshi Nobuhara (Non-Independent Non-Executive Director)⁷

Note:

- ¹ Mr Emmy Wu's employment as Executive Chairman and Executive Director was terminated with effect from 7 September 2015 and he was removed as Director and ceased to be a member of the Nominating Committee with effect from 5 April 2016.
- ² Ms Jismyl Teo Chor Khin's employment as Chief Executive Officer and Executive Director was terminated with effect from 3 September 2015 and she was removed as Director with effect from 5 April 2016.
- ³ Mr Thian Nie Khian resigned as a Non-Independent Non-Executive Director with effect from 30 June 2016 and ceased to be a member of the Remuneration Committee on the same day.
- ⁴ Mr Shinichi Suzukawa resigned as a Non-Independent Non-Executive Director with effect from 31 March 2016 and ceased to be a member of the Audit, Nominating and Remuneration Committees on the same day.
- ⁵ Mr Hidehiko Tajima resigned as a Non-Independent Non-Executive Director with effect from 31 March 2017 and ceased to be a member of the Nominating and Remuneration Committees on the same day.
- ⁶ Mr Yasuhiko Shiozaki resigned as a Non-Independent Non-Executive Director with effect from 31 March 2017.
- ⁷ Mr Masatoshi Nobuhara ceased as a member of the Audit Committee and appointed as a member of Remuneration and Nominating Committees on 9 May 2017.

Although the Chairman was part of the management team in FY2014, all the Board Committees in FY2014 were chaired by Independent Directors. With effect from 7 September 2015, the Company has terminated the employment of Mr Emmy Wu ("Mr Wu") when it came to the Company's attention that Mr Wu has acted negligently in the course of his duties in his position as an Executive Director. Upon the termination, Mr Wu ceased to be the Chairman of the Board.

As at the date of this report, the Board comprises seven Directors: one Executive Director, three Independent Non-Executive Directors and three Non-Independent Non-Executive Directors. Their collective experience and contribution are valuable to the Company. The Directors as at the date of this report are listed as follows:-

Mr Iwao Oishi (Executive Director, Vice Chairman and Acting Chief Executive Officer)
Mr Foo Meng Tong (Independent Non-Executive Director)
Mr Mark Wang Yat-Yee (Independent Non-Executive Director)
Mr Takuro Awazu (Independent Non-Executive Director)
Mr Masatoshi Nobuhara¹ (Non-Independent Non-Executive Director)
Mr Keiji Ito² (Non-Independent Non-Executive Director)
Mr Takashi Eida³ (Non-Independent Non-Executive Director)

Note:

- ¹ Mr Masatoshi Nobuhara was appointed on 8 May 2015.
- ² Mr Keiji Ito was appointed on 17 May 2016.
- ³ Mr Takashi Eida was appointed on 9 May 2017.

CORPORATE GOVERNANCE

The Board is currently reviewing the composition of Independent Directors on the Board with a view that Independent Directors will make up at least half of the Board in accordance with the timeline specified under the guidelines of the Code.

The independence of each Director is reviewed by the Nominating Committee (“NC”). The NC adopts the definition of what constitutes an Independent Director from the Code. The Board believes that there is an independent element on the Board. The Board is able to exercise independent judgement on corporate affairs and provide management with a diverse and objective perspective on issues.

Mr Foo Meng Tong and Mr Mark Wang Yat-Yee have served on the Board for more than nine years. The NC, having taken into consideration Guideline 2.4 of the Code, conducted a rigorous review of their contributions to the Board to determine if each of them has maintained the status of independence as defined by Guideline 2.3 of the Code. The NC is satisfied that Mr Foo Meng Tong and Mr Mark Wang Yat-Yee have remained independent in their judgment and can continue to discharge their duties objectively. Mr Foo Meng Tong and Mr Mark Wang Yat-Yee abstained from deliberating in respect of their independence status respectively.

The Board considers that the present Board size facilitates effective decision making and is appropriate for the nature and scope of the Company’s operations. The Board will constantly examine its size to determine its impact upon its effectiveness.

The Directors appointed are qualified professionals who possess a diverse range of expertise to provide a balanced view within the Board. Key information regarding the Directors’ academic and professional qualifications and other appointments is set out on pages 04 to 06 of the Annual Report.

The Board and management recognise the benefits of open and constructive debates. Non-Executive Directors may challenge and help to develop proposals on strategy and guidance to the management, in the best interest of the Company.

