



DUTECH HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

Registration No. 200616359C

RESPONSE TO QUERIES RAISED BY SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON THE UNAUDITED FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2019

The board of directors (the “**Board**”) of Dutech Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) refers to the Company’s Unaudited Financial Statements for the second quarter ended 30 June 2019 released on 13 August 2019 and wishes to respond to the queries raised by Singapore Exchange Securities Trading Limited (“**SGX-ST**”) as follows:

SGX-ST’s Query 1:

We note that the Company stated on page 10 of the Financial Statements in relation to the increase in “Other Income” that the increase in sales of raw materials and government grants was partially offset by “the decrease of reversal of long term unclaimed payable”.

Please disclose the nature and background of the “long term unclaimed payable” and explain what is meant by “the decrease of reversal of long term unclaimed payable”.

The Company’s response:

In the first half year of 2018, long term unclaimed payable represents the write back of the unutilized provision for warranty of EUR100,000 (equivalent to RMB 770,138) made in 2016 and 2017, together with reversal of over-accrued expenses made in prior year amounting to EUR34,473 (equivalent to RMB265,486) recorded in a subsidiary in Germany, Almex GmbH (“Almex”). At the end of year 2018, the Group has reclassified this “reversal of long term unclaimed payable” as “write back of other liabilities”.

Reversal of long term unclaimed payable, due to the nature mentioned above, is not recurring in the current reporting period.

SGX-ST’s Query 2:

Please provide the aging of the trade receivables.

The Company’s response:

Trade receivables aging is as follows:

	As At 30/06/2019 RMB '000
Not past due	235,181
Past due	
- Past due 0 to 3 months	40,316
- Past due 3 to 6 months	5,412
- Past due over 6 months	1,324
	<hr/> 282,233
Impairment losses	<hr/> (7,905)
	<hr/> <hr/> 274,328

SGX-ST's Query 3:

Please let us have the Board's assessment of the recoverability of these trade receivables and the basis for their assessment.

The Company's response:

The Group is optimistic about the recoverability of these trade receivables as the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining insurance coverage for major trade receivables to mitigate credit risk. Management has been diligently monitoring and collecting the outstanding debts to ensure most of the debts are not past due. For the debts that are past due, there has not been a significant change in credit quality and the amounts are still considered recoverable.

On behalf of the Board

Dr Johnny Liu
Executive Chairman and CEO
20 August 2019