



DUTECH HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

Registration No. 200616359C

RESPONSE TO SGX QUERIES ON THE COMPANY'S FULL YEAR FINANCIAL RESULTS ANNOUNCEMENT ON 1 MARCH 2018

The Board of Directors of Dutech Holdings Limited (the "Company") refers to the queries raised by the Singapore Exchange Securities Trading Limited (the "SGX-ST") in relation to the Company's announcement of its financial results for the full year ended 31 December 2017, which was released on 1 March 2018.

SGX-ST's Query:

- 1) Please state the number of the Company's shares that may be issued on conversion of all outstanding convertibles. If none, please make a statement to that effect.
- 2) We note that the Company has provided an explanation on page 11 of the Results Announcements for the material variance of 434.7% under the item of "other expenses" in the Statement of Profit. Please provide us with a breakdown of these "other expenses" and please elaborate further on the main contract which resulted in the impairment loss on intangible assets.

Company's Response:

- 1) Company has no shares that may be issued on conversion of all outstanding convertibles.
- 2) The breakdown of other expenses is as below:

| | 4th Quarter ended 31/12/2017 | 4th Quarter ended 31/12/2016 | Change % | 12 Months ended 31/12/2017 | 12 Months ended 31/12/2016 | Change % |
|--|------------------------------------|------------------------------------|-------------|----------------------------------|----------------------------------|-------------|
| | RMB'000 | RMB'000 | | RMB'000 | RMB'000 | |
| Amortisation of land use rights | (338) | (341) | (0.9) | (1,350) | (1,317) | 2.5 |
| Impairment loss on trade receivables | (330) | 1,164 | n.m. | (376) | (897) | (58.1) |
| Loss on disposal of property, plant and equipment | (285) | 336 | n.m. | (589) | - | n.m. |
| Foreign exchange loss, net | (2,469) | - | n.m. | (3,411) | - | n.m. |
| Fair value (loss)/gain on derivative financial instruments | (552) | 151 | n.m. | (2,035) | - | n.m. |
| Value added tax adjustments | - | (2,889) | (100.0) | - | (2,889) | (100.0) |
| Settlement of forward contracts | - | (168) | (100.0) | (456) | (168) | 171.4 |
| Impairment loss on intangible assets | (7,908) | - | n.m. | (7,908) | - | n.m. |
| Others | (91) | (492) | (81.5) | (190) | (927) | (79.5) |
| | (11,973) | (2,239) | 434.7 | (16,315) | (6,198) | 163.2 |

Impairment loss on intangible assets pertained to the impairment loss on customer relationship arising from the acquisition in Almex GmbH (“Almex”) in October 2016. In 2017, Almex has lost a main contract which resulted the impairment of customer relationship as its recoverable amount lower than its carrying amount. The brief information of the main contract is as below:

In May 2016, Metric Mobility Solutions AG (“Metric AG”) won a tender of CHF12.9 million (equivalent to RMB86 million) from Transport Public Lausanne SA for producing and supplying of ticketing machines (“the Lausanne project”). In October 2016, Almex completed a business combination with Metric AG, including inherited the award letter of Lausanne project. However, a competitor of Metric AG, Scheidt & Bachmann (“SB”), applied to the Lausanne Court to invalidate the reward letter after Metric AG had filed for insolvency in June 2016. On 29 August 2017, the Lausanne Court ruled against Metric AG / Almex and awarded the Lausanne project to SB.

On behalf of the Board

Dr Johnny Liu
Executive Chairman and CEO
13 March 2018