Principle 3: Chairman and Chief Executive Officer

For FY2014, Mr Wu and Ms Jismyl Teo Chor Khin’s (“Ms Teo”) were the Chairman and Chief Executive Officer (“CEO”) of the Company respectively. As stated above, Mr Wu’s employment as Executive Chairman and Executive Director was terminated with effect from 7 September 2015 and Ms Teo’s employment as CEO and Executive Director was terminated with effect from 3 September 2015. The Company has 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, Mr Wu and Ms Teo, for acting in breach of their fiduciary duties and/or duties of care owed to DMX Technologies (Hong Kong) Limited.

As at the date of this report, Mr Iwao Oishi (“Mr Oishi”) is both the Executive Vice Chairman and Acting Chief Executive Officer (“CEO”) of the Company. He is not an independent director. Since the Company has been through a period of sudden transition with a significant change in the management and has had to undertake a subsequent streamlining of business operations due to the “TIQ”, the Vice Chairman has had to take on the role and the responsibilities of the Chairman including but not limited to the arrangement of board meetings as well as to promote a culture of openness and debate at the Board to ensure the Board’s effectiveness. Besides ensuring that the Directors receive complete, adequate and timely information, the role of the Vice Chairman includes ensuring effective communication with shareholders and promoting high standards of corporate governance. The Vice Chairman also assumes the responsibilities of the Acting CEO which include assisting the Board in developing policies and strategies and ensuring that they are implemented effectively. In addition, the Vice Chair and Acting CEO sets the business strategies and directions of the Company and manages the business operations of the Company with the Chief Financial Officer (“CFO”) and other key executive officers of the Company.

Although the roles of the Vice Chairman and CEO are not separated, the Board is of the view that no other person than the Vice Chairman could play a pivotal role during this difficult time of the Company. Given the scope and nature of business activities of the Group, the Board believes that even with Mr Oishi taking on the role of both Executive Vice Chairman and Acting CEO, there is a good balance of power and authority with all critical committees chaired by the independent directors.

Given that both the role of Executive Vice Chairman and Acting CEO are held by the same person, the Board is in the midst of making arrangements to appoint a lead independent director who would be available to shareholders where they have concerns and for which contact through the normal channels of the Vice Chairman, Acting CEO or CFO has failed to resolve their concerns or is inappropriate.

CORPORATE GOVERNANCE

Principle 4: Board Membership

The Nominating Committee (“NC”) comprises the following Directors, the majority of whom including the Chairman is independent. The Chairman of the NC is not associated with the substantial shareholders of the Company. The composition of the NC from FY2014 up till the date of this report is as set out below:

Mr Foo Meng Tong	Independent Non-Executive Director	(Chairman)
Mr Mark Wang Yat-Yee	Independent Non-Executive Director	(member)
Mr Takuro Awazu	Independent Non-Executive Director	(member)
Mr Daniel Kung ¹	Independent Non-Executive Director	(member)
Mr Emmy Wu ²	Executive Director	(member)
Mr Hidehiko Tajima ³	Non-Independent Non-Executive Director	(member)
Mr Shinichi Suzukawa ⁴	Non-Independent Non-Executive Director	(member)
Mr Masatoshi Nobuhara ⁵	Non-Independent Non-Executive Director	(member)

Note:

- ¹ Mr Daniel Kung ceased to be a member of the NC on 26 January 2015.
² Mr Emmy Wu ceased to be member of the NC on 5 April 2016.
³ Mr Hidehiko Tajima ceased to be a member of the NC on 31 March 2017.
⁴ Mr Shinichi Suzukawa ceased to be a member of the NC on 31 March 2016.
⁵ Mr Masatoshi Nobuhara was appointed as a member of the NC on 9 May 2017.

The NC has written terms of reference that describe the responsibilities of its members. The duties of the NC, among others, are as follows: -

- (a) reviewing and making recommendations to the Board on all candidates nominated for appointment to the Board;
- (b) reviewing all candidates nominated for appointment as senior management staff;
- (c) reviewing and recommending to the Board on an annual basis, the Board structure, size and composition, taking into account the balance between Executive and Non-Executive, Independent and Non-Independent Directors and having regard at all times to the principles of corporate governance and the Code;
- (d) identifying and making recommendations to the Board as to which Directors are to retire by rotation and to be put forward for re-election at each Annual General Meeting (“AGM”) of the Company, having regard to the Directors’ contribution and performance, including Independent Directors;
- (e) determining whether a Director is independent (taking into account the circumstances set out in the Code and other salient factors);
- (f) making recommendations to the Board on matters relating to the review of training and professional development programs for the Board;
- (g) proposing a set of objective performance criteria to the Board for approval and implementation, to evaluate the effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board;
- (h) decide, in relation to a Director who has multiple board representations, whether or not such Director is able to and has been adequately carrying out his duties as Director of the Company.

