



DUTECH HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

Registration No. 200616359C

RESPONSE TO QUERIES FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (“SGX-ST”) ON THE COMPANY’S UNAUDITED FINANCIAL STATEMENTS FOR THE 2ND QUARTER ENDED 30 JUNE 2018

In response to the Singapore Exchange Securities Trading Limited (“SGX-ST”) queries on 24 August 2018 the Board of Directors (the “Board”) of Dutech Holdings Limited (the “Company” and together with its subsidiaries, the “Group”) wishes to provide the following information in relation to the results announcement for the Second Quarter and Half Year ended 30 June 2018 released to the SGX-ST via SGXNet on 10 August 2018.

SGX-ST’s Query 1

We note that the Company stated on pages 10 and 11 of the 2Q Financial Statements that there has been an increase in “other expenses” for the 6 months ended 30 June 2018 and the 3 months ended 30 June 2018 due to the increase of “impairment loss on trade receivables” and “fair value loss on derivative financial instruments”.

Please provide the ageing of the trade receivables and whether the Company continues to trade with the debtors of these trade receivables. In relation to the fair value loss, please state the nature of the “derivative financial instruments” and provide an explanation for the increase in fair value loss on the derivative financial instruments”.

Company’s response

The ageing of the trade receivables related to “impairment loss on trade receivables” as at 30 June 2018 is as below:

	RMB’000
Past due from 2 to 5 months ¹	637
Past due over 3 years ²	536
Total	1,173

Note

1. the receivable balance was fully provided allowance for impairment due to the bankruptcy of one customer.

2. the receivable balances were fully provided allowance for impairment due to the bankruptcy or deregistration of certain customers.

The Company will not continue to trade with the debtors of these trade receivables.

Dutech Group enters into RMB/USD forward currency contracts with banks to hedge the exposure to foreign exchange rates fluctuations in the receivables and forecast sales. Normally, the settlement dates of these contracts range between 1 to 12 months from the balance sheet date. The Group calculates the fair value of the unsettled forward contracts as at the balance sheet dates and the changes of the fair value (fair value of the unsettled forward contracts as at the end of the period minus the fair value as at the beginning of the period) are recorded in Other Income (for fair value income) or Other Expense (for fair value loss) in the Income Statement. For the 3 months ended 30 June 2018, fair value loss on derivative financial instruments were due to the fluctuation of exchange rate of Chinese Yuan against US Dollar, not the amount of the outstanding forward contracts.

SGX-ST's Query 2

We note that the Company did not state the “number of shares that may be issued on conversion of all the outstanding convertibles” in paragraph 1(d)(ii) of the 2Q Financial Statements. If the Company does not have any outstanding convertibles, please state so accordingly.

Company's response

The Company does not have any outstanding convertibles because it has not issued any.

On Behalf of the Board

Dr Johnny Liu Jiayan
Executive Chairman and Chief Executive Officer
Date: 28 August 2018