The Independent Directors have confirmed that they do not have any relationship with the Company, its related companies, its substantial shareholders, or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of Directors’ independent business judgement with a view to the best interest of the Company and the Group. The NC has reviewed and determined that the said Directors are independent.

The NC has also reviewed the composition of the AC, NC and RC and is satisfied that it is adequate and appropriate for the Company.

At present, no alternate Director has been appointed to the Board.

All Directors are subject to the provisions of the Company’s Bye-Laws whereby one-third of the Directors are required to retire and subject themselves for re-election by shareholders at every AGM. A newly-appointed Director will have to submit himself for re-election at the AGM immediately following his appointment and, thereafter, be subjected to the one-third rotation rule.

CORPORATE GOVERNANCE

In accordance with the By-Laws of the Company, Mr Foo Meng Tong, Mr Masatoshi Nobuhara, Mr Keiji Ito and Mr Takashi Eida are subject to retirement by rotation at the forthcoming AGM. However, the Board received notice from Mr. Foo Meng Tong that he does not wish to stand for re-election. Consequently, NC recommended to the Board that Mr Masatoshi Nobuhara, Mr Keiji Ito and Mr Takashi Eida be nominated for re-election at the forthcoming AGM.

In making the recommendation, the NC had considered the Directors' overall contribution and performance.

The NC takes the lead in identifying, evaluating and selecting suitable candidate for new directorship. In its search and selection process, the NC considers factors such as the ability of prospective candidate to contribute to discussions, deliberations and activities of the Board and Board Committees.

The dates of initial appointment and last re-election/re-appointment of each of the Directors of the current Board are set out below:

DIRECTOR	NATURE OF APPOINTMENT	DATE OF INITIAL APPOINTMENT	DATE OF LAST RE-ELECTION	MEMBERSHIP OF THE BOARD COMMITTEE
Iwao Oishi	Executive Director, Vice Chairman and Acting Chief Executive Officer	1 December 2009	29 April 2013	None
Foo Meng Tong	Independent Non-Executive Director	12 November 2002	27 April 2012	Chairman of Audit and Nominating Committee Member of Remuneration Committee
Mark Wang Yat-Yee	Independent Non-Executive Director	12 November 2002	29 April 2013	Chairman of Remuneration Committee Member of Audit and Nominating Committees
Takuro Awazu	Independent Non-Executive Director	1 March 2011	27 April 2012	Member of Audit, Nominating and Remuneration Committees
Masatoshi Nobuhara ¹	Non-Independent Non-Executive Director	8 May 2015	Not Applicable	Member of Nominating and Remuneration Committees
Keiji Ito ²	Non-Independent Non-Executive Director	17 May 2016	Not Applicable	None
Takashi Eida ³	Non-Independent Non-Executive Director	9 May 2017	Not Applicable	Member of Audit Committee

Principle 5: Board Performance

The Company has implemented the Board-approved evaluation process and performance criteria to assess the performance of the Board. In drawing up the objective performance criteria for such evaluation and determination, the NC has considered a number of factors, including the achievement of financial targets, performance of the Board, performance of individual Director's vis-à-vis attendance and contributions during Board meetings.

The assessment process involves and includes input from the Board members, applying the performance criteria recommended by the NC and approved by the Board. The Directors' input are collated and reviewed by the Chairman of the NC, who presents a summary of the overall assessment to the NC for review. Areas where the Board's performance and effectiveness could be enhanced and recommendations for improvement are then submitted to the Board for discussion and for implementation.

CORPORATE GOVERNANCE

As part of the process, the NC considered a general rule to address competing time commitments by Directors serving on multiple boards. As a general rule, a full time Director should not hold board seats in more than 4 listed companies and a professional Director should not hold board seats in more than 6 listed companies.

Although the Non-Executive Directors hold directorships in other companies which are not within the Group, the Board is of the view that such multiple board representations do not hinder them from carrying out their duties as Directors. These Directors would widen the experience of the Board and give it a broader perspective. The Board, excluding the Independent and Non-Executive Directors with multiple directorships, has confirmed that the Independent and Non-Executive Directors have committed sufficient time, attention, resources and expertise to the affairs of the Company.

Principle 6: Access to Information

To assist the Board in fulfilling its responsibilities, the Board is provided with management reports containing complete, adequate and timely information, and papers containing relevant background or explanatory information required to support the decision-making process. The Board is also provided with updates on the relevant new laws, regulations and changing commercial risks in the Company's operating environment through regular presentations and meetings. Orientation to the Company's business strategies and operations is conducted as and when required.

Directors are given board papers in advance of meetings, for them to be adequately prepared for the meeting.

All Directors have separate and independent access to senior management and to the Company Secretary. Directors may also request from Management such additional information as needed to make informed decisions, such information to be provided in a timely manner. Directors may also request from Management such additional information as needed to make informed decisions, such information to be provided in a timely manner.

The Company Secretary administers, attends and prepares minutes of Board meetings, and assists the Chairman in ensuring that Board procedures are followed and reviewed so that the Board functions effectively, and in compliance with the Company's Bye-Laws and relevant rules and regulations, including requirements of the Bermuda Companies Act and the Listing Manual of the SGX-ST ("Listing Manual"). The appointment and removal of the Company Secretary is a matter for the Board as a whole.

In the event that the Directors, whether as a Company or individually, require independent professional advice in the furtherance of their duties, the cost of such professional advice will be borne by the Company.

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

The Remuneration Committee ("RC") is comprised entirely of Non-Executive Directors, the majority of whom, including the Chairman is independent. The composition of the RC from FY2014 up till the date of this report is as set out below:

Mr Mark Wang Yat-Yee	Independent Non-Executive Director	(Chairman)
Mr Foo Meng Tong	Independent Non-Executive Director	(member)
Mr Takuro Awazu	Independent Non-Executive Director	(member)
Mr Daniel Kung ¹	Independent Non-Executive Director	(member)
Mr Thian Nie Khian ²	Non-Independent Non-Executive Director	(member)
Mr Hidehiko Tajima ³	Non-Independent Non-Executive Director	(member)
Mr Shinichi Suzukawa ⁴	Non-Independent Non-Executive Director	(member)
Mr Masatoshi Nobuhara ⁵	Non-Independent Non-Executive Director	(member)

Note:

¹ Mr Daniel Kung ceased to be a member of the RC on 26 January 2015.

² Mr Thian Nie Khian ceased to be a member of RC on 30 June 2016.

³ Mr Hidehiko Tajima ceased to be a member of RC on 31 March 2017.

⁴ Mr Shinichi Suzukawa ceased to be a member of RC on 31 March 2016.

⁵ Mr Masatoshi Nobuhara was appointed as a member of RC on 9 May 2017.

CORPORATE GOVERNANCE

The RC has written terms of reference that describe the responsibilities of its members. The duties of the RC among others are as follows: -

- (a) recommending to the Board a framework of remuneration for the Board and the key management personnel of the Group covering all aspects of remuneration such as Director's fees, salaries, allowances, bonuses, options and benefits-in-kind;
- (b) proposing to the Board, appropriate and meaningful measures for assessing the performance of the Executive Directors;
- (c) determining the specific remuneration package for each Executive Director and key management;
- (d) considering the eligibility of Directors and key management personnel for benefits under long-term incentive schemes;
- (e) administering the Company's share option schemes;
- (f) considering and recommending to the Board the disclosure of details of the Company's remuneration policy, level and mix of remuneration and procedure for setting remuneration and details of the specific remuneration packages of the Directors and key management personnel of the Company to those required by law or by the Code; and
- (g) reviewing the Company's obligations arising in the event of termination of executive directors' and key management personnel's contracts of service, to ensure that such contracts of services contain fair and reasonable termination clauses which are not overly generous. The RC shall aim to be fair and avoid the rewarding of poor performance.

The members of the RC do not participate in any decisions concerning their own remuneration.

In carrying out their duties, the RC may obtain independent external legal and other professional advice as mentioned above, as it deems necessary, relating to the remuneration policy and in determining the level and mix of remuneration for Directors and key management personnel. The expenses of such advice shall be borne by the Company.

Principle 8 and 9: Level and Mix of Remuneration and Disclosure on Remuneration

The Company sets remuneration packages to align with the long-term interests and risk policies of the Company, and ensuring that it is competitive and sufficient to attract, retain and motivate Directors and senior management of the required experience and expertise to run the Company successfully. The RC, in establishing the framework of remuneration policies for its Directors and key executives is largely guided by the financial performance of the Company. The following table shows a breakdown of the remuneration of Directors and Key Executives for FY2016:

Remuneration Bands	Salary %	Performance Bonus %	Directors' fees %	Others %	Total Compensation %
Executive Director Below S\$250,000					
Iwao Oishi	100				100
Independent Directors Below S\$250,000					
Foo Meng Tong			100		100
Mark Wang Yat-Yee			100		100
Takuro Awazu			100		100
Key Executive Below S\$500,000					
Handy Surya Wirawan	69	31			100

CORPORATE GOVERNANCE

Remuneration Bands	Salary %	Performance Bonus %	Directors' fees %	Others %	Total Compensation %
Key Executives					
Below S\$250,000					
Choong Wai Hoong	77	23			100
Ashley Yau	98	2			100
Danny Li	97	3			100
Osamu Sekiyama	100				100

Total remuneration for FY2016 is as follows:

- Executive Directors: S\$113,003
- Non-Executive Director: S\$0
- Independent Non-Executive Directors: S\$132,300
- Key Executives: S\$1,122,556

For competitive reasons, the Company is not disclosing the exact details of remuneration of Directors and Key Executives. Instead, the Company is disclosing the remuneration of each Director and Key Executive in bands of S\$250,000.00.

The Non-Independent Non-Executive Directors do not receive any remuneration from the Company. The Directors' fees for Independent Non-Executive Directors are set in accordance with a remuneration framework comprising basic fees and additional fees for serving on any of the committees. Directors' fees for FY2016 are subject to the approval of the shareholders as a lump sum payment at the AGM to be held on 31 January 2018. In view of the current circumstances of the Company, the current RC has recommended that, subject to the approval of shareholders at the upcoming AGM, a total sum of S\$132,300 be payable to the Independent Non-Executive Directors as their Directors' fees for FY2016. This represents a 30% reduction in the fees paid to the Independent Non-Executive Directors as compared to the payment of \$135,042 to the Independent Non-Executive Directors for the financial year ended 31 December 2015, being the last financial year that shareholders had approved the payment of Directors' fees.

The Executive Director of the Company does not receive directors' fees. He has entered into a separate service agreement with the Company. The service agreement covers the terms of employment, specifically salaries and bonuses and is renewed on a yearly basis. The Company does not have any employees who are immediate family members of a Director or the CEO, whose remuneration exceeded S\$50,000 during FY2016. The Executive Director, Mr. Iwao Oishi, proposed a 30% reduction to his remuneration package and the Board approved it.

DMX Performance Share Plan ("Plan") which was adopted on 26 April 2011 as a share incentive scheme is designed to reward all eligible participants ("Participants") through the issue of fully-paid Shares according to the extent to which they complete certain time-based service conditions or achieve their performance targets over set performance periods. The Plan aims to motivate and incentive Participants to greater dedication, loyalty and higher standards of performance, and to give recognition to the employees and Non-Executive Directors who have contributed to the success and development of the Company, its subsidiaries and associated companies (as they may exist from time to time). The Plan is managed by the Administration Committee whose members are RC Members and Mr Iwao Oishi. As at the date of the Annual Report, a total of 506,875 shares have been granted under the Plan. No grants of shares were made in FY2016.

Accountability and Audit

Principle 10: Accountability

The Board provides the shareholders with a detailed and balanced explanation and analysis of the Company's performance, position and prospects on a quarterly basis.

The management provides the Board with appropriately detailed management accounts of the Company's performance, position and prospects on a quarterly basis.

CORPORATE GOVERNANCE

As earlier disclosed, delays in the completion of the expanded investigations and the audits have led to delays in the announcements of the unaudited financial statements and the holding of the AGMs for FY2014, the financial year ended 31 December 2015 (“FY2015”) and the financial year ended 31 December 2016 (“FY2016”). The Company had sought extensions of time from the SGX-ST and the Bermuda authorities to release such financial results and to hold the AGMs. The Company had announced the financial results for FY2014 and FY2015 on 30 December 2016 and the financial results for FY2016 on 31 March 2017 respectively. Since then, the Company has been compliant with the deadlines set out in the Listing Manual in respect of the release of its unaudited quarterly and full year financial statements.

Principle 11: Risk Management and Internal Controls

The Board acknowledges its responsibility to govern the risk and scope of significant risks which the Company is willing to take in achieving its strategic objectives, and to ensure that Management maintains a sound system of risk management and internal controls.

Although the Company has not established a separate board risk committee, the Company has engaged PricewaterhouseCoopers LLP (“PWC”) in February 2014 to perform an exercise to facilitate its review of the Company’s existing risk management processes, including processes for identification and assessment of business risks and appropriate measures to be taken to mitigate these risks.

Since 2015, the Company has been through a period of sudden transition with a significant change in the management and has had to undertake a subsequent streamlining of business operations due to the “TIQ”. The Company does not have a Risk Management Committee and have not yet implemented the Enterprise Risk Management (“ERM”) system within the group which the Company originally intended before the occurrence of “TIQ”. However, the new Management regularly reviews its business and operational activities to identify areas of significant business risks and takes appropriate and immediate measures to control and mitigate these risks. The Company reviews all significant control policies and procedures and highlights all significant matters to the Directors and the AC. Further details of the Group’s financial risk factors are set out under the “Notes to the Consolidated Financial Statements” as contained in this annual report.

The Board is responsible for the overall internal control framework and is fully aware of the need to strengthen the current system of internal controls within the Group to safeguard shareholders’ interests and the Group’s assets, and to manage risks. The current system of internal controls established by the Company provides reasonable, but not absolute, assurance that the Company will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities. On the basis of the findings and evidence from internal investigations on the “TIQ”, the Board considered that “TIQ” were never carried out and that they should not have been recorded in the Group’s consolidated financial statements for FY2014 and for the prior financial years. Accordingly, in view of the significance of the TIQ to the Group’s results, the AC has recommended to the Board that they are of the opinion that the Group’s internal controls addressing financial, operational and compliance risks related to TIQ for FY2014 may not be adequate and should be improved as at AC meeting held on 10 June 2016. The Board has endorsed the AC’s recommendations.

Other than as disclosed above, the Board with the concurrence of the AC, is of the opinion that the Group’s internal controls in addressing financial, operational and compliance risks were adequate as at 31 December 2016.

Ms Teo and Mr Skip Tang, who were the CEO and CFO respectively during FY2014, are currently uncontactable and the Company is therefore unable to obtain assurances from them in relation to the financial records, or the effectiveness of the company’s risk management and internal control systems. With the conclusion of the audit conducted by PWC, the Board has received assurance from the current Acting CEO and Acting CFO that, save as disclosed above:

- a. the financial records of the Company have been properly maintained and the financial statements for FY2016 as disclosed in this Annual Report give a true and fair view of the company’s operations and finances and are in accordance with the relevant accounting standards; and
- b. they have evaluated the effectiveness of the Company’s risk management and internal controls systems as at the date of this report and have discussed with the Company’s external auditors of their reporting points and note that there have been no significant deficiencies in the design or operation of internal controls which could adversely affect the Company’s ability to record, process, summarise or report financial data as of the date of this report.

CORPORATE GOVERNANCE

Principle 12: Audit Committee

The Audit Committee (“AC”) is comprised entirely of Non-Executive Directors, majority of whom including the Chairman is independent. The composition of the AC from FY2014 up till the date of this report is as set out below:

Mr Foo Meng Tong	Independent Non-Executive Director	(Chairman)
Mr Mark Wang Yat-Yee	Independent Non-Executive Director	(member)
Mr Takuro Awazu	Independent Non-Executive Director	(member)
Mr Daniel Kung ¹	Independent Non-Executive Director	(member)
Mr Thian Nie Khian ²	Non-Independent Non-Executive Director	(member)
Mr Kenichiro Uchimura ³	Non-Independent Non-Executive Director	(member)
Mr Shinichi Suzukawa ⁴	Non-Independent Non-Executive Director	(member)
Mr Masatoshi Nobuhara ⁵	Non-Independent Non-Executive Director	(member)
Mr Takashi Eida ⁶	Non-Independent Non-Executive Director	(member)

Note:

- ¹ Mr Daniel Kung ceased to be a member of the AC on 26 January 2015.
² Mr Thian Nie Khian ceased to be a member of the AC on 30 June 2016.
³ Mr Kenichiro Uchimura ceased to be a member of the AC on 8 May 2015.
⁴ Mr Shinichi Suzukawa ceased to be a member of the AC on 31 March 2016.
⁵ Mr Masatoshi Nobuhara ceased to be a member of the AC on 9 May 2017.
⁶ Mr Takashi Eida was appointed to be a member of the AC on 9 May 2017.

The AC has written terms of reference that describe the responsibilities of its members. The duties of the AC are as follows: -

- a) reviewing with external auditors the audit plan, and results of the internal auditors’ examination and evaluation of the system of internal accounting controls;
- b) reviewing the Group’s financial results and the announcements before submission to the Board for approval;
- c) reviewing the assistance given by management to external auditors;
- d) considering and recommending the appointment/re-appointment of the external auditors;
- e) reviewing the adequacy of the Company’s internal controls, including financial, operational, compliance, information technology controls and risk management policies and systems established by the management at least once a year;
- f) reviewing the scope, results and cost-effectiveness of internal audit procedures as well as the effectiveness of the Company’s internal audit function;
- g) reviewing annually the nature and extent of non-audit services (where these are substantial) provided by the external auditors to the Company to ensure that these are provided objectively, on a value-for-money basis;
- h) reviewing interested person transactions periodically to ensure that they comply with the internal control procedures and such review includes the examination of the transaction and its supporting documents or such other data deemed necessary by the Audit Committee;
- i) approving the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting/ auditing firm or corporation to which the internal audit function is outsourced;
- j) undertaking such other reviews and projects as may be requested by the Board;
- k) reviewing the policy and arrangement by which staff of the company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters; and
- l) performing other functions and duties as required by law or the Code.

During FY2016, the AC had met four times, one of which was with external auditors to discuss and review the audit plan, the audit report and to evaluate the system of internal controls. The AC had met with the external auditors without the presence of the management to review the overall scope of the external audits, and the assistance given by the management to the auditors at least once annually.

CORPORATE GOVERNANCE

The AC also met with the external auditors to discuss the results of their examinations and their evaluations of the systems of internal accounting controls. The external auditors provide regular updates and briefings to the AC on changes or amendments to accounting standards to enable the members of the AC to keep abreast of such changes and its corresponding impact on the financial statements, if any.

The AC has been given full access to and obtained the co-operation of the Company's management. The AC has full discretion to invite any Director or key executive to attend its meetings and reasonable resources to enable it to discharge its functions properly. The AC also has explicit authority to investigate any matters within its terms of reference.

The AC has reviewed the volume of non-audit services to the Company by the external auditors, and being satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The audit and non-audit fees paid to external auditors for FY2016 were US\$1,076,000 and US\$ Nil respectively. Please refer to Note 30 for details of the audit and non-audit fees.

The Company has appointed different auditors for certain overseas subsidiaries. The Board and the AC are satisfied that the appointment would not compromise the standard and effectiveness of the audit of the Company. Accordingly, the Company views that it is in compliance with Rule 712 and Rule 715 of the Listing Rules of the SGX-ST.

The Board is of the view that the AC members, including the AC Chairman, have accounting and related financial management expertise and experience and are appropriately qualified to discharge their responsibilities. Please refer to pages 04 to 05 of the Annual Report for key information regarding the Directors' academic and professional qualifications.

Principle 13: Internal Audit

Since 2015, the Company has been through a period of sudden transition with a significant change in the management and has had to undertake a subsequent streamlining of business operations due to the "TIQ". The Company has not been able to exercise any internal audit during FY2015 and FY2016, however, the new Management regularly reviews its business and operational activities to identify areas of significant business risks and takes appropriate and immediate measures to control and mitigate these risks. The AC has reviewed the internal audit programme, the scope and results of internal audit procedures. In view of the significance of the TIQ to the Group's results, the AC has recommended to the Board that they are of the opinion that the Group's internal controls addressing financial, operational and compliance risks related to TIQ may not be adequate and should be improved as at AC meeting held on 10 June 2016. The Board has endorsed the AC's recommendations

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principles 14 and 15: Shareholder Rights and Communication with Shareholders

The Company does not practise selective disclosure. Information on any new initiatives is disseminated via SGXNET, news releases and the Company's website. Price-sensitive information is publicly released on an immediate basis where required under the Listing Manual. Where an immediate announcement is not possible, the announcement is made as soon as possible to ensure that shareholders and the public have a fair access to the information.

The AGM of the Company is a principal forum for dialogue and interaction with all shareholders. The Board has taken steps to solicit and understand the view of shareholders through analyst briefings and investor roadshows conducted during the year. All shareholders will receive the Annual Report and the notice of AGM. At the AGM, shareholders will be given the opportunity to voice their views, vote, and to direct questions regarding the Company to the Directors including the chairman of each of the Board committees.

The Company noted that the AGM for FY2016 was not convened in a timely manner due to the suspension of trading in connection with Hong Kong counsel's findings of its investigation which brought up certain issues that affected the completion and audit for the FY2014 Financial Statements. As a consequence of the delay in the release of the audited FY2014 Financial Statements, the Company was not in a position to issue the Annual Report for FY2016 in time to hold the AGM for FY2016.

The Company does not currently have a fixed policy on payments of dividends. The form, frequency and amount of dividends declared each year will take into consideration the Group's profit growth, cash position, positive cash flow generated from operations, projected capital requirements for business growth and other factors as the Board may deem appropriate. No dividend will be declared for the current financial year pursuant to the operating losses suffered by the Company.

CORPORATE GOVERNANCE

Principle 16: Conduct of Shareholder Meetings

The Company's Bye-Laws allow a member of the Company (other than the Central Depository (Pte.) Limited), to appoint one or two proxies to attend and vote at general meetings. The Central Depository (Pte.) Limited may appoint more than two proxies or a corporate representative to attend and vote at the same annual general meeting. The Chairmen of the AC, NC and RC are usually present and available to address shareholders, queries at general meetings. The external auditors are also generally present to assist the Directors in addressing any relevant queries from the shareholders.

The Company ensures that there are separate resolutions at general meetings on each distinct issue.

The Company will review its Bye-Laws from time to time and make such amendments to the Bye-Laws to be in line with the applicable requirements or rules and regulations governing the Listing Manual.

The Company Secretary prepares minutes of the annual general meetings and special general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meetings, and responses from the Board and Management. Such meeting minutes are made available to the shareholders upon their request.

The Company conducts voting by poll and makes an announcement on the detailed results showing the number of votes cast for and against each resolution and the respective percentages.

SECURITIES TRANSACTIONS

(Listing Manual Rule 1207(19))

The Company has put in place an internal code on dealings in securities by Directors and officers of the Group. Directors, management and officers of the Group who have access to price-sensitive, financial or confidential information are not permitted to deal in the Company's shares during the periods commencing two weeks before announcement of the Group's quarterly results and one month before the announcement of the Group's yearly results and ending on the date of announcements of such results, or when they are in possession of unpublished price-sensitive information on the Group. The Directors, management and officers of the Group are also prohibited from dealing in the Company's shares on short-term considerations. To provide further guidance to employees on dealing in the Company's shares, the Company has adopted a code of conduct on transactions in the Company's shares. The code of conduct was modeled after the best practices on dealings in securities of the SGX-ST with some modifications.

No notifications on the closed window period have been issued since the suspension of the Company's shares took effect on 25 March 2015.

MATERIAL CONTRACTS

(Listing Manual Rule 1207(8))

Save for the service agreements between the Executive Directors and the Company, there were no material contracts of the Company or its subsidiaries involving the interest of any Director or controlling shareholders subsisting as at FY2016.

CODE OF CONDUCT AND PRACTICE

The Company has a code of internal corporate governance practices, policy statements and standards, as described in this report, and makes this code available to Board members as well as employees of the Group. The processes and standards in the code are intended to enhance investor confidence and rapport, and to ensure that decision-making is properly carried out in the best interests of the Group. The code is reviewed from time to time and updated to reflect changes to the existing systems or the environment in which the Group operates.

The Company also has a code of conduct that applies to all employees. The code sets out principles to guide employees in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity when dealing with the Company, its competitors, customers, suppliers and the community. The code of conduct covers areas such as workplace health and safety, conduct in the workplace, business conduct, protection of the Company's assets, proprietary information and intellectual property, confidentiality, conflict of interest, and non-solicitation of customers and employees. The code is posted on the Company's internal website and a summarised version is accessible from the Company corporate website. Policies and standards are clearly stipulated to guide our people in carrying out their daily tasks.

CORPORATE GOVERNANCE

The Company has established an escalation process so that the Board, senior management, and internal and external auditors are kept informed of corporate crises in a timely manner, according to their severity. Such crises may include violations of the code of conduct and/or applicable laws and regulations, as well as loss events which have or are expected to have a significant impact, financial or otherwise, on the Group's business and operations.

WHISTLE-BLOWING POLICY

The Group is committed to a high standard of ethical conduct and adopts a zero tolerance approach to fraud. The Company undertakes to investigate complaints of suspected fraud in an objective manner and has put in place a whistle-blowing policy and procedures which provide employees with well-defined and accessible channels within the Group. The policy aims to encourage the reporting of such matters in good faith, with the confidence that employees making such reports will be treated fairly and, to the extent possible, protected from reprisal. On an ongoing basis, the whistle-blowing policy is covered in the Company's Staff Handbook.

During FY2016, there were no whistle blowing reports received by the AC.

INTERESTED PARTY TRANSACTIONS

(Listing Manual Rule 907)

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that the transactions are on an arm's length basis.

The aggregate value of interested person transactions entered into for FY2016 is as follows:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Transactions for the sales of goods and services KDDI Corporation and/or its Associates	Nil	US\$1.7m
Transactions for the purchase of goods and services KDDI Corporation and/or its Associates	Nil	US\$0.2m
Total Interested Person Transaction	Nil	US\$1.9m

USE OF PROCEEDS

The Company has fully utilised the proceeds of S\$183.2 million raised from the placement of 588,772,535 new ordinary shares on 9 November 2